



TOURISM, COMMUNITIES, CULTURE & LEISURE COMMITTEE

Wednesday, 3 March 2021

REPORT TITLE:	2020/21 REVENUE AND CAPITAL BUDGET MONITORING FOR QUARTER THREE (APR - DEC)
REPORT OF:	DIRECTOR OF NEIGHBOURHOODS

REPORT SUMMARY

This report provides a summary of the projected year-end revenue and capital position for Tourism, Communities, Culture and Leisure Committee as at the end of Quarter 3 (December 2020) of the 2020/21 financial year.

The Council's response to the Covid-19 pandemic continues to present financial risk due to uncertainty and fluidity in the external environment.

The overall financial position for the Council remains challenging, and a number of actions are in progress to mitigate the overall forecast position presented at quarter 3, including limiting spending to essential areas of service delivery only, with Corporate Directors supported to mitigate the risk of overspending. This is not a key decision.

RECOMMENDATIONS

That the Tourism, Communities, Culture and Leisure Committee are recommended to:

1. Note the adverse year-end forecast position presented at Quarter 3 of £9.662m.
2. Note the impact of funding and expenditure as a direct consequence of Covid-19, including the additional funding sources which have been identified, but as yet, not received.
3. Note the year-end forecast capital position for Tourism, Communities, Culture and Leisure Committee presented at Quarter 3.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Regular monitoring and reporting of the Revenue Budgets, Capital Budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of Wirral Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Other reporting frequencies could be considered, but quarterly reporting is standard practice.

3.0 BACKGROUND INFORMATION

- 3.1.1 This report provides a summary of the projected year-end revenue position as at the end of Quarter 3, Month 9 (December 2020) of 2020/21 financial year.
- 3.1.2 The year-end forecast recorded as part of December's financial monitoring activity represents an adverse variance from budget of £9.662m for this Committee.

3.2 2020/21 COMMITTEE REVENUE BUDGET

- 3.2.1 The budget for the Tourism, Communities, Culture and Leisure Committee is included within the Neighbourhoods and Regeneration & Place Directorates.
- 3.2.2 The Tourism, Communities, Culture and Leisure Committee is predicting an adverse budget variance of £9.662m at year-end. This is because of income losses within Leisure Centres and Floral Pavilion, due to temporary closures and suspension of these services from the beginning of the year, due to the outbreak of Covid-19. Income generated from services affected by Covid-19 has been minimal for the first 3 quarters. The majority of income losses in this committee are, in part, mitigated by the Sales, Fees and Compensation scheme, which is recorded as a separate and distinct funding stream within the report presented to Policy & Resources Committee on 17 February.
- 3.2.3 Plans for the phased reopening of Leisure Centres, Libraries and Museums were delayed until the necessary work was carried out to make them Covid-19 secure. The work was completed in some Leisure Centres in September and some sites reopened for a brief period. However subsequent government guidance and restrictions has meant that services were only open for a short period in Quarter 3 and there is uncertainty around whether anything will reopen in the final Quarter. This impacts on income generation across the service, with all forecasts now assuming there will be no Quarter 4 income.
- 3.2.4 The service partially mitigated the losses earlier in the year by maximising income generation from activities that are permitted and there were plans to continue with this in the final quarter. However, at present it is unclear as to whether any activities can recommence before the end of the financial year. The service has worked to achieve some limited savings relating to utilities and premises costs.
- 3.2.5 Many of the staff have been redeployed onto Covid-19 emergency response functions such as the Food Hub, PPE Distribution and the Covid-19 Helpline, meaning that the costs incurred in Neighbourhoods directorate remain high even though income and core activity has fallen. Work is being undertaken to see if the cost of employment of re-assigned staffing can be funded by Covid-19 funding streams to mitigate these pressures.

TABLE 1 2020/21 – Tourism, Communities, Culture and Leisure Committee Revenue Budget & Forecast

	Full Year				Adv/Fav
	Budget	Forecast	Variance		
	£000	£000	(+ Fav, - Adv) £000	%	
Community Development	12,014	21,680	-9,666	-80%	Adverse
Promotion of Community Engagement	1,293	1,289	4	0%	Favourable
Total Surplus / (Deficit)	13,307	22,969	-9,662	-73%	Adverse

3.2.6 **Neighbourhood Safety & Transport:** An adverse variance of £0.276m is projected as at Quarter 3. This is mainly due to an under achievement of income within Community Patrol following the loss of several contracts in previous years, resulting in an adverse variance of £0.134m. Employees is projecting an adverse variance of £0.82m due to Community Patrol and Transport Depot. The remaining adverse variance of £0.60m relates to payments to Suppliers. The service has attempted to seek additional income generation opportunities for new clients, however there is an insufficient market for this. The service is also exploring the possibility of utilising Covid-19 funding to mitigate some of the additional costs against employees with Community Patrol. Most of these costs have arisen because of increased pressure on the service due to a rise in footfall and anti-social behaviour within the local area directly related to the ongoing pandemic.

