

Tourism, Communities, Culture and Leisure Committee**Thursday, 2nd September 2021**

REPORT TITLE:	BUDGET MONITORING QUARTER 1
REPORT OF:	DIRECTOR OF NEIGHBOURHOODS

REPORT SUMMARY

This report sets out the financial monitoring information for the Tourism, Communities, Culture and Leisure Committee as at quarter 1 (Apr – Jun) of 2021-22. The report provides Members with an overview of budget performance to enable the Committee to take ownership of their specific budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets.

The Committee is accountable for ensuring that the committee budgets remain within the relevant envelope and will take collective responsibility via the Policy and Resources Committee to ensure that the whole Council budget remains in balance at all times, by agreeing mitigating actions to bring the budget back in line, should a deficit be forecast.

RECOMMENDATION/S

The Tourism, Communities, Culture and Leisure Committee is requested to;

1. Note the projected year-end revenue forecast position of £0.328m adverse, as reported at quarter 1 (Apr – Jun) of 2021-22
2. Note progress on the achievement of approved savings and the projected year end forecast position at quarter 1 (Apr – Jun) of 2021-22
3. Note the reserves allocated to the Committee for future one-off commitments.
4. Note the projected year-end capital forecast position of £4.914m favourable, as reported at quarter 1 (Apr – Jun) of 2021-22

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Regular monitoring and reporting of revenue and capital budgets, reserves, savings achievements and Medium-Term Financial Strategy (MTFS) position enables decisions to be taken faster, 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

Revenue Forecast Position

- 3.1 This section provides a summary of the projected year-end revenue position as at the end of Quarter 1, Month 3 (June 2021) of 2021/22 financial year.
- 3.2 As at the end of June 21 (Quarter 1), the forecast year end position for Tourism, Communities, Culture and Leisure is an adverse variance of £0.328m against a budget of £10.213m.
- 3.3 The Tourism, Communities, Culture and Leisure Committee is currently predicting an adverse variance of £0.328m as at Quarter 1. This includes the mitigation available from the Sales, Fees and Charges income loss compensation scheme. At present this is available until the end of Quarter 1 and the service will be able to claim 75p in the pound for eligible planned income. This is currently estimated to be £1.948m based on income received in the first 3 months.
- 3.4 The focus for the Committee will be on recovery in 2021/22 with the gradual reintroduction of services. As at the end of June 2021 many sites have partially reopened in line with Government guidance. However, income generating opportunities have not yet returned to pre-pandemic levels due to phased and partial reopening of some services and because some customers have sought alternative arrangements during 2020/21. In addition, some Leisure and Library sites are still being utilised for COVID-19 purposes which restricts income generating opportunities. Although most staff have now returned to their substantive roles, some employees from the Committee continue to contribute towards the COVID-19 response.
- 3.5 The overall projections at Quarter 1 depend on no further restrictions being imposed. As case rates within the Borough remain high, localised decisions have been taken based on Public Health advice which means some restrictions will remain in place after the government road map date of 19th July. There are risks associated with this and this decision could have an adverse effect on projected income targets and some 2021/22 savings targets. This will be kept under review throughout the year and will be mitigated if necessary.

TABLE 1: 2021/22 Tourism, Communities, Culture and Leisure – Service Budget & Forecast

	Budget	Forecast	Variance		Adv/ Fav
	£000	£000	£000	(+ Fav / - Adv) %	
Public Health Outcomes	-6,811	-6,811	0	0%	
Neighbourhood Safety	4,628	4,818	-190	-4%	Adverse
Leisure, Libraries and Theatre	11,937	11,937	0	0%	
Culture and Visitor Economy	460	597	-137	-30%	Adverse
Surplus / (Deficit)	10,213	10,541	-328	-3%	Adverse

- 3.6 **Public Health Outcomes:** A balanced position is reported for 2021-22. This area comprises Neighbourhoods management costs, Public Health Recharges and savings associated with the overall Directorate. A balanced position is forecast at this point in the year.
- 3.7 **Neighbourhood Safety:** An adverse variance of £0.190m is reported for 2021-22. This is due to a shortfall in expected income within Community Patrol following the loss of several contracts in previous years. The service has been able to secure some income through arranging new contracts, however there is insufficient demand from external clients to enable the service to address the whole shortfall. Work is currently being carried out to mitigate the adverse variance through a review of the Community Patrol service and through a review of the Neighbourhoods Directorate overall. Any increase in demands for the service directly relating to COVID-19 are expected to be mitigated through additional funding secured to meet the projected costs associated with the Summer Plan 2021.
- 3.8 **Leisure, Libraries and Theatre:** A balanced position is reported for 2021-22. This area covers Leisure Centres, Golf Courses, Libraries, One Stop Shops, Museums and the Floral Pavilion. This includes the income available from the Sales, Fees and Charges income loss compensation scheme. Based on income losses in the first 3 months it is currently projected that the income shortfall for this area will be £1.886m net of the Quarter 1 compensation from the sales, fees and charges income loss compensation scheme. The compensation figure for this area will be £1.948m, with the gross losses projected at £3.834m. There are plans to mitigate the overall shortfall from COVID-19 funding, which will result in a balanced position.

