

**TOURISM COMMUNITIES CULTURE AND LEISURE COMMITTEE****TUESDAY, 25 July 2023**

<b>REPORT TITLE:</b>	<b>2023/24 BUDGET MONITORING FOR QUARTER ONE (THE PERIOD TO 30 JUNE 2023)</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF NEIGHBOURHOODS</b>

**REPORT SUMMARY**

This report sets out the financial monitoring information for the Council as at Quarter 1 (30 June) 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 1, there is a forecast adverse position of £1.821m on the Committee's revised net revenue budget, of £13.911m. This position is based on activity to date, projected trends in income and expenditure and changes to Council funding.

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 £1.821m presented at Quarter 1.
2. Note the progress on delivery of the 2023/24 savings programme at Quarter 1.
3. Note the forecast level of reserves and balances at Quarter 1.
4. Note the forecast capital position presented at 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 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. This report sets out the updated revenue financial position at Quarter 1 for the Tourism, Communities, Culture and Leisure Committee.

### **Economic Context**

- 3.2 There remains considerable uncertainties in the economy at the start of 2023/24. High inflation and rising interest rates continue to place significant pressures on Council finances and restrict the ability to forecast and plan, with confidence, for the future.
- 3.3 In April, prices were 8.7% higher than a year ago (based upon consumer price index (CPI)). Inflation has been around 10% since last summer, well above the Bank of England's 2% target.
- 3.4 To help inflation return to the Bank of England's 2% target, interest rates have been increased to 5.0%. Higher interest rates should help to reduce the demand for goods and services in the economy. Which, in turn, will help slow the rate of inflation.
- 3.5 The Bank of England expect inflation to fall to around 5% by the end of this year, with the expectation for inflation to continue to fall next year and meet the target of 2% by late 2024.

### 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 £1.821m against the Tourism, Community, Culture and Leisure Committee's revised net revenue budget of £13.911m, which is equivalent to a variance of 13% from the annual budget.

**TABLE 1: 2023/24 REVENUE BUDGET & FORECAST OUTTURN**

	Budget £000	Forecast Outturn £000	Variance (+ Adv / - Fav)	
			£000	%
<b>Neighbourhood Safety</b>	3,569	3,946	377	11%
<b>Leisure, Libraries and Theatre</b>	8,524	9,968	1,444	17%
<b>Culture and Visitor Economy</b>	418	418	0	0%
<b>Regulatory Services</b>	2,620	2,620	0	0%
<b>Cross Cutting Funding and Neighbourhoods Management Team</b>	-1,220	-1,220	0	0%
<b>Net Committee Expenditure</b>	<b>13,911</b>	<b>15,732</b>	<b>1,821</b>	<b>13%</b>

### 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:

- Neighbourhood Safety and Transport: adverse variance of £0.377m. £0.170m 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.
- Theatre Hospitality and Catering Services – an adverse variance of £1.444m is forecast for 2023/24. 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 £0.350m 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.

### Progress on delivery of the 2023/24 savings programme.

3.9 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 contingency fund set up for non-achieved savings at the end of the year.

3.10 In terms of savings, £0.852m of the £1.115m savings targets are either delivered or on track to be delivered, representing 76% of the total savings target with a further 24% or £0.263m 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	-0.852	-0.263	0.000	-0.263

### 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. Therefore, savings will not materialise until Quarter 2. The cost of the delay will be mitigated through vacancy control and through restricting non staffing expenditure to essential items only.
- **Development of the events programme at Williamson Art Gallery.** Total saving approved was £0.070m. £0.050m of this saving relates to Community Asset Transfer of the Tram Museum which was agreed at TCCL Committee on 9th March. Holding costs continue to be incurred until the process is completed and will be mitigated. The remaining £0.020m relates to additional income from events at the Williamson, this is on target to be achieved but due to income trends it will not be clear how much will be achieved this year.

### Earmarked Reserves

- 3.11 On 1 April 23, 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
<b>Total</b>	<b>237</b>	<b>-124</b>	<b>0</b>	<b>113</b>

### 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
	Budget 01/04/23 £000	Q1 Forecast Budget £000	Variance £000	Budget £000	Budget £000	Budget £000
Leisure	5,563	3,714	-1,849	2,036	0	0
Library	1,293	862	-431	431	0	0
Museum	344	229	-115	115	0	0
Parks	145	97	-48	48	0	0
<b>Total</b>	<b>7,345</b>	<b>4,902</b>	<b>-2,443</b>	<b>2,630</b>	<b>0</b>	<b>0</b>

- 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 £2.443m relates to slippage of schemes within Libraries, Museums and Leisure which have been reprofiled into 2024/25 financial year.

