



TOURISM COMMUNITIES CULTURE AND LEISURE COMMITTEE

THURSDAY, 30 NOVEMBER 2023

REPORT TITLE:	2023/24 BUDGET MONITORING FOR QUARTER TWO (THE PERIOD TO 30 SEPTEMBER 2023)
REPORT OF:	DIRECTOR OF NEIGHBOURHOODS

REPORT SUMMARY

This report sets out the financial monitoring information for the Council as at Quarter 2 (30 September) of 2023/24. The report provides Members with an overview of budget performance, including progress on the delivery of the 2023/24 saving programme and a summary of reserves and balances, to enable the Committee to take ownership of the budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets.

At the end of Quarter 2, there is a forecast adverse position of £3.196m on Committee spend which can be largely offset by utilising the corporate contingency budget and expected savings from reduced energy costs. This position is based on activity to date, projected trends in income and expenditure and changes to Council funding.

This is not a key decision and affects all wards.

The report contributes to the Wirral Plan 2021-2026 in supporting the organisation in meeting all Council priorities.

RECOMMENDATIONS

The Tourism, Communities, Culture and Leisure Committee is recommended to:

1. Note the Directorate forecast adverse position of £3.196m presented at Quarter 2.
2. Note the progress on delivery of the 2023/24 savings programme at Quarter 2.
3. Note the forecast level of reserves and balances at Quarter 2.
4. Note the forecast capital position presented at Quarter 2.

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Regular monitoring and reporting of the revenue 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 The Policy & Resources Committee has previously determined the budget monitoring process and this report details the agreed course of action.
- 2.2 In striving to manage budgets, available options have been evaluated to maintain a balance between service delivery and a balanced budget.

3.0 BACKGROUND INFORMATION

- 3.1 At the meeting on 27 February 2023, the Council agreed a net revenue budget for 2023/2024 of £366.6m to be met by government grants, council tax, and business rates. In quarter 1, a favourable £2.000m variation against the funding relating to an adjustment of Business Rates Section 31 grants, increased the revenue budget to £368.6m. This report sets out the updated revenue financial position at Quarter 2 for the Tourism, Communities, Culture and Leisure Committee.

Economic Context

- 3.2 UK inflation remained high throughout Q2, maintaining expectations of further Bank of England (BoE) interest rate increases. However, inflation data published in the latter part of the period tempered expectations, causing financial markets to reassess the peak in BoE Bank Rate.
- 3.3 In July, inflation (CPI) fell from its peak of 6.8% to 6.7% against market expectations that it could climb to 7.0%.
- 3.4 The Bank of England's Monetary Policy Committee continued tightening monetary policy throughout most of Q2, taking Bank Rate to 5.25% in August. However, falling inflation and weakening economic data gave some indication that higher interest rates were beginning to work. Against these indications, in September the Committee voted 5-4 to maintain Bank Rate at 5.25%.
- 3.5 There remains considerable uncertainties in the economy as high inflation and high interest rates continue to place significant pressures on Council finances and restrict the ability to forecast and plan, with confidence, for the future.

Quarter 1 Forecast Revenue Outturn Position

- 3.6 Table 1 presents the forecast outturn as a net position, i.e. expenditure minus income. Favourable variances (underspends) are shown as negative values and adverse variances (overspends) are shown as a positive value.
- 3.7 At the end of Quarter 1, there is a forecast adverse variance of £3.196m against the Tourism, Community, Culture and Leisure Committee's revised net revenue budget of £11.604m, which is equivalent to a variance of 28% from the annual budget.

TABLE 1: 2023/24 REVENUE BUDGET & FORECAST OUTTURN

	Budget	Forecast Outturn	Variance	
	£000	£000	(+ Adv / - Fav) £000	%
Neighbourhood Safety	1,324	1,711	387	29%
Leisure, Libraries and Theatre	8,462	9,439	977	12%
Culture and Visitor Economy	418	418	0	0%
Regulatory Services	2,620	2,501	-119	-5%
Cross Cutting Funding and Neighbourhoods Management Team	-1,220	731	1,951	-160%
Net Committee Expenditure	11,604	14,800	3,196	28%

Notes:

* Forecast Outturn figures assume reserves movements shown in Table 3.

