



<b>Subject:</b>	Belfast Waterfront Action Plan
<b>Date:</b>	9 <sup>th</sup> September 2015
<b>Reporting Officer:</b>	Donal Durkan; Director of Development
<b>Contact Officer:</b>	David Orr; Business Manager, Development Department

<b>Is this report restricted?</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	The Quarter 1 2015/2016 Financial Report, presented to Committee on 12 August 2015 reported a Quarter 1 overspend of £93,000 and a forecast year end overspend of £260,000 in relation to Belfast Waterfront and Ulster Halls.
1.2	The Committee requested that the Development Department investigate the forecast overspend and submit a report to the September meeting of the Committee outlining the corrective actions to be undertaken to address the forecast overspend during the year.
<b>2.0</b>	<b>Recommendations</b>
2.1	Members are asked to note the report.
<b>3.0</b>	<b>Main report</b>
	<b>Action plan to address forecast financial position 2015/2016</b>
3.1	The forecast overspend in City Venues consisted of reduced income of £112,000 and increased expenditure of £148,000.

3.2	<p>The forecast shortfall in income £112,000 results from:</p> <ul style="list-style-type: none"> <li>• The impact of the construction work on day time activity.</li> <li>• The sales pipeline for the Belfast Waterfront has been challenging. The building goes 'black' from January – April 2016 with no bookings/commercial income generated during this time.</li> <li>• Due to the construction work and the ERDF funding requirements (all ERDF monies must be spent by end of December 2015 so requiring the operation to have little if any impact on the construction) a decision has been made to restrict any further business into the Waterfront from September – December 2015.</li> <li>• Ticket sales for quarter 1 are showing a decline of 25-30% on initial targets. This is in line with national trends, with audience numbers declining in general. If this trend continues it would have a significant impact on box office income.</li> </ul>
3.3	<p>An action plan has been developed to reduce this shortfall by £51,000 to £61,000. To achieve this the Marketing &amp; Sales Team will continue to proactively target income revenue streams in particular:</p> <ul style="list-style-type: none"> <li>• Ulster Hall - Target business and entertainment hires (note limited availability)</li> <li>• Belfast Waterfront – Target promoters and festival organisers with a one off 'special rate' for the BW main auditorium, with the aim of filling key dates in the diary from October – December 2015.</li> <li>• Box Office - Target consumers through an integrated marketing campaign, to ensure projected box office revenue streams are realised. Additional marketing activity outlined is available.</li> </ul>
3.4	<p>The forecast increased expenditure of £148,000 resulted from a failure to reduce expenditure impacted by the loss of income, the reduced activity and closure.</p> <ul style="list-style-type: none"> <li>• The impact of the construction and accelerated maintenance work has had on operations has not always been positive. For example the closure of escape routes has resulted in the requirement for additional stewards, the need for full time staff to be involved with maintenance combined with vacancies has meant the increase in casuals to back fill or support full time staff.</li> <li>• Casual staff costs - whilst there has been an embargo on day time events (i.e. mainly conference events) at the Belfast Waterfront the embargo has not extended to the entertainments market. The loss of all rear evacuation routes due to the building</li> </ul>

	<p>work has required additional 5 stewards for each Main Auditorium event and savings are therefore harder to achieve. Vacant posts within the technical team are being back filled by casual staff when contractual event obligations must be met further reducing opportunities for cost reduction on entertainment events. The pool of casual duty managers who regularly support fulltime staff in the delivery of evening events are being called upon more frequently to maximise daytime availability of staff currently leading on key business transformation workstreams, this is increasing casual hours but minimising overtime.</p>
3.5	<p>An action plan has been developed, by the BWUH Senior Management Team, to reduce this anticipated overspend of £148,000 by £166,066. To achieve this the following measures will be actioned:</p> <ul style="list-style-type: none"> <li>• Security - Reduce manned guarding at the Ulster Hall to a 12 hour shift when the building is closed to the public - Saving of £18,271</li> <li>• Cleaning – Belfast Waterfront - If contractually permissible then terminate cleaning contract so there is no cleaning in January to March 2016 when building is closed - Saving of £58,170</li> <li>• Utilities – Belfast Waterfront – Target a 10% reduction in costs in Q3 (which has some events already confirmed) and a further 15% reduction in costs in Q4. Saving of £14,625</li> <li>• Rates - Reduction in income in 2015/2016 as a result of construction work and closure of building from Jan – Mar 2016 will allow the Council to request a rebate on rates already paid to LPS – work in progress to query rating assessment. Rebate £75,000</li> </ul>
3.6	<p>If these opportunities materialise then the year end overspend will be reduced to £42,934. It must be cautioned that the opportunity may be reduced as a consequence of the following risks:</p> <ul style="list-style-type: none"> <li>• Impact of the construction project. This project cannot be delayed due to the additional costs this will incur, the funding cash flow and the reputational damage this will cause for stakeholders, BWUH and clients.</li> <li>• Contractual – savings may not be achieved due to contractual issues</li> <li>• Market – the take up on ticket sales may be reduced due to the economic climate in NI.</li> </ul>

	<ul style="list-style-type: none"> <li>• Negative PR – could impact on business bookings and ticket sales resulting in loss of income.</li> </ul> <p>It should be noted that this action plan will be reviewed on a monthly basis by the BWUH Senior Management Team.</p> <p><u>Financial &amp; Resource Implications</u></p> <p>The finance and resource implications are contained throughout this report.</p> <p><u>Equality or Good Relations Implications</u></p> <p>None</p>
<p><b>4.0</b></p>	<p><b>Appendices – Documents Attached</b></p>
<p>4.1</p>	<p>None</p>