



Tourism, Communities, Culture and Leisure Committee

Thursday, 16th June 2022

REPORT TITLE:	BUDGET MONITORING QUARTER 4 (Outturn)
REPORT OF:	DIRECTOR OF NEIGHBOURHOODS

REPORT SUMMARY

This report sets out the financial monitoring information for the Tourism, Communities, Culture and Leisure Committee for 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 year-end revenue position of £1.185m favourable, for 2021-22
2. Note progress on the achievement of approved savings and the year end position for 2021-22
3. Note the reserves allocated to the Committee for future one-off commitments.
4. Note the year-end capital position of £5.734m favourable, for 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 year-end revenue position as at for 2021/22 financial year.
- 3.2 The year end position for Tourism, Communities, Culture and Leisure is a favourable variance of £1.185m against a budget of £10.261m. This includes the mitigation available from the Sales, Fees and Charges income loss compensation scheme.
- 3.3 Included in the Committee position is the mitigation available from the Sales, Fees and Charges income loss compensation scheme. This was available until the end of Quarter 1 and the service has claimed 75p in the pound for eligible planned income. The compensation claim is £2.028m.
- 3.4 The focus for the Directorate has been on recovery in 2021/22 with services being gradually reintroduced throughout the year. However, income generating opportunities have not yet returned to pre-pandemic levels due to phased and partial reopening of some services during the year. Most sites reopened and returned to full capacity before the end of the year. However, some Leisure and Library sites were utilised for COVID-19 purposes during the year which restricted income generating opportunities.
- 3.5 As case rates within the Borough remained high, localised decisions were taken in Quarters 1 and 2 based on Public Health advice, which means some restrictions remained in place after the government road map date of 19th July. Income continued to recover in Quarter 3 and Quarter 4 and although it was below 2019/20 levels, it was better than anticipated in the final two quarters. However, income levels were significantly less than in 2019/20 and the area.

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

	Budget	Outturn	Variance (+ Fav / - Adv)		Adv/ Fav
	£000	£000	£000	%	
Public Health Outcomes	-6,804	-6,437	-367	5%	Adverse
Neighbourhood Safety	4,731	4,782	-51	-1%	Adverse
Leisure, Libraries and Theatre	11,977	10,474	1,503	13%	Favourable
Culture and Visitor Economy	358	258	100	28%	Favourable
Surplus / (Deficit)	10,261	9,077	1,185	12%	Favourable

- 3.6 **Public Health Outcomes:** An adverse variance of £0.367m is reported for 2021-22. This relates to additional employee costs in relation to staff acting up into posts to cover sickness within the Directorate. There are corresponding favourable variances in relation to substantive posts within other areas of the Directorate. This area comprises Neighbourhoods management costs, Public Health Recharges and savings associated with the overall Directorate.
- 3.7 **Community Safety and Transport:** An adverse variance of £0.051m is reported for 2021-22 due to underachievement of income in relation to Community Patrol. This was mitigated in part through Government grants which were utilised to fund employees currently working on the COVID-19 response. In addition, increases in demands within Community Patrol and SEND Transport directly relating to COVID-19 have been mitigated through funding secured to meet the projected costs associated with this.
- 3.8 **Leisure, Libraries and Customer Engagement:** A favourable variance of £1.503m is reported for 2021/22. This area covers Leisure Centres, Golf Courses, Libraries, One Stop Shops, Museums, Theatre, Catering & Hospitality Services. This includes the income available from the Sales, Fees and Charges income loss compensation scheme, the compensation figure for this area was £1.485m. This has improved from a balanced position in Quarter 3 as income projections for the final quarter were conservative and based on limited footfall. At the time it was unclear what impact the omicron variant would have on figures and projections were adjusted accordingly. However, income figures rose steadily from January to March which resulted in a favourable position.

- 3.9 In 2021/22 the focus has been 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. 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. Although footfall is below 2019/20 levels, figures were better than what was expected once the direct debits were reintroduced. The 2021/22 budget was set based on estimates and information available at the time. Figures for Quarters 1 and 2 were in line with original estimates. However, as income improved in Quarter 4 this has resulted in a favourable variance and a change from the balanced position reported at Quarter 3.
- 3.10 Sports and Recreation is reporting a favourable variance of £1.482m net of the income loss compensation. When Quarter 3 was reported there was uncertainty surrounding the new COVID-19 variant and the impact on income, meaning a balanced position was reported. However, as no further restrictions were introduced income and footfall steadily improved in Quarter 4. Although income generation has improved, many customers have sought alternative arrangements during the past two years meaning overall demand for the service has reduced. Direct debits were reinstated in Quarter 3 and are currently at 10,000 (typically these would be between 13,000-14,000).
- 3.11 Although footfall is approximately 75% of what it was in 2019/20, this is comparable with figures for leisure centres nationally. The service has attempted to mitigate the loss this year by improving income through marketing campaigns, reducing expenditure and by exploring further cost efficiencies through the Leisure Review.
- 3.12 Floral Pavilion is reporting an adverse variance of £0.123m. This is due income losses in Quarters 1 and 2, which have been mitigated in part through a reduction in payments to Suppliers and through the Sales, Fees and Charges income loss compensation scheme. This service returned to business as usual from October following the extension of local conditions. This severely limited any income generating opportunities in this area in the first half of the year. Income has been recovering steadily and was better than expected in Quarter 3 and Quarter 4 now the service is operating at full capacity. The site was used for committee meetings throughout the year which impacted normal operations and may have compromised income. The catering services located at the Theatre and Sail Loft have been generating sufficient income to cover their costs since restrictions were lifted, enabling them to operate at full capacity.
- 3.13 Small income losses are reported within the Libraries and Museums services. This has been mitigated in part through the Sales, Fees, and Charges income loss compensation scheme and through a reduction in premises and supplies costs. Library sites have now reopened and are offering many of their pre-pandemic services. Museums operated at restricted capacity for most of the year due to outstanding requirements to install a new ventilation system at the Williamson Art Gallery and Museum.
- 3.14 **Culture and Visitor Economy:** A favourable variance of £0.100m is reported for 2021/22. Non-staffing expenditure across this area has been affected by COVID-19 impacts. There is £0.100m unachievable events income due to COVID-19

