

CABINET



Report subject	Regeneration and Economy - Financial Update Q2 2019/20
Date	18 October 2019
Status	Public
Executive summary	<p>1. An improving position now forecasts a £472k 2019/20 pressure for Regeneration and Economy as at Q2 2019/20 (Q1: £1,233k)</p> <p>2. A number of initiatives are given in the body of the report, which it is anticipated will close the gap to ensure a balanced position is delivered for the 2019/20 financial year.</p>
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Background

1. As part of BCP a newly created directorate, Regeneration and Economy, was established. This comprises activities from within Destination and Culture, Growth and Infrastructure and Development services.
2. These services are key to delivering BCP's ambitions and are crucial to residents, workers and visitors alike covering important areas including Tourism, Transportation, Property, Culture, Economic Development, Parking, Leisure, Major Projects and Planning.
3. The Budget and Performance Monitoring Report – 2019/20 Quarter 1 detailed a pressure related to Regeneration and Economy services totalling £1,233k due to the challenges of bringing together the 4 preceding authorities activities. Consequently, and understandably an update was requested to demonstrate how this pressure can be resolved.
4. Whilst many of the challenges remain the Regeneration and Economy services are pleased to report an improving position with the Q2 forecast now standing £761k better off with a £472k pressure.
5. Please find an update on the current position and future actions and endeavours to deliver a balanced budget.

Reasons for the improvement

6. Further to the Planning Policy base budget review meeting, a consistent approach to funding the services Local Development Plan and CIL activity has resulted in a £300k revenue benefit.
7. A review of income streams has determined an improved outlook regarding parking income (£89k), seafront income including the new Adventure Golf, catering and arcade (£65k), Upton Country House catering income (£20k) and Two Riversmeet Leisure Centre income (£15k).
8. A review and reassignment of budgets as BCP service structures stabilise has allowed the absorption of pressures within the Traffic Management (£25k), Museum (£35k) and Library services (£80k).
9. Managed reprofiling and rescheduling of some maintenance (bridges and structures) and development (Canford Beach Huts) activities has created a £105k in year benefit.

Issues still remaining

10. Staff redundancy costs within Property services (£120k).
11. Two Riversmeet staffing pressure (£130k). The inherited budget for Two Riversmeet did not reflect the historical staffing costs of operating the centre. This has been exacerbated by the erosion of economies of scale following disaggregation, plus the impact of new BCP vacancy drag and pay scales when compared to historic arrangements.
12. Highcliffe Castle has additional income pressures (£51k) from optimistic budgets which have been inherited, along with market changes particularly a reduction in weddings which is a trend across numerous other sites.
13. Highcliffe Castle utility cost pressures caused by an inadequate inherited budget and inflation (£37k).
14. Utility and maintenance costs pressures within Street lighting (£215k) and Upton Country Park (£26k) continue.
15. Concessionary fare journey numbers are comparable to the previous year. However, the disaggregated budget is insufficient for the demand led service, resulting in a pressure being experienced by the services. Latest modelling indicates a slight improvement from £373k to £346k.
16. £136k of income expectations between Seafront and Upton Country House are not expected to be realised.

Benefit still remaining

17. The renegotiated grammar school bus contract forecast benefit of £100k remains unchanged.

Future actions and endeavours

18. A number of options are available and being pursued to bridge the remaining £472k pressure forecast.

19. Additional income opportunities are being explored through both price refinements and improving the product offer. This includes local reviews such as Weddings held at Highcliffe Castle, changes to use of space at leisure centres to more desirable activities and specific catering outlet pricing, plus more comprehensive reviews already on the cabinet forward plan covering BCP Leisure Services and Car Parking.

20. Given the combined scale of the Regeneration and Economy activities, Procurement services will be engaged with to ensure our new collective bargaining power is exercised fully to drive costs down or improve quality, particularly in areas such as catering goods and utility costs.

21. All services are progressing with restructuring reviews and a vacancy freeze will be implemented to those services where core service delivery and income generation will not be jeopardised.

22. Depending on the conclusion of the East Cliff land slip insurance claim and a VAT test case, one off benefits of greater than £100k compared to current expectations could be forthcoming

23. Should there be difficulty in delivering savings and additional income either in full or in good time, then as a last resort the services will look to utilise reserves including the Regeneration and Economy Financial Resilience Reserve where appropriate.