- 3.9 Services within this area have, in almost all cases, only partially reopened in line with the key dates outlined in the Government's Road Map. In 2021/22 the focus will be on recovery with the aim of gradually bringing income back to pre-pandemic levels. It has been recognised that recovery will take time and will be largely dependent on national guidance and local COVID 19 conditions as to when restrictions will be lifted. Therefore, a total of £4.078m was temporarily removed from the income targets within this area to enable the service to carry out work to regain customers and explore additional income generation opportunities. This figure was based on information available at the time and assumptions were made as to when footfall would start to increase. However, at the time it was not clear how long restrictions would remain in place and there was uncertainty around the impact this would have on footfall. As at Quarter 1 it is anticipated that services will take longer to recover due to the government's delay in implementing the final stage of the roadmap which is likely to impact income projections.
- 3.10 Sports and Recreation is currently projecting an adverse variance of £0.339m net of the Quarter 1 income loss compensation. This is based on income received in the first 3 months of the year. Assumptions have been made as to how much income can be recovered throughout the year with income levels expected to increase steadily each Quarter. Services have not fully reopened in line with when restrictions were lifted, however many customers have sought alternative arrangements during the past 16 months meaning overall demand for the service has reduced. The service has frozen approximately 10,000 direct debits associated with Invigor8 memberships, which accounts for most of the income loss in the first quarter. When these are reinstated later in the year there is a risk customers could cancel which may result in further income losses.
- 3.11 These figures assume that there will be no further restrictions imposed on the service throughout 2021/22. The service is attempting to mitigate the loss by improving income through marketing campaigns, a reduction in expenditure and by exploring further cost efficiencies through the Leisure Review. Sports and Recreation figures will be kept under review in Quarter 2 as there are several risks associated with retaining restrictions after 19th July and it is unclear what impact this will have on income.
- 3.12 Floral Pavilion is currently projecting an adverse variance of £1.333m. This is due to projected income losses in the first 3 months, which have been partially mitigated through a reduction in payments to Suppliers. This service has been unable to return to business as usual yet due to the postponement of the final stage of the Government's Road Map and the extension of local conditions. This has severely limited any income generating opportunities in this area. The figures are based on income gradually recovering each quarter. However, any projections are largely dependent on when the service can return to full capacity. The service is attempting to mitigate these losses through maximising income from the facilities it is currently able to operate. The site is currently being used for corporate activities such as Committees which impacts normal operations.
- 3.13 Small income losses are expected within the Libraries and Museums services. A limited number of sites relating to both these services have now reopened, with plans to reopen the remaining sites later in the year. This will help to improve income generation, whilst the losses are expected to be mitigated through savings against

Supplies and Premises costs. A restructure is currently underway within the Museum service and a Libraries review has commenced this year, which will assist in mitigating any projected losses.

- 3.14 **Culture and Visitor Economy:** An adverse variance of £0.137m is reported for 2021-22. This is mainly due to £0.100m unachievable income due to COVID-19 restrictions, as events were unable to take place. Part of this can be claimed through 75p in the pound income loss compensation scheme. This will reduce the overall adverse variance by £0.075m to £0.062m from quarter 2.
- 3.15 The remainder is due to timing differences in achieving the saving associated with this area relating to employees. The full year impact of the saving will not be realised until 2022/23. This is being mitigated from the Regeneration Directorate overall.

TABLE 2: 2021/22 Tourism, Communities, Culture and Leisure – Subjective Budget & Forecast

	Budget	Outturn	Variance (+ Fav / - Adv)		Adv/ Fav
	£000	£000	£000	%	
Income	-16,288	-15,998	-290	-2%	Adverse
Expenditure:					
Employee	17,657	17,699	-42	0%	Adverse
Non Pay	9,350	9,346	4	0%	Favourable
Cost of Care	0	0	0	0%	
Total Expenditure	27,007	27,045	-38	0%	Adverse
Surplus / (Deficit)	10,719	11,047	-328	3%	Adverse
Support/Admin Building Overhead	-506	-506	0	0%	
Total Surplus/ (Deficit)	10,213	10,541	-328	-3%	Adverse

Budget Saving Achievement Progress

- 3.16 Within each Committee's revenue budget there are a number of savings proposals, that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced forecast budget can be reported to the end of the year.