3.2.7 **Leisure, Libraries and Customer Engagement:** This area covers Leisure Centres, Golf Courses, Libraries, Museums and the Floral Pavilion. All income associated with these services ceased from 23rd March due to Covid-19 restrictions. Government guidance allowed for these services to recommence from the end of July, however planned reopening was delayed so that work could be carried out to make them Covid-19 secure at significant additional costs. The planned remobilisation of these service has been interrupted by the constant changes in government guidance and restrictions in the form of the Tier System and further national lockdowns. This has severely limited income generation opportunities.

As a result of this, the area is projecting an adverse variance of £9.39m. This is predominantly due to loss of income within Leisure Centres (£7.55m) because of their temporary closure. The service has worked to mitigate losses through premises and contracts savings. Work is also being carried out to maximise income generation from Golf, outdoor football, and outdoor exercise classes. There are plans to recommence these services again in accordance with Government guidance.

In future the service may be limited further in the amount of income generated from Leisure Centres as several sites are currently being used as vaccination sites and the Food Hub has recently been reinstated at one site. Additional income may be

available from partnership agencies to fund the additional costs of running these centres.

The Floral Pavilion is projecting an adverse variance due to underachievement of income of £2.2m. This assumes that the service will not fully reopen for live shows for the remainder of the financial year. The service has partially mitigated this through savings against Supplies and Third-Party payments to production companies.

A small amount of income is projected relating to the catering offer. There are smaller income losses expected relating to Libraries (£0.177m), One Stop Shops (£0.095m) and Museums (£0.021m), with none of these services projected to achieve any of their income targets this year. Capital projects which were planned to improve income generation in these areas have been delayed due to Covid-19. They are unlikely to recommence this financial year, however there may be plans to continue with them later in 2021/22 subject to review. The Commercial team has been consolidated within Finance & Investment, causing a budget movement from Neighbourhoods.

3.2.8 Regeneration: This reflects the Tourism and Visitor Economy area of the budget within Regeneration. A £0.406m adverse forecast position has occurred as a result of the in-year delay to the strategic restructure for the Regeneration and Place team. In the original plan for this service, it had been agreed to fund growth to ensure a sustainable service could be delivered. In light of the difficulties for the organisation caused by Covid-19, this plan has been rephased to 2021/22, releasing funds to support the wider organisational budget gap. However urgent activity did need to be conducted, and this is being delivered by locum staff, the expense of this shows within this service. The Tourism and Visitor Economy area is not contributing to the overall adverse position and is currently projecting a small favourable variance.

3.3 2020/21 COMMITTEE CAPITAL BUDGET

TABLE 2 2020/21 – Tourism, Communities, Culture and Leisure Committee Capital Budget & Forecast

Programme	Budget £m	Forecast £m	Variance £m	Variance £m
Tourism, Communities, Culture & Leisure	0.774	1.499	0.72	94%

3.3.1 Table 1 provides an update on the 2020/21 capital Programme. A number of significant variations have arisen since the programme was agreed in March 2020. These include the re-profiling of expenditure into and out of the 2020/21 financial year, inclusion of additional grant funded schemes, variations to spend forecasts and the inclusion of potential new capital schemes that are seeking funding via this report. Further detail is provided below.

3.3.2 Given the budgetary pressures that the Council faces, which have been exacerbated by the COVID-19 outbreak, a review of the programme continues to try and identify

schemes that may no longer be financially viable, essential or deliverable. This review has resulted in scheme reductions totalling £5.81 million and the reprofiling of budget into future years of £61.56 million. It is anticipated that further reductions and/or deferrals of budget will be made as the review continues. Such deferrals will reduce the borrowing costs incurred during 2020/21 (the effects of which are included within the Quarter 3 revenue monitoring) and also delays the resultant Minimum Revenue Position (MRP) charges into future years.

4.0 FINANCIAL IMPLICATIONS

4.1 This is the Quarter 3 budget monitoring report that provides information on the forecast outturn for the Council for 2020/21. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Policy & Resources Committee, the financial position is routinely reported at Directorate Management Team meetings and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

5.0 LEGAL IMPLICATIONS

5.1 The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. This is in addition to the personal duty on the Chief Finance (Section 151) Officer to make a report, if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 The possible failure to deliver the Revenue and Capital Budget is being mitigated by:

1. Senior Leadership / Directorate Teams regularly reviewing the financial position.
2. Availability of General Fund Balances.
3. Review of existing services and service provision.
4. Capitalisation directive.

8.0 ENGAGEMENT/CONSULTATION

8.1 No consultation has been carried out in relation to this report.

9.0 EQUALITY IMPLICATIONS

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity. This report has no impact for equality implications at this stage, however any associated actions may require an assessment.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 This report is essentially a monitoring report on financial performance.

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BACKGROUND PAPERS

Policy and Resources Committee Wednesday, 17 February
2020/21 Revenue Budget Monitoring for Quarter 3
2020/21 Capital Budget Monitoring for Quarter 3

SUBJECT HISTORY (last 3 years)

Committee Meeting	Date
Tourism, Communities, Culture and Leisure Committee	26 October 2020
Tourism, Communities, Culture and Leisure Committee	23 November 2020
Tourism, Communities, Culture and Leisure Committee	21 January 2021