

Culture and Communities Committee

10.00am, Tuesday, 17 November 2020

Place Directorate - Revenue Monitoring 2020/21 – month five position

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Committee notes:
- 1.1.1 the Place 'business as usual' revenue budget forecast for 2020/2021 is a projected £1.710m overspend (excluding Covid-19 impact) including a forecast budget underspend of £0.650m for services within the remit of this Committee;
 - 1.1.2 the Place revenue budget forecast for 2020/2021 in respect of the net cost impact of Covid-19 is forecast to be circa £28m. £3.616m of this budget pressure relates to services within the remit of this Committee; and
 - 1.1.3 note that the Executive Director of Place is taking measures to reduce budget pressures and progress will be reported to Committee at agreed frequencies.

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Report

Revenue Monitoring Update – 2020/2021 month five position

2. Executive Summary

- 2.1 The report sets out the projected month five revenue monitoring position for the Place Directorate services. The month five forecast is based on analysis of actual expenditure and income to the end of August 2020, and expenditure and income projections for the remainder of the 2020/2021 financial year.
- 2.2 Excluding the costs of the Coronavirus pandemic, the month five projection for the Place 2020/21 revenue budget is a net residual budget pressure of £1.710m. This is an improvement of £1.310m on the reported month three position, with £0.395m of the improvement relating to services within the remit of this Committee.
- 2.3 At month five, the services within the remit of this Committee are forecasting an underspend against budget in 2020/2021 of £0.650m. The respective service positions for Parks and Greenspaces and Culture are set out later in this report.
- 2.4 At month five, the General Fund Covid-19 impact for Place Directorate has been forecast to be a net cost in the region of £28m with £3.616m of this relating to services within the remit of this Committee.
- 2.5 The Executive Director of Place is fully committed to making all efforts to identify management action to reduce the budget pressures. However, given the magnitude of these pressures, there is the potential for a significant level of overspend.

3. Background

- 3.1 The portfolio of services under the remit of the Committee have a General Fund gross revenue budget of £23.212m in 2020/2021 which is netted to £12.034m after budgeted income of £11.178m is considered. A fund of up to £1.000m is also held Corporately for 2020/2021 expenditure undertaken in respect of the Platform for Creative Excellence (PLACE).
- 3.2 This report provides an update on financial performance against the above revenue budgets. A separate report to the Council's Finance and Resources Committee on 29 October 2020 set out the projected position on the Council's Capital Investment Programme.

4. Main report

- 4.1 At month five, the 2020/2021 forecast net pressure within Place GF budgets overall is £1.710m. Gross pressures of £8.690m have been identified and £8.190m of management actions have been agreed across the Directorate with a commitment to identify additional measure to mitigate against the risk of not delivering a balanced budget for the Directorate as a whole. The month five forecast reflects the delivery status assessment of agreed management actions.
- 4.2 At month five, the forecast position for services within the remit of the Committee is a £0.650m under-spend (excluding Covid-19 impact). This is an improvement of £0.395m from the reported month three forecast. The respective positions for Parks and Greenspaces and Culture are set out below and summarised within Appendix 1:
- 4.2.1 **Parks and Greenspaces** – At month five the service is forecasting an overall overspend of £0.450m in respect of ‘business as usual’. This is a £0.050m improvement on the reported month three position and can be attributed to spend reductions in predominantly supplies and services which were brought forward by the service. As part of the 2020/2021 budget process additional funding of £0.400m was added to the budget to partially address underlying pressures which have predominantly arisen from legacy approved savings which have not yet been fully delivered. This includes income generation proposals in respect of Roundabout and Verge Advertising (£0.290m), Parks Concessions (£0.150m) and Edinburgh Leisure (£0.181m).
- 4.2.2 **Culture** – At month five the service is forecasting an overall underspend of £1.100m in respect of ‘business as usual’. This is an improvement of £0.345m from the reported month three forecast. The public health temporary restrictions on planned service operations have meant that cost reductions have been identified against existing budgets by Service Managers particularly in relation to variable costs in respect of supplies and services linked to programmed events and activities which are subject to temporary hiatus. The service has been successful in securing £0.240m of funding from Creative Scotland in respect of 2020/2021 operating costs which has assisted in managing budgetary issues.

