

Tourism, Communities, Culture and Leisure Committee**Wednesday, 24 July 2024**

REPORT TITLE:	2023/24 REVENUE OUTTURN
REPORT OF:	DIRECTOR OF NEIGHBOURHOODS

REPORT SUMMARY

This report provides a summary of the year-end revenue and capital position for the 2023/24 financial year as at the end of March 2024. 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.

The year-end revenue outturn for 2023/24, represents an adverse variance against revenue budgets of £3.160m, which is a £0.527m deterioration from the quarter 3 forecast. This adverse position can be offset corporately by utilising the contingency budget, savings from reduced energy costs and funding in year transformational activity costs from capital receipts. The Capital Programme Outturn was £5.020m, against an expected £5.720m.

This matter affects all Wards within the Borough and is not a key decision.

The report contributes to the Wirral Plan 2023-2027 in supporting the organisation in meeting all Council priorities.

RECOMMENDATIONS

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

1. Note the draft, unaudited 2023/24 outturn adverse variance of £3.160m, which has been managed corporately by utilising the contingency budget, savings from reduced energy costs and use of flexible use of capital receipts;
2. Note the progress on delivery of the 2023/24 savings programme.
3. Note the transfer to and use of earmarked reserves, as detailed in Appendix 1 to this report ;
4. Note the draft, unaudited 2023/24 capital outturn position of £5.020m, as detailed in Appendix 2 to this report.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Regular monitoring and reporting of the revenue and 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 the Council.
- 1.2 This report presents timely information on the full year financial position for 2023/24, prior to final audit engagement.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Policy and 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.
- 3.2 The Council's Quarter 1 monitoring report, presented on 12 July 2023 to the Policy & Resources Committee, highlighted growing in-year pressures of £3.6m, which had risen to £7.2m by Quarter 2 and £7.97m by Quarter 3. Several potential mitigations were identified that could be used to present a balanced budget at the end of the year. This report sets out the updated revenue financial position for the Tourism, Communities, Culture and Leisure Committee at the end of the year.

Economic Context

- 3.3 Throughout 2023-24 the headline consumer price inflation (CPI) continued to decline from 8.7% at the start of the year to 3.4% in February but was still above the Bank of England's 2% target.
- 3.4 Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate to 5.25% in August 2023 and it has remained at this level through to March 2024. Although financial markets have shifted their interest rate expectations downwards, with expectations of a cut early in the new year, the MPC's focus remains on maintaining the current interest rate in order to control inflation over the medium term.
- 3.5 The overall risk environment remained particularly challenging throughout 2023-24, with subdued economic activity, poor outlooks for growth and inflation and increased

geopolitical tensions, all placing significant pressures on finances and restricting the ability to forecast and plan, with confidence.

Revenue Outturn Position

- 3.6 At the end of 2023/24, against the Committee’s net revenue budget of £12.476m, there is an adverse variance of £3.160m, which can be managed in the overall Council context by utilising the contingency budget, savings from reduced energy costs, utilising flexible use of capital receipts along with reserves management.

TABLE 1 2023/24 REVENUE BUDGET & OUTTURN

	Budget	Outturn	Variance	
			(+ Adv / - Fav)	
	£000	£000	£000	%
Neighbourhood Safety	1,323	1,627	304	23%
Leisure, Libraries and Theatre	8,823	11,185	2,362	27%
Culture and Visitor Economy	413	413	0	0%
Regulatory Services	1,805	1,691	-114	-6%
Cross Cutting Funding and Neighbourhoods Management Team	111	720	608	546%
Net Committee Expenditure	12,476	15,636	3,160	25%

Significant aspects of revenue variances

- 3.7 Neighbourhoods Management: An adverse variance of £0.608m. This mainly relates to shortfalls in Neighbourhood savings from 2022/23 and 2023/24 of £0.500m that have not been achieved. £0.250m has been addressed by budget adjustments for 2024/25, with further service reviews ongoing for the remainder.
- 3.8 Neighbourhood Safety: An adverse variance of £0.304m due to historical, unachievable income shortfalls and a significant reduction in the number of schools choosing to renew Community Safety services, which has partly been addressed in 2024/25 with a £0.150m uplift.
- 3.9 Leisure, Libraries and Customer Engagement – an adverse variance of £2.362m. In the main, this relates to Theatre and Hospitality for £1.853m. This includes one off costs for the Sail Loft of £0.200m that will not recur. The Theatre and Hospitality budget will be reviewed in light of the adverse variance and accounted for in 2024/25. The Floral Pavilion Theatre & Conference Centre budget has been adjusted in 2024/25 to remedy unachievable targets attributed to legacy savings and income of circa £0.900m. Sports and Recreation, specifically the Bidston Sports & Activity Centre has £0.400m unachieved income. This could be attributed to only 6 months actual trading in the 2023/24 financial year, with the centre income profile weighted towards increased income over the spring and summer holiday periods and would therefore be expected to balance for 2024/25. Overspends in libraries for

building repairs and maintenance with works exceeding the allocated budget. These overspends will be dealt with in 2024/25 and future maintenance will be considered as part of the move to a Corporate Landlord Model.