## **FINANCIAL IMPLICATIONS**

- 4.1 This is the Quarter 1 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**

**REPORT AUTHOR:** Sarah Cox  
(Senior Finance Business Partner)  
email: sarahcox@wirral.gov.uk

#### **APPENDICES**

APPENDIX 1 – Breakdown of Capital Spend  
APPENDIX 2 – Breakdown of Revenue Spend

#### **BACKGROUND PAPERS**

Bank of England – Monetary Policy Report – August 2022  
DLUHC External Assurance Reports  
CIPFA’s Financial Management Code

#### **SUBJECT HISTORY (last 3 years)**

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

<b>Policy and Resources Committee</b>	<b>15 February 2022</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>26 October 2020</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>23 November 2020</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>21 January 2021</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>3 March 2021</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>16 June 2021</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>2 September 2021</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>17 September 2021</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>18 January 2022</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>8 March 2022</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>16 June 2022</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>25 October 2022</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>01 December 2022</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>02 February 2023</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>09 March 2023</b>
<b>Tourism, Communities, Culture and Leisure Committee</b>	<b>22 June 2023</b>

--	--

## Appendix 1 – Breakdown of Capital Programme

Area	Scheme	2023/24			2024/25	2025/26	2026/27
		Budget 01/04/23	Q1 Forecast Budget £000	Variance £000	Budget £000	Budget £000	Budget £000
Leisure	Bebington Oval Facility Upgrade	527	351	-176	176	0	0
	Catering Units	160	107	-53	53	0	0
	Defibrillators	13	9	-4	4	0	0
	Fitness Equipment	4	2	-2	2	0	0
	Floral Pavilion	100	67	-33	33	0	0
	Future Golf - Project 1.1	188	125	-63	250	0	0
	Hoylake Golf works depot demolish and replace	1	0	-1	1	0	0
	Library Radio Frequency Identification Kiosks	80	80	0	0	0	0
	New Brighton Gym Equipment	3	2	-1	1	0	0
	Pool Covers	252	168	-84	84	0	0
	Soft Play Areas Leisure Centres	410	273	-137	137	0	0
	Solar Campus 3G	30	0	-30	30	0	0
	Studio refurbishmen t Les Mills classes	15	10	-5	5	0	0
	West Kirby Concourse/G uinea Gap Reception upgrade / improve	351	234	-117	117	0	0
	West Kirby Marine Lake/Sailing	93	62	-31	31	0	0

Area	Scheme	2023/24			2024/25	2025/26	2026/27
		Budget 01/04/23	Q1 Forecast Budget £000	Variance £000	Budget £000	Budget £000	Budget £000
	Centre – accommodati on						
	Wirral Tennis Centre - 3G Pitch	1,065	710	-355	355	0	0
	Wirral Tennis Centre - Facility Upgrade	515	343	-172	172	0	0
	Woodchurch Sports Pavilion	1,756	1,171	-585	585	0	0
Library	Arts Council Capital LIF	21	14	-7	7	0	0
	Consolidated Library Works Fund	279	186	-93	93	0	0
	Moreton Youth Club & Library	993	662	-331	331	0	0
Museum	Williamson Art Gallery Catalogue	56	37	-19	19	0	0
	Williamson Art Gallery Ventilation 21-22	288	192	-96	96	0	0
Parks	Ashton Park Lake	144	96	-48	48	0	0
	Essential H&S Access Improvement s @ Wirral Country Park	1	1	0	0	0	0
<b>Total</b>		<b>7,345</b>	<b>4,902</b>	<b>-2,443</b>	<b>2,630</b>	<b>0</b>	<b>0</b>

## Appendix 2 – Breakdown of Revenue Budget Monitoring

		Budget	Outturn	Variance		Adv/ Fav
		£000	£000	(+ Fav / - Adv) £000	%	
<b>Neighbourhood Safety</b>	Assisted Travel and Transport	2,245	2,245	0	0%	Adverse
	Neighbourhood Safety - Operations	1,324	1,701	377	28%	
<b>Leisure, Libraries and Theatre</b>	Customer Contact Centre	873	873	0	0%	Adverse
	Libraries	2,954	2,954	0	0%	
	Museums	430	430	0	0%	
	One Stop Shops	938	938	0	0%	
	Theatre	-521	923	1,444	-277%	
	Golf	5	5	0	0%	
	Bidston Tennis and Sports Centre	185	185	0	0%	
	Europa Pools	683	683	0	0%	
	Guinea Gap	212	212	0	0%	
	Leasowe Recreation Centre	331	331	0	0%	
	The Oval Sports Centre	999	999	0	0%	
	West Kirby Concourse	408	408	0	0%	
	West Kirby Marine Lake	-35	-35	0	0%	
	Aquatics Management	422	422	0	0%	
	Leisure Call Centre	105	105	0	0%	
	Leisure Management	358	358	0	0%	
	Sales and Retention	105	105	0	0%	
	Sports Development	71	71	0	0%	
<b>Culture and Visitor Economy</b>	Culture & Visitor Economy	418	418	0	0%	

		<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>		<b>Adv/ Fav</b>
		£000	£000	(+ Fav / - Adv) £000	%	
<b>Regulatory Services</b>	Environmental and Trading Standards	1,784	1,784	0	0%	
	Public Conveniences	106	106	0	0%	
	Coroner	730	730	0	0%	
<b>Cross Cutting Funding and Neighbourhoods Management Team</b>	Cross Cutting Funding and Neighbourhoods Management Team	-1,220	-1,220	0	0%	
<b>Surplus / (Deficit)</b>		<b>13,911</b>	<b>15,732</b>	<b>1,821</b>	<b>13%</b>	<b>Adverse</b>