

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

REPORT TITLE:	2024/25 BUDGET MONITORING FOR QUARTER ONE (THE PERIOD TO 30 JUNE 2024)
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 (30 June) of 2024/25. The report provides Members with an overview of budget performance, including progress on the delivery of the 2024/25 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 and where appropriate, Committees on the performance of those budgets.

At the end of Quarter 1, there is a balanced forecast position for Tourism, Communities, Culture and Leisure Committee.

This is not a key decision and affects all wards.

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 balanced position presented at Quarter 1.
2. Note the 2024/25 savings programme at Quarter 1.
3. Note the forecast level of reserves at Quarter 1.
4. Note the capital position at the end of Quarter 1.

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 end of Quarter 1, there is a forecast adverse position for the overall Council of £12.493m on Directorate spend. This position is based on activity to date, projected trends in income and expenditure and changes to Council funding.
- 3.2 This is a serious financial position for the Council that needs to be significantly mitigated in-year through all available measures to reduce expenditure and generate cost savings. The source of the overspend reflects the outturn position from 2023/24 for which an action plan has been developed and implemented. This is designed to address the main issues generating the adverse position and progress will be reported on this in all future reports and to the relevant committees. However, the majority of this overspend is a consequence of increased demand and costs for social care services and will not be easily resolved.
- 3.3 Whilst the overall position can currently largely be managed in-year Corporately by
- a) utilising the contingency budgets,
 - b) applying flexible use of capital receipts to fund transformational revenue spend, and
 - c) repositioning of earmarked reserves,
- it is not a sustainable position going forward and will adversely impact budget planning for 2025/26.

Economic Context

- 3.4 While geopolitical events pose potential threats to price stability, the UK's inflation outlook remains positive. The headline Consumer Price Index (CPI) rose by 2.0% in the year to May 2024, while core inflation has markedly declined in recent months. This sustained downward trend in UK inflation is projected to persist, prompting market analysts to forecast lower interest rates in the latter part of the year.
- 3.5 In June, the Bank of England maintained its Bank Rate at 5.25%. While the Monetary Policy Committee (MPC) recognises the need to stimulate the UK economy by lowering rates in upcoming quarters, concerns over persistent inflationary pressures are likely to postpone any cuts until the third quarter of 2024.

Experts anticipate a gradual reduction, with rates potentially reaching around 3% by late 2025.

- 3.6 The results of the UK general election will play a pivotal role in determining the economic trajectory in the coming financial year. Regardless of which political party is successful, the election outcome will influence a range of factors, from fiscal policies and public spending to trade relations and regulatory frameworks.
- 3.7 The overall economic environment, whilst forecast to be more stable than recent years, there remains a great deal of uncertainty and challenge which will need to be monitored carefully as the year progresses. In this context, the Council must remain agile and ready to respond to emerging trends and unforeseen events. Regular reassessment of economic indicators and global developments will be key to navigating this calmer, yet still challenging, economic landscape.

Quarter 1 Forecast Revenue Outturn Position

- 3.8 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.
- 3.9 At the end of Quarter 1, against the revised net revenue budget of £14.854m, there is balanced forecast position.

TABLE 1: 2024/25 REVENUE BUDGET & FORECAST OUTTURN

	Budget	Forecast	Variance	
	£000	£000	(+ Adv / - Fav)	%
Neighbourhood Safety	1,793	1,793	0	0%
Leisure, Libraries and Theatre	9,472	9,472	0	0%
Culture and Visitor Economy	413	413	0	0%
Regulatory Services	1,816	1,816	0	0%
Cross Cutting Funding and Neighbourhoods Management Team	416	416	0	0%
Coroners	830	830	0	0%
Estate and Facilities Management - Cleaning	113	113	0	0%
Net Committee Expenditure	14,854	14,854	0	0%

Significant risks are as follows.

- 3.10 Leisure, Libraries and Customer Engagement: Balanced.

The Leisure, Libraries and Customer Engagement service is expecting to break even in 2024/25 but has challenges in doing so. During 2023/24, revenue from Leisure Centres fell short of projections, primarily due to the Bidston Tennis Centre's partial-year operation, which resulted in a £0.400m shortfall. For the current financial year, it is anticipated that the Centre will meet its budgeted targets, while income from other areas of the service is expected to remain stable. The overall Floral Pavilion Theatre & Conference Centre position in 2023/24 was not in line with forecast expectations earlier in the financial year and will be closely managed to ensure the revised net budget is achieved.

3.11 A detailed revenue table is attached in Appendix 1.

Pressures to be managed.

3.12 It is financially imperative and legally required that the Council report a balanced position at the end of the financial year. Failure to do so results in the Council's Section 151 officer having to produce a Section 114 report under the Local Government Act 1988.

3.13 A number of actions and projects have been taken by the Senior Leadership Team to try and address the overall position. This ranges from the development of joint commissioning activities within Adults and Childrens, panels reviewing high-cost placements, development of a strategy to increase foster care provision, implementation of the findings from the Home to School Transport review, a number of task and finish groups to address the outstanding issues within Leisure, Libraries and Highways and a review of the Housing Benefit subsidy issues.

3.14 This is in addition to the ongoing transformation programme, elements of this will be accelerated in-year including the property rationalisation and the workforce reductions planned within the agreed budget. A robust vacancy management process has been agreed by SLT and will be implemented. Consequently, any external recruitment will be undertaken by exception.

Role of Policy and Service Committee

3.15 As per the 'Budget Monitoring and Budget Setting Processes Report', which can be found elsewhere on the Committee's agenda and will be presented to all Policy & Service Committees in July, the Committees will be responsible for containing net expenditure within their overall budget envelope and not overspending. Where an adverse variance is forecast, each committee will be required to take remedial action, with detailed plans and timeframes, to bring the budget back in line and ensure that overspends are mitigated.