Action plan

- 3.10 It is recognised that there are a number of issues within the outturn position, and particularly the variances between quarter 3 and the final outturn, which will impact on the position in 24/25.
- 3.11 In order to ensure that these issues are appropriately managed, actions for each directorate have been recorded in conjunction with the Director and progress against these will be monitored monthly.
- 3.12 The issues that have emerged during the outturn process are largely relating to business as usual activities that fall outside the main Change Programme. The resourcing of these required activities will be considered alongside the existing transformation resource in place to support the Change Programme.
- 3.13 The outputs of this work and the proposed corrective action will feed into the budget setting process for 25/26 and the next iteration of the Medium-Term Financial Plan.
- 3.14 Enhanced procedural rigour in relation to the budget monitoring process is set out in the report titled 'Budget Monitoring and Budget Setting Processes' found later in the agenda. This outlines the stringent processes implemented for the upcoming fiscal year. The recent reorganising of financial operations has bolstered financial support and resources across the entire organisation to support these processes alongside the implementation of Oracle Fusion. This has equipped the Council with an accessible financial analysis tool. The enterprise resource planning software provides enhanced data integration, processing capabilities and reporting functionalities. With Oracle Fusion now operational, comprehensive insights can be derived from financial data through in-depth analysis, enabling more informed decision-making and strategic planning based on accurate, real-time financial information across all business units and operations.

Progress on delivery of the 2023/24 savings programme.

3.15 Table 2 presents the progress on the delivery of the 2023/24 approved savings. In terms of savings, £0.253m of the £0.485m savings targets were delivered, representing 52% of the total savings target with a further 8% or £0.038m achieved through mitigation. The table below summarises the progress by for this Committee:

TABLE 2: SUMMARY OF DELIVERY OF 2023/24 SAVINGS

Committee	Approved Saving £m	Delivered £m	Delivered through mitigation £m	Delayed/ unachieved in year £m
Tourism, Communities, Culture and Leisure Committee	-1.115	-0.516	-0.053	-0.546

3.16 Delayed/ unachieved key variances are as follows:

- Leisure Centre service review – The saving of £0.500m will not be fully achieved until 2024/25. £0.241m of savings was delivered in year, with the remaining savings to be achieved in the next financial year as the full impact of energy efficiency projects are realised and EVR savings agreed.
- 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 £0.287m of the saving has been delayed until 2024/25.

Reserves and Balances

3.17 Table 3 shows the opening and closing balances of the Committee reserves.

TABLE 3: SUMMARY OF EARMARKED RESERVES

Committee	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Analysis of Forecast Closing Balance £000		
				Ring-fenced	Non Ring-fenced (committed)	Non Ring-fenced
Tourism, Communities, Culture and Leisure Committee	181	-137	0	44	0	0

3.18 There were no contributions to reserves during 2023/24

3.19 The Capital Programme Outturn was £5.020m against an expected £5.720m, details can be found in Appendix 2.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 4 budget monitoring report that provides information on the revenue 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 and 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 is 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 was dependent on a stable financial position. The delivery of the budget was subject to ongoing variables both positive and adverse which gave 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. The issuing of a Section 114 notice bans all new spending with the exception of protecting vulnerable people and statutory services and pre-existing commitments.

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 the 2023/24 budget setting process.

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**

REPORT AUTHOR: **Carla Wright**
 (Head of Finance - Place)
 email: carlawright@wirral.gov.uk

APPENDICES

APPENDIX 1 – Earmarked Reserves

APPENDIX 2 – Capital Programme

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
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
Tourism, Communities, Culture and Leisure Committee	30 November 2023
Tourism, Communities, Culture and Leisure Committee	25 January 2024
Tourism, Communities, Culture and Leisure Committee	7 March 2024

Appendix 1 - Earmarked Reserves 2023/24

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Community Safety Initiatives	43	-43	0	0
Environmental Health	40	-40	0	0
Les Mills Classes	54	-54	0	0
Sports Development Reserve	22	0	0	22
Hilbre Island - Legacy	21	0	0	21
Library Donations	1	0	0	1
Total	181	-137	0	44

Appendix 2 – Capital Programme 2023/24

	Q4 Forecast	23/24 Actual	Variance	
	£'000	£'000	£'000	
Arrowe Country Park - Main Driveway Resurfacing & Fencing Work				
Arts Council Capital LIF	14	-	-	14
Ashton Park Lake	174	174		0
Bebington Oval Facility Upgrade	-	-		-
Bidston Court - Path Improvements				-
Catering Units	107	-	-	107
Consolidated Library Works Fund	66	66		0
Defibrillators	9	1		8
Essential H&S Access Improvements @ Wirral Country Park	-	-		-
Essential H&S Infrastructure Improvements @ Wirral Country Park	207	14	-	193
Fitness Equipment	2	-		2
Floral Pavilion	72	72		0
Football Goals				-
Future Golf - Project 1.1	125	58	-	67
Hoylake Golf works depot demolish and replace	-	-		-
Library Radio Frequency Identification Kiosks	80	80		0
Moreton Youth Club & Library	-	-		-
New Brighton Gym Equipment	2	-		2
Pool Covers	231	207	-	24
Soft Play Areas Leisure Centres	-	-		-
Solar Campus 3G	1	0		1
Studio refurbishment Les Mills classes	10	-	-	10
West Kirby Concourse/Guinea Gap Reception upgrade / improve	-	-		-
West Kirby Marine Lake/Sailing Centre – accommodation	62	20	-	42
Williamson Art Gallery Catalogue	37	-	-	37
Williamson Art Gallery Ventilation 21-22	192	-	-	192
Wirral Tennis Centre - 3G Pitch				-

Appendix 2 – Capital Programme 2023/24

	1,064	1,064	0
Wirral Tennis Centre - Facility Upgrade	1,345	1,345	0
Woodchurch Sports Pavillion	1,920	1,920	0
Total Tourism, Communities, Culture and Leisure	5,720	5,020	- 700