Significant aspects of revenue variances by directorate

3.8 The projected adverse position is in part impacted by macroeconomic factors which mean some historic income and savings targets are now unviable. Alternative options for service delivery have been considered previously and will be reviewed to assist in mitigating the current position. The significant areas of note are as follows:

Neighbourhoods Management: An adverse variance of £1.951m is forecast for 2023/24. This relates to a number of factors including the savings for the current year associated with mid-point of grade and vacancy control. These savings are difficult to achieve due to additional costs linked to employee overtime, enhancements, and sickness cover. In addition to this some posts are associated with income targets or are covered by agency. This means there is a risk associated with achieving these savings in full this financial year.

Neighbourhood Safety and Transport: An adverse variance of £0.387m is forecast for 2023/24. £0.179m relates to income shortfalls due to third parties making alternative arrangements. In addition, there is a further shortfall of £0.207m which relates to a reduction in the number of schools choosing to renew the Community Patrol services. A changed delivery model provided a technological solution rather than a physical patrol service. This resulted in schools choosing not to buy back the service in its new format. The service is currently in the process of being reviewed which may assist in mitigating this adverse variance.

Leisure, Libraries and Customer Engagement – an adverse variance of £0.977m is forecast for 2023/24, which is broken down as follows:

- £1.330m relates to Theatre and Hospitality. This represents a projected improvement on 2022-23 position of circa £0.610m. Within the budget, there remains £0.550m of unachieved legacy saving from the proposal to outsource the Floral Pavilion in 2018, and an additional income target of £0.350 from 2021/22. The new management team have reduced costs through improved operations and improved income generation through innovating the

programme of shows, events and other activities taking place at the venue. The projected shortfall is due to anticipated reductions in income. Rising costs of supplies, goods, services, and utilities has significantly impacted the spend attributed to the service. This will be monitored during the year through management of employee rotas and by limiting non staffing costs to essential items only. Whilst the financial position of the Floral Pavilion is improving, both income and costs could continue to be affected by the current national financial climate with rising interest rates and high inflation having the potential to impact consumer spending decisions. Due to the ongoing adverse financial position it will be necessary to carry out a review of the Service.

- £0.303m relates to Sports and Recreation, which is mainly due to employee costs and premises costs. A review of expenditure within the service is currently underway, which aims to mitigate this position by the end of the year.
- -£0.482m favourable variance relates to rates rebates for the Williamson Art Gallery. This assists in mitigating the above in part and is backdated to 2017/18 following a change in the way rates relating to Museums are calculated.
- -£0.174m of favourable variances within other areas mitigate the above adverse variances in part. This is mainly due to favourable variances within One Stop Shops and Customer Contact.

Regulatory Services: -£0.119m of favourable variances within other areas mitigate the above adverse variances in part. This is mainly due to favourable variances within Regulation because of staffing vacancies.

Budget Amendments

3.9 The budget relating to Neighbourhood Transport has moved to Environment, Climate Emergency and Transport Committee in Quarter 2.

Progress on delivery of the 2023/24 savings programme.

3.10 Table 2 presents the progress on the delivery of the 2023/24 approved savings. For savings rated as Amber, an equal amount of temporary in-year mitigation has been identified to cover any shortfalls which may occur. For saving rated as red, a bid will need to be made from the corporate contingency fund set up for non-achieved savings at the end of the year.

3.11 In terms of savings, £0.807m of the £1.115m savings targets are either delivered or on track to be delivered, representing 72% of the total savings target with a further 28% or £0.283m anticipated to be delivered through alternative means. The table below summarises the progress for the Committee:

TABLE 2: SUMMARY OF PROGRESS ON DELIVERY OF 2023/24 SAVINGS

Directorate	Approved Saving £m	Green £m	Amber £m	Red £m	Mitigation £m
Tourism, Community, Culture and Leisure	-1.115	-0.807	-0.025	-0.283	-0.025

Significant variances by directorate.

- **Review of Neighbourhoods Staffing Structure** - The saving of £0.425m has been delayed whilst work is carried out to ensure there is no overlap with the corporate enabling services saving. EVR/VS requests are still being considered. These delays mean that £0.283m is rated red and is unlikely to be achieved in 2023-24.

Earmarked Reserves

- 3.11 On 1 April 2023, earmarked reserves for the Committee totalled £0.237m. Of the total earmarked reserves, approximately half will be spent in 2023/24, on the activities for which they were established. There will be cases however where some of the reserves will be committed over a longer period and have been set aside now to support the Council's financial sustainability and have little or limited impact on future years budgets.