restrictions, as events planned in the summer were unable to take place. Part of this has been claimed through 75p in the pound income loss compensation scheme and is reflected in the figures.

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

	Budget £000	Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£0	%	
Income	-16,456	-19,674	3,218	- 20%	Favourable
Expenditure:					
Employee	17,844	18,270	-427	-2%	Adverse
Non Pay	9,365	10,972	-1,607	- 17%	Adverse
Total Expenditure	27,209	29,242	-2,034	-7%	Adverse
Directorate Surplus / (Deficit)	10,753	9,568	1,185	11%	Favourable
Support/Admin Building Overhead	-492	-492	0	0%	
Total Surplus/ (Deficit)	10,261	9,077	1,185	12%	Favourable

Budget Virements

- 3.15 The budget has changed between Quarter 3 and Quarter 4 from £9.907m to £10.261m. This is due to a budget increase to apply the 2021/22 pay award.

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	Value	RAG Rating	Comments
Culture and Visitor Economy Savings	£0.62m	£0.62m	Amber (Green with mitigations)	This saving will be achieved part year as one employee is working notice period which equates to £0.04m. This is mitigated through favourable variances within the area.
Ongoing Covid-19 temporary Library Closure	£0.1m	£0.1m	Green	Achieved
Ongoing Covid-19 temporary Leisure Centre Closure	£0.1m	£0.1m	Green	Achieved
Temporary closure of Europa Fun pool due to Covid-19 restrictions	£0.25m	£0.25m	Green	Achieved
Review of Museums Service	£0.090m	£0.090m	Green	Achieved
Pause re-opening of Woodchurch Leisure Centre	£0.322m	£0.322m	Green	Achieved
Income from West Kirby catering offer	£0.035m	£0.035m	Green	Achieved
Total	£1.517m	£1.517m		

3.17 Most savings were achieved in 2021/22 without mitigations. The only exception is the saving relating to Tourism and Visitor Economy, was 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	0	246	801
Anti-Social Behaviour	112	-112	0	0
Les Mills Classes	100	-11	0	89
Birkenhead Park World Heritage Site Lottery Bid	40	0	0	40

Sports Development Reserve	30	-8	0	22
Hilbre Island – Legacy	21	0	0	21
Brexit Preparation Grant	110	-110	0	0
Library Donations	1	0	0	1
Total	969	-241	246	974

3.19 In 2021/22 reserves have been utilised in relation to Les Mills, Anti-Social Behaviour and Brexit Preparation. The Community Safety Initiatives reserve has increased by £0.279m, this relates to partnership money for the Safer Streets project, and this must be utilised to fund partnership projects.

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	Outturn £000	Variance £000	Budget £000	Budget £000	Budget £000	Budget £000
Leisure	4,132	821	3,311	7,488	0	0	0
Library	1,290	11	1,279	1,279	0	0	0
Museum	73	12	61	361	0	0	0
Parks	1,111	29	1,082	1,302	0	0	0
Total	6,606	872	5,734	10,430	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 £3.311m is due to delays in commencing works at various sites. These schemes have been slipped into 2022/23 and will be reviewed following the outcome of the independent leisure survey. The favourable variance of £1.279m 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 once results of the consultation have been reviewed. The favourable variance against Parks of £1.082m 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 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.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 This report has no direct community wealth implications however, when Council budgets are set they take account of related matters across headings such as the following:

- **Progressive Procurement and Social Value**
How we commission and procure goods and services. Encouraging contractors to deliver more benefits for the local area, such as good jobs, apprenticeship, training & skills opportunities, real living wage, minimising their environmental impact, and greater wellbeing.
- **More local & community ownership of the economy**
Supporting more cooperatives and community businesses.
Enabling greater opportunities for local businesses.
Building on the experience of partnership working with voluntary, community and faith groups during the pandemic to further develop this sector.
- **Decent and Fair Employment**
Paying all employees a fair and reasonable wage.
- **Making wealth work for local places**

REPORT AUTHOR: Sarah Cox
Senior Finance Business Partner
telephone: 0151 666 3421
email: sarahcox@wirral.gov.uk

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 4 (Outturn)

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
Tourism, Communities, Culture and Leisure Committee	2 September 2021
Tourism, Communities, Culture and Leisure Committee	17 September 2021
Tourism, Communities, Culture and Leisure Committee	18 January 2022
Tourism, Communities, Culture and Leisure Committee	8 March 2022