3.16 Where a Committee has taken all possible steps for remedial action and is unable to fully mitigate an overspend, this must be reported to the Policy and Resources Committee who will then take an organisational-wide view of how this adverse variance will be managed. There must be immediate action agreed to ensure a deliverable, balanced forecast position can be reported, and this will be monitored on a monthly basis by the Policy and Resources Committee Finance Working group.

Progress on delivery of the 2024/25 savings programme.

- 3.17 Table 2 presents the progress on the delivery of the 2024/25 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 savings rated as red, the contingency fund set up for non-achieved savings will need to be utilised.
- 3.18 In terms of savings, £10.640m of the £12.390m savings targets are either delivered or on track to be delivered, representing 86% of the total savings target with a further 14% or £1.750m with a high risk of not being achieved within this financial year. The table below summarises the progress by Directorate:

TABLE 2: PROGRESS ON DELIVERY OF 2024/25 SAVINGS

Directorate	Approved Saving £m	Green £m	Amber £m	Red £m	Mitigation £m
Tourism, Communities, Culture and Leisure Committee	-1.300	-1.300	0.000	0.000	0.000

Reserves

- 3.19 On 1 April 24, earmarked reserves totalled £0.044m.

TABLE 3: EARMARKED RESERVES

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Ring-fenced	Non Ring-fenced (committed)	Non Ring-fenced (available)
Sports Development Reserve	22	0	0	22	0	0
Hilbre Island - Legacy	21	0	0	21	0	0
Library Donations	1	0	0	1	0	0
Total	44	0	0	44	0	0

Capital Programme

3.20 Table 4 provides an update on the 2024/25 Capital Programme.

TABLE 4: Tourism, Communities, Culture and Leisure Committee Capital Programme 2024/25

Scheme	2024/25			2025/26
	Budget at 01.04.24 £000	Q1 Forecast £000	Variance	Budget £000
Arts Council Capital LIF	21	15	-6	6
Bebington Oval Facility Upgrade	527	157	-370	370
Catering Units	160	112	-48	48
Consolidated Library Works Fund	213	213	0	-
Defibrillators	12	8	-4	4
Essential H&S Infrastructure Improvements @ Wirral Country Park	193	135	-58	58
Fitness Equipment	4	3	-1	1
Floral Pavilion	28	28	0	-
Future Golf - Project 1.1	317	222	-95	95
Moreton Youth Club & Library	993	393	-600	600
New Brighton Gym Equipment	3	2	-1	1
Pool Covers	34	34	0	-
Solar Campus 3G	1	1	0	-
Studio refurbishment Les Mills classes	15	10	-5	5
West Kirby Concourse/Guinea Gap Reception upgrade / improve	351	351	0	-
West Kirby Marine Lake/Sailing Centre – accommodation	73	73	0	-
Williamson Art Gallery Catalogue	56	39	-17	17
Williamson Art Gallery Ventilation 21-22	288	202	-86	86
Wirral Tennis Centre - 3G Pitch	10	7	-3	3
Woodchurch Sports Pavillion	26	18	-8	8
Total Tourism, Communities, Culture and Leisure	3,325	2,023	-1,302	1,302

3.21 As noted above, there has been a reprofiling of expenditure in this year's Programme so far are in respect of deferrals of budget into future years.

3.22 It is anticipated that further reductions and/or deferrals of budget will be made in future quarters. Such deferrals reduce the borrowing costs incurred during 2024/25 and also delays the resultant Minimum Revenue Provision (MRP) charges into future years.

- 3.23 Given the budgetary pressures that the Council faces, a review of the Programme continues to try and identify schemes that may no longer be financially viable, essential, or deliverable.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Council for 2024/25. 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 2024/25 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 2024/25 budget monitoring process and budget setting process.
- 8.2 Since the budget was agreed at Full Council on 26 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 – Detailed Revenue Budget

TERMS OF REFERENCE

This matter is being considered by the Policy and Resources Committee in accordance with section 1.2(b) provide a co-ordinating role across all other service committees and retain a 'whole council' view of [budget monitoring].

BACKGROUND PAPERS

Tourism, Communities, Culture and Leisure Committee 24 Jul 24: Budget Monitoring and Budget Setting Processes Report.

CIPFA's Financial Management Code

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 – Detailed Revenue Budget

	Budget	Forecast Outturn	Variance		Adv/ Fav
	£000	£000	£000	%	
Neighbourhood Safety - Operations	1,793	1,793	0	0%	On Budget
Neighbourhood Safety Total	1,793	1,793	0	0	
Customer Contact Centre	817	817	0	0%	Balanced
Libraries	3,179	3,179	0	0%	Balanced
Museums	444	444	0	0%	Balanced
One Stop Shops	873	873	0	0%	Balanced
Theatre	499	499	0	0%	Balanced
Sports and Recreation	3,531	3,531	0	0%	Balanced
Sports Development	177	177	0	0%	Balanced
School Library Services	-48	-48	0	0%	Balanced
Leisure, Libraries and Theatre Total	9,472	9,472	0	0	
Public Conveniences	113	113	0	0%	Balanced
Estate and Facilities Management Total	113	113	0		
Cross Cutting Funding and Neighbourhoods Management Team	416	416	0	0%	Balanced
Neighbourhoods Management Total	416	416	0		
Environmental and Trading Standards	1,816	1,816	0	0%	Balanced
Regulatory Services Total	1,816	1,816	0	0	
Coroner	830	830	0	0%	Balanced
Coroners Total	830	830	0	0	
Culture & Visitor Economy	413	413	0	0%	Balanced
Culture & Visitor Economy Total	413	413	0	0	
Surplus / (Deficit)	14,854	14,854	0	0%	