TABLE 3: SUMMARY OF EARMARKED RESERVES

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Community Safety	57	0	0	57
Environmental Health	95	-70	0	25
Leisure, Libraries and Customer Engagement	77	-54	0	23
Public Conveniences	8	0	0	8
Total	237	-124	0	113

Capital Monitoring

- 3.12 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 4: 2023/24 Tourism, Communities, Culture and Leisure Committee – Capital Budget & Forecast Outturn

Capital Programme	2023/24			2024/25	2025/26	2026/27	2027/28
	Budget 01/04/23 £000	Q2 Forecast Budget £000	Variance £000	Budget £000	Budget £000	Budget £000	Budget £000
Leisure	5,563	3,314	-2,249	2,436	0	0	0
Library	1,293	862	-431	431	0	0	0
Museum	344	229	-115	115	0	0	0
Parks	145	303	158	48	0	0	0
Total	7,345	4,708	-2,637	3,030	0	0	0

- 3.13 Table 4 summarises the forecast expenditure against Capital Budgets. A full breakdown of each Capital Scheme with details can be found in Appendix 1. The favourable variance of £2.637m relates to slippage of schemes within Libraries, Museums and Leisure which have been reprofiled into 2024/25 financial year.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 2 budget monitoring report that provides information on the forecast outturn for the Council for 2023/24. 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 Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. 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.
- 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. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 At this time, there are no additional resource implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there will be resource implications, and these will be addressed within the relevant business cases presented to the Committee.

7.0 RELEVANT RISKS

- 7.1 The Council's ability to maintain a balanced budget for 2023/24 is dependent on a stable financial position. That said, the delivery of the budget is subject to ongoing variables both positive and adverse which imply a level of challenge in achieving this outcome.
- 7.2 In any budget year, there is a risk that operation will not be constrained within relevant budget limits. Under specific circumstances the Section 151 Officer may issue a Section 114 notice but that position has not been reached at the present time.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Consultation has been carried out with the Senior Leadership Team (SLT) in arriving at the governance process for the 2023/24 budget monitoring process and budget setting process. This report will also be shared and reviewed by the Independent Panel.
- 8.2 Since the budget was agreed at Full Council on 27 February, some proposals may have been the subject of further consultation with Members, Customer and Residents. The details of these are included within the individual business cases or are the subject of separate reports to the Committee.

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 At this time, there are no further equality implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there may be equality implications associated with these, and these will be addressed within the relevant business cases presented to the Committee.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 This report has no direct environmental implications; however due regard is given as appropriate in respect of procurement and expenditure decision-making processes that contribute to the outturn position.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 In year activity will have incorporated community wealth implications. Consideration would have taken 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**

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APPENDICES

APPENDIX 1 – Breakdown of Capital Spend

APPENDIX 2 – Breakdown of Revenue Spend

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	8 November 2023
Policy and Resources Committee	12 July 2023
Policy and Resources Committee	14 June 2023
Policy and Resources Committee	15 February 2023
Policy and Resources Committee	18 January 2023
Policy and Resources Committee	09 November 2022
Policy and Resources Committee	13 July 2022
Council	28 February 2022
Policy and Resources Committee	15 February 2022

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
Tourism, Communities, Culture and Leisure Committee	16 June 2022
Tourism, Communities, Culture and Leisure Committee	25 October 2022
Tourism, Communities, Culture and Leisure Committee	01 December 2022
Tourism, Communities, Culture and Leisure Committee	02 February 2023
Tourism, Communities, Culture and Leisure Committee	09 March 2023
Tourism, Communities, Culture and Leisure Committee	22 June 2023
Tourism, Communities, Culture and Leisure Committee	25 July 2023

**Tourism, Communities, Culture and Leisure
Committee**

21 September 2023

Appendix 1 – Breakdown of Capital Programme

Items marked * relate to Parks and are linked to both Tourism, Communities, Culture and Leisure Committee and Environment, Climate Emergency and Transport Committee. However they are reported against this Committee in this report.

