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Portsmouth
CITY COUNCIL

Title of meeting: Culture Leisure and Economic Development Briefing Meeting
Subject: Monitoring of the Second Quarter 2022/23 Revenue Cash Limits
Date of meeting: Friday 18th November 2022
Report by: Director of Finance and Resources
Wards affected: ALL

1. Requested by

The Cabinet Member for the Culture Leisure & Economic Development Portfolio.

2. Purpose

- 2.1 To inform the Cabinet Member and Opposition Spokespersons of the forecast revenue expenditure for the year compared with the cash limited budget as at the end of the second quarter 2022/23.

3. Information Requested

3.1 Forecast outturn 2022/23

	£000
Forecast Net Overspend (before transfers to/from Reserves)	1,225
Less:	
Covid-19 costs met from Contingency	0
Windfall and Exceptional & Significant Items	<u>1,009</u>
Net Portfolio (under)/overspend	<u>16</u>

Analysis of this portfolio's variations is attached at Appendix A.

4. Revenue Expenditure

- 4.1 The overall net position for this portfolio (set out in para 3.1) is a net overspend of £15,700 after excluding windfall and exceptional & significant items (£1,029,900).

It is noted that the Budget approved by the City Council on 15th February 2022 included a provision within the Council's Corporate Contingency to meet estimated Covid-19 related costs and lost income. It is also noted that any variances within

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Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. However, the portfolio holder and manager do have an obligation to minimise the impact of a 'windfall cost' from within their areas of responsibility in order to protect the overall financial position of the Council.

There are no windfall items within this portfolio.

Exceptional & significant items relate to higher utility costs across the portfolio and will be met from corporate contingency.

Information on the main variances set out in paras 4.3 to 4.10 should be read in conjunction with Appendix A

4.2 Item 1 Parks, Gardens and Open Spaces - overspend 66,800

The forecasted overspend relates to higher than budgeted energy costs £30.8k and the remaining £36k is due to staffing costs that will be offset with the forecast Golf underspend.

4.3 Item 3 Golf Courses - underspend £36,000

There is an additional energy cost forecast £1.9k offset by higher than expected income for Golf which will be used to offset the increased staffing costs in Parks.

4.4 Item 4 BHLive Leisure Sites - overspend £702,100

Overspending of £596,100 is forecast as a consequence of increased utility costs at Leisure sites. Energy consumption is being monitored at the Mountbatten Centre with a view to maximising energy efficiency. Changes in ways of working have recently reduced evening consumption by around 17%.

Other overspending of £106,000 arose from unexpected prior year repair costs on both the main and Pyramids contract and energy costs which materialised in the current year. This included electrical works, disabled access doors, safety access and alarms. There were also some replacements of furniture, fittings, and cleaning equipment.

4.5 Item 8 Libraries overspend £263,000

The current forecasted overspend in Libraries is due to higher than budgeted energy costs. This has been reduced slightly by £14K underspend due to periods of vacancy within the service

4.6 Item 9 Museums - overspend £93,400

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Forecast overspending arises from the increase in energy costs

4.7 Item 16 Cemeteries - overspend £13,500

The current overspend is due to estimated energy costs, empty property premium (Ctax) which has recently been applied on empty dwellings and loss of rental income.

4.8 Item 16 City Centre & Business Support overspend £65,600

Some £12,000 of the forecast overspend relates to higher energy costs. There was a deficit on the Southsea Food Festival as a result of higher security costs, The remaining deficit relates to lost income from space rentals in retail environments.

4.9 Item 17 Economic Development underspend £55,600

The current forecast underspend in Economic Development is driven by a vacated Senior Management post being replaced by a manager splitting their time 50:50 between two roles

4.10 Item 18 Enterprise Centres overspend £99,700

Energy costs at the Enterprise Centres represent an overspend on budget of £188,000. This is partly offset by higher than anticipated income across Victory and Portsmouth Centres due to greater occupancy.

4.11 Item 19 Markets overspend £7,100

The current forecast overspend in Markets is driven by lower pitch income which has still not returned to pre-Covid levels.

4.12 The majority of the portfolio overspending is attributable to higher energy costs. This represents an exceptional and significant cost which will be met from the Council's Corporate Contingency.

5. Summary

5.1 The overall net forecast outturn position on the portfolio, after taking account of windfall and exceptional & significant items funded from Corporate Contingency, is a net overspend of £15,700.

5.2 Since 2013/14 portfolio underspends have been retained in a portfolio specific earmarked reserve to be used initially to cover future year end overspendings, budget pressures, and contingent items and spend to save schemes. Once these instances have been satisfied, the reserve may be used for other developments or initiatives.

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The portfolio holder is responsible for approving any releases from the earmarked reserve in consultation with the Director of Finance and Information Services & S151 Officer and Cabinet.

As there is no uncommitted balance currently on the portfolio reserve, any net overspend on the portfolio at the year end will be clawed back in 2023/24.

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Signed Director of Finance and Resources

Appendices:

A Forecast Revenue Variance Statement

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Service Budget Monitoring files	CRS Accountancy team