TABLE 3: 2021/22 Tourism, Communities, Culture and Leisure – Budget Savings

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
Culture and Visitor Economy Savings	£0.62m	£0.58m	Amber	This saving will be achieved part year as one employee is working notice period
Ongoing Covid-19 temporary Library Closure	£0.1m	£0.1m	Green	On target to be fully achieved
Ongoing Covid-19 temporary Leisure Centre Closure	£0.1m	£0.1m	Green	On target to be fully achieved
Temporary closure of Europa Fun pool due to Covid-19 restrictions	£0.25m	£0.25m	Green	On target to be fully achieved
Review of Museums Service	£0.090m	£0.090m	Green	On target to be fully achieved
Pause re-opening of Woodchurch Leisure Centre	£0.322m	£0.322m	Green	On target to be fully achieved
Income from West Kirby catering offer	£0.035m	£0.035m	Green	On target to be fully achieved
Total	£1.517m	£1.477m		

3.17 Most savings are on track to be achieved as at Quarter 1. The only exception is the saving relating to Tourism and Visitor Economy, which is currently rated Amber due to one employee working their notice period. Therefore, the full year saving will not be realised until 2022/23.

Earmarked Reserves

3.18 Earmarked reserves are amounts set aside for a specific purpose or projects.

TABLE 4: 2021/22 Tourism, Communities, Culture and Leisure – Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Community Safety Initiatives	-555	13		-542
Anti Social Behaviour	-112			-112
Les Mills Classes	-100			-100
Birkenhead Park World Heritage Site Lottery Bid	-40	37		-3
Sports Development Reserve	-30			-30
Hilbre Island – Legacy	-21			-21
Library Donations	-1			-1
Total	-859	50	0	-809

- 3.19 There are plans to utilise the Heritage Lottery reserve to fund the costs of the team until the outcome of the Birkenhead Park lottery bid is confirmed later in the year. Movements against the other reserves are currently forecast at nil as the projects they were associated with were paused due to COVID-19. These will be reviewed later in the year when projects recommence.

Capital Forecast Position

- 3.20 Capital budgets are the monies allocated for spend on providing or improving non-current assets, which include land, buildings and equipment, which will be of use or benefit in providing services for more than one financial year.

TABLE 5: 2021/22 Tourism, Communities, Culture and Leisure – Capital Budget and Forecast

Capital Programme	2021/22			2022/23	2023/24	2024/25	2025/26
	Budget £000	Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000	Budget £000
Leisure	4,132	1,824	2,308	2,403	0	0	0
Libraries	1,290	600	690	690	0	0	0
Museums	73	73	0	0	0	0	0
Parks	4,895	2,979	1,916	3,758	0	0	0
Total	10,390	5,476	4,914	6,851	0	0	0

- 3.21 Table 5 summarises the forecast expenditure against Capital Budgets. A full breakdown of each Capital Scheme with details can be found in Appendix A. The favourable variance of £2.308m in Leisure is due to delays in commencing works at various leisure facilities. These schemes have been slipped into 2022/23 and will be reviewed following the outcome of the independent leisure survey. The favourable variance of £0.690m in Libraries is due to delays in commencing works at various library sites. These schemes have been slipped into 2022/23 and following the outcome of the libraries review which is currently at the consultation stage. The favourable variance against Parks of £1.916m is due to delays in commencing works and these schemes have been slipped into 2022/23.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the revenue budget monitoring report that provides information on the forecast outturn for the Tourism, Communities, Culture and Leisure Committee for 2021/22. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to the 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 Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 5.2 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.
- 5.3 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources.

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 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.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The themes in the Wirral Plan were initially informed by stakeholder engagement carried out in 2019, as part of the development of the Wirral Plan 2025. These themes have remained the same, however further engagement has been sought over the past year aligned to the refreshed Wirral Plan 2021 - 2026 to ensure social and economic changes as a result of the pandemic and other factors are reflected.

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.
- 9.2 There are no equality implications arising specifically from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The Wirral Plan includes five themed areas. One of which is focused on creating a 'Sustainable Environment', which outlines our ambitions and priorities for tackling the climate emergency. These are based on developing and delivering action plans that will improve the environment for Wirral residents. The performance report will include information on key areas where environment and climate related outcomes are delivered.
- 10.2 No direct implications. The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

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APPENDICES

Appendix A – Detailed breakdown of Capital Schemes
Appendix B – Detailed breakdown of Revenue Monitoring

BACKGROUND PAPERS

- 2021/22 BUDGET MONITORING AND 22/23 BUDGET PROCESS
- P&R Budget Monitoring 2021/22 Quarter 1

SUBJECT HISTORY (last 3 years)

Council 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
Tourism, Communities, Culture and Leisure Committee	3 March 2021
Tourism, Communities, Culture and Leisure Committee	16 June 2021