Area	Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
		Budget 01/04/23	Q2 Forecast Budget	Variance	Budget	Budget	Budget	Budget
			£000	£000	£000	£000	£000	£000
Leisure	Bebington Oval Facility Upgrade	527	151	-376	376	0	0	0
	Catering Units	160	107	-53	53	0	0	0
	Defibrillators	13	9	-4	4	0	0	0
	Fitness Equipment	4	2	-2	2	0	0	0
	Floral Pavilion	100	67	-33	33	0	0	0
	Future Golf - Project 1.1	188	125	-63	250	0	0	0
	Hoylelake Golf works depot demolish and replace	1	0	-1	1	0	0	0
	Library Radio Frequency Identification Kiosks	80	80	0	0	0	0	0
	New Brighton Gym Equipment	3	2	-1	1	0	0	0
	Pool Covers	252	168	-84	84	0	0	0
	Soft Play Areas Leisure Centres	410	273	-137	137	0	0	0

Area	Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
		Budget 01/04/23	Q2 Forecast Budget	Variance	Budget	Budget	Budget	Budget
			£000	£000	£000	£000	£000	£000
	Solar Campus 3G	30	0	-30	30	0	0	0
	Studio refurbishment Les Mills classes	15	10	-5	5	0	0	0
	West Kirby Concourse/ Guinea Gap Reception upgrade / improve	351	34	-317	317	0	0	0
	West Kirby Marine Lake/Sailing Centre – accommodation	93	62	-31	31	0	0	0
	Wirral Tennis Centre - 3G Pitch	1,065	710	-355	355	0	0	0
	Wirral Tennis Centre - Facility Upgrade	515	343	-172	172	0	0	0
	Woodchurch Sports Pavilion	1,756	1,171	-585	585	0	0	0
Library	Arts Council Capital LIF	21	14	-7	7	0	0	0
	Consolidated Library Works Fund	279	186	-93	93	0	0	0
	Moreton Youth Club & Library	993	662	-331	331	0	0	0

Area	Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
		Budget 01/04/23	Q2 Forecast Budget	Variance	Budget	Budget	Budget	Budget
			£000	£000	£000	£000	£000	£000
Museum	Williamson Art Gallery Catalogue	56	37	-19	19	0	0	0
	Williamson Art Gallery Ventilation 21-22	288	192	-96	96	0	0	0
Parks *	Ashton Park Lake	144	96	-48	48	0	0	0
	Essential H&S Access Improvements @ Wirral Country Park	1	1	0	0	0	0	0
	Essential H&S Infrastructure Improvements @ Wirral Country Park	0	206	206	0	0	0	0
Total		7,345	4,708	-2,637	3,030	0	0	0

Appendix 2 – Breakdown of Revenue Budget Monitoring

		Budget	Outturn	Variance		Adv/ Fav
		£000	£000	(+ Fav / - Adv) £000	%	
Neighbourhood Safety Leisure, Libraries and Theatre	Neighbourhood Safety - Operations	1,324	1,711	387	29%	Adverse
	Customer Contact Centre	873	591	-282	-32%	Favourable
	Libraries	2,954	3,087	133	5%	Adverse
	Museums	430	54	-376	-87%	Favourable
	One Stop Shops	938	806	-132	-14%	Favourable
	Theatre	-521	809	1,330	-255%	Adverse
	Golf	5	-76	-81	-1632%	Favourable
	Bidston Tennis and Sports Centre	132	304	172	130%	Adverse
	Europa Pools	683	991	308	45%	Adverse
	Guinea Gap	212	490	278	131%	Adverse
	Leasowe Recreation Centre	331	433	102	31%	Adverse
	The Oval Sports Centre	999	911	-88	-9%	Favourable
	West Kirby Concourse	408	499	91	22%	Adverse
	West Kirby Marine Lake	18	129	111	614%	Adverse
	Aquatics Management	422	390	-32	-8%	Favourable
	Leisure Call Centre	105	99	-6	-6%	Favourable
	Leisure Management	298	-163	-461	-155%	Favourable
	Sales and Retention	105	80	-25	-24%	Favourable
	Sports Development	70	5	-65	-93%	Favourable
Estate and Facilities Management	0	0	0	0%		
Cross Cutting Funding and Neighbourhoods Management Team	Cross Cutting Funding and Neighbourhoods Management Team	-1,220	731	1,951	-160%	Adverse
Regulatory Services	Environmental and Trading Standards	1,784	1,665	-119	-7%	Favourable
	Public Conveniences	730	730	0	0%	
	Coroner	106	106	0	0%	
Culture and Visitor Economy	Culture & Visitor Economy	418	418	0	0%	
Surplus / (Deficit)		11,604	14,800	3,196	28%	Adverse