Savings Delivery – General Fund Approved Savings 2020/2021

- 4.3 The approved budget savings for Place Directorate in 2020/2021 total £4.508m. Approved savings within the remit of the Committee total £0.112m and relate to income generation proposals within the Culture service. A risk assessment exercise has been undertaken and this indicates that, on the basis of actions planned or already undertaken, £2.278m of the Directorate approved savings including £0.112m of the savings which fall under the jurisdiction of this Committee are ‘at risk’ of non-delivery within the 2020/2021 financial year. As can be seen from the underspend forecast for the Culture Service, they have been able to bring

forward an in-year substitution for the approved saving through variable cost reduction and external funding. This is shown in Appendix 1.

Covid-19 Impact

- 4.4 As can be seen from paragraph 3.1, the Place Directorate services within the remit of this Committee fund 48% of their budgeted expenditure from income generation. This has meant that the public health restrictions as a result of Covid-19 have had a material impact on the services. At month five the associated forecast pressure from predominantly net lost income is £3.616m. The composition of this is shown within Appendix 2.

5. Next Steps

- 5.1 The Place directorate is committed to delivering mitigating management action to address identified budget pressures wherever possible. Progress will be reported to Committee at agreed frequencies.

6. Financial impact

- 6.1 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets. The Executive Director of Place regularly reviews the directorate budget position alongside the identification and implementation of management actions to mitigate budget pressures.

7. Stakeholder/Community Impact

- 7.1 Consultation was undertaken as part of the budget setting process.

8. Background reading/external references

- 8.1 Hyperlinks included within the report.

9. Appendices

- 9.1 Appendix 1 – 2020/2021 – Place Directorate services within the remit of Culture and Communities Committee - Business as usual – Month five revenue forecast.
- 9.2 Appendix 2 - 2020/2021 – Place Directorate services within the remit of Culture and Communities Committee – Covid-19 Impact – Month five revenue forecast.

Appendix 1 – 2020/2021 – Place Directorate services within the remit of Culture and Communities Committee - Business as usual – Month five revenue forecast.

Month five revenue forecast	2020/21 Gross Budget	2020/21 Net Budget	2020/2021 Month 5 Forecast	2020/2021 Month 5 Forecast Variance
Service	£m	£m	£m	£m
Parks and Greenspaces	8.137	2.968	3.418	0.450
Cultural Services	15.075	9.066	7.966	(1.100)
Total	23.212	12.034	11.384	(0.650)

2020/21 Approved Savings within the remit of Culture and Communities Committee

Saving	Green £m	Amber £m	Red £m	Black £m	Total £m
	Delivered	In Progress	Limited Assurance	At Risk *	
Cultural Service – Income Maximisation	0.00	0.00	0.000	0.112 MC	0.112

*PD = Project Design

*MC= Material Change in Circumstances

A substitution has been delivered by the service in respect of the above saving by deployment of one-off temporary measures.

Appendix 2 - 2020/2021 – Place Directorate services within the remit of Culture and Communities Committee – Covid-19 Impact – Month five revenue forecast.

Principal additional expenditure and reduced income impacts of COVID-19 pandemic - Council				
Extract from Appendix 1, Finance and Resources Committee, 29 October 2020.				
		Estimate	Increase/	Revised estimate
		F&R 27 Aug	(decrease)	F&R 29 Oct
Service Area	Impact			
		£m	£m	£m
Reductions in income				
Museums and Galleries & Strategy	Museum and galleries donations, admissions and rents based on expected periods of closure/service unavailability.	0.758	0.152	0.910
Cultural venues	Loss of income - sales, rentals, admissions and rents. Increased projection reflects one month's further assumed shutdown in November.	1.552	0.158	1.710
Parks and Greenspace	Losses of income including for events, trading stances, park leases, rechargeable tree works, nursery sales, timber sales and Edinburgh Leisure recharge. Increase reflects full assumed cancellation of events through to September.	0.996	0.000	0.996
Total Culture and Communities		3.306	0.310	3.616