

TOURISM, COMMUNITIES, CULTURE AND LEISURE COMMITTEE**Wednesday, 21 September 2023**

REPORT TITLE:	BUDGET REPORT
REPORT OF:	DIRECTOR OF NEIGHBOURHOODS

REPORT SUMMARY

The purpose of this report is to provide an update on the budgets within the remit of the Committee in respect of the in-year position and the anticipated pressures for future years that are being considered within the Medium-Term Financial Plan.

The Council is required to set a balanced budget each year and sets a Medium-Term Financial Plan which considers the future pressures and savings options that will be taken forward to result in a balanced budget position.

The Council faces a challenging financial outlook due to inflationary and demand pressures alongside the previous significant reductions in Government funding and uncertainty around the future financial settlements.

This report provides an update for the Committee on those budget areas within its remit, including any forecast overspends reported in the first quarter and potential pressures in both the current and future years.

The Committee is asked to note the report and endorse any proposed actions to mitigate the in-year position.

This is 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 report.

SUPPORTING INFORMATION

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 an updated revenue financial position for the Tourism, Communities, Culture and Leisure Committee.

Quarter 1 Forecast Revenue Outturn Position

- 3.2 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.
- 3.3 At the end of Quarter 1, there was a forecast adverse variance of £1.821m against the 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	%
Neighbourhood Safety	3,569	3,946	377	11%
Leisure, Libraries and Theatre	8,524	9,968	1,444	17%
Culture and Visitor Economy	418	418	0	0%
Regulatory Services	2,620	2,620	0	0%
Cross Cutting Funding and Neighbourhoods Management Team	-1,220	-1,220	0	0%
Net Committee Expenditure	13,911	15,732	1,821	13%

Updates in revenue position since Quarter 1

- 3.4 There are risks linked to additional in year pressures and some potential mitigations within the following areas. These additional pressures and any potential mitigating actions are being explored and will be reported back to Committee in the Q2 monitor report.
- £0.355m relates to additional demand within community transport.
 - -£0.482m relating to rates rebates for the Williamson Art Gallery. This is backdated to 2017/18 following a successful appeal, after a change in the way rates relating to Museums are calculated.

Progress on delivery of the 2023/24 savings programme.

- 3.5 Table 2 presents the progress on the delivery of the 2023/24 approved savings as at quarter 1. 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.
- 3.6 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 by Directorate:

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

Updates in savings delivery since Quarter 1.

- 3.7
- **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 later in Quarter 2. The cost of the delay will be mitigated through vacancy control and through restricting non staffing expenditure to essential items only.

- **Mitigating Measures.**

- 3.8 It is imperative that the Council report a balanced position at the end of the financial year.
- 3.9 As per the '2023/24 Budget and Budget Monitoring Processes Report', which was presented to P&R and all Service Committees in June, 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.
- 3.10 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 Sub-group.
- 3.11 The Policy and Resources Committee has ultimate responsibility for taking any necessary steps required to ensure a balanced budget position is delivered. The Section 151 Officer will be responsible for ensuring that any budget actions, proposals and mitigations are achievable and legal.
- 3.12 The quarter 1 position highlights £1.821m of forecast adverse variances for which as yet no mitigation has been identified. Committees and the relevant Chief Officers will need to agree remedial action to address these variances to ensure a balanced position can be presented at the end of the year.
- 3.13 The rates rebate relating to the Williamson Art Gallery of -£0.482m will assist in mitigating the projected adverse position within Theatre and Hospitality this year. In addition to this, the service will aim to maximise opportunities to capitalise staffing costs. Income generation opportunities will be sought within Leisure to mitigate the overall position. In addition to this expenditure will be delayed until next financial year where possible and mitigation will also be sought from staffing vacancies and non-essential expenditure. In addition to this The Floral Pavilion and Sail Loft are being reviewed to minimise the budget pressures within these areas.

Medium Term Financial Plan

3.14

Leisure, Libraries and Theatre

There are pressures relating to the Floral Pavilion. These are associated with unachieved saving from the proposal to outsource the Floral Pavilion in 2018, and additional income targets which are not achievable.

Neighbourhood Safety

There are pressures relating to Community Safety, associated with income targets due to third party customers making alternative arrangements and a reduction in the buy back from schools SLAs. In addition to this there are increased demands on the service due to staffing requirements relating to the emergency duty team. There are also pressures linked

to the staff Escorts budgets as demand from Children's has increased and there is a statutory duty to provide transport for eligible children.

Regulatory Services

There are pressures relating to Birkenhead Kennels due to increased costs.

Culture and Visitor Economy

There are pressures linked to the delivery of the borough's visitor and economy function, which include opportunities to deliver significant tourism and economic outcomes. In addition to this there are pressures relating to delivery of Liverpool City Region Borough of Culture programme and associated opportunities.

4.0 FINANCIAL IMPLICATIONS

4.1 This budget report that provides information on the forecast outturn for the Council for 2023/24 and future years. 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 and for future years.

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 Revenue Spend

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

Policy & Resources Committee Report 14 Jun 23: 2023/24 Budget and Budget Monitoring Processes Report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
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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

Appendix 1 – Breakdown of Revenue Budget Monitoring

		Budget	Outturn	Variance		Adv/ Fav
		£000	£000	(+ Fav / - Adv) £000	%	
Neighbourhood Safety	Assisted Travel and Transport	2,245	2,245	0	0%	Adverse
	Neighbourhood Safety - Operations	1,324	1,701	377	28%	
Leisure, Libraries and Theatre	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%	
Culture and Visitor Economy	Culture & Visitor Economy	418	418	0	0%	

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