

# Culture and Communities Committee

10.00am, Tuesday, 26 January 2021

## Place Directorate – Revenue Monitoring 2020/21 – month seven position

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| <b>Executive/routine<br/>Wards<br/>Council Commitments</b> | <b>Routine<br/>All</b> |
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### 1. Recommendations

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- 1.1 It is recommended that Committee notes:
- 1.1.1 the Place ‘business as usual’ revenue budget forecast for 2020/21 is a projected £0.516m overspend (excluding Covid-19 impact) including a forecast budget underspend of £1.209m for services within the remit of this Committee;
  - 1.1.2 the Place revenue budget forecast for 2020/21 in respect of the net cost impact of Covid-19 is forecast to be circa £28m. £3.890m of this budget pressure relates to services within the remit of this Committee; and
  - 1.1.3 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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Executive Director of Place

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# Report

## Place Directorate – Revenue Monitoring 2020/21 – month seven position

### 2. Executive Summary

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- 2.1 The report sets out the projected month seven revenue monitoring position for the Place Directorate services. The month seven forecast is based on analysis of actual expenditure and income to the end of October 2020, and expenditure and income projections for the remainder of the 2020/21 financial year.
- 2.2 Excluding the costs of the Coronavirus (Covid-19) pandemic, the month seven projection for the Place 2020/21 revenue budget is a net residual budget pressure of £0.516m. This is an improvement of £1.194m on the reported month five position, reflective of an updated assessment of approved savings delivery, implementation of additional measures to mitigate carried forward pressures and savings from reduced scale external events. £0.559m of this improvement relates to services within the remit of this Committee.
- 2.3 At month seven, the services within the remit of this Committee are forecasting an underspend against budget in 2020/2021 of £1.209m. The respective service positions for Parks and Greenspaces and Cultural Services are set out later in this report.
- 2.4 At month seven, the General Fund Covid-19 impact for Place Directorate has been forecast to be a net cost in the region of £28m with £3.890m 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

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- 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 [21 January 2021](#) sets out the projected position on the Council's Capital Investment Programme.

## 4. Main report

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- 4.1 At month seven, the 2020/2021 forecast net pressure across Place general fund revenue budgets is £0.516m. This is an improvement of £1.194m from the position reported at month five. The improvement is a combination of progress made in delivery of existing agreed management action, service manager efforts to address 'at risk' elements of approved savings and delivery of new measures. Gross pressures of £8.690m have been identified and £8.454m of management actions have been agreed across the Directorate with a commitment to identify additional measures to mitigate against the risk of not delivering a balanced budget for the Directorate as a whole. The month seven forecast reflects the delivery status assessment of agreed management actions.
- 4.2 At month seven the forecast position for services within the remit of the Committee is a £1.209m under-spend (excluding Covid-19 impact). This is an improvement of £0.559m from the reported month five forecast. The respective positions for Parks and Greenspaces and Cultural Services are set out below and summarised within Appendix 1:
- 4.2.1 **Parks and Greenspaces** – At month seven the service is forecasting an overall overspend of £0.330m in respect of 'business as usual'. This is a £0.120m improvement on the reported month five position and can be attributed to spend reductions in predominantly supplies and services which were brought forward by the service. As part of the 2020/21 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 **Cultural Services** – At month seven the service is forecasting an overall underspend of £1.539m in respect of 'business as usual'. This is an improvement of £0.439m from the reported month five 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 2020/21 operating costs which has assisted in managing budgetary issues.

## **Savings Delivery – General Fund Approved Savings 2020/21**

- 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 2020/21 financial year. As can be seen from the underspend forecast for Cultural Service, the service has 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 seven the associated forecast pressure from predominantly net lost income is £3.890m. The increase from month 5 is representative of loss of income from Cultural operations to the end of the financial year, mitigated in part by a reduction in associated variable staff costs. The composition of this is shown within Appendix 2.

## **5. Next Steps**

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- 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**

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- 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**

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

## **8. Background reading/external references**

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- 8.1 None.

## **9. Appendices**

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

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

| <b>Month five revenue forecast</b> | <b>2020/21 Gross Budget</b> | <b>2020/21 Net Budget</b> | <b>2020/2021 Month 7 Forecast</b> | <b>2020/2021 Month 7 Forecast Variance</b> |
|------------------------------------|-----------------------------|---------------------------|-----------------------------------|--|
| <b>Service</b>                     | <b>£m</b>                   | <b>£m</b>                 | <b>£m</b>                         | <b>£m</b>                                  |
| <b>Parks and Greenspaces</b>       | <b>8.137</b>                | <b>2.968</b>              | <b>3.298</b>                      | <b>0.330</b>                               |
| <b>Cultural Services</b>           | <b>15.075</b>               | <b>9.066</b>              | <b>7.527</b>                      | <b>(1.539)</b>                             |
| <b>Total</b>                       | <b>23.212</b>               | <b>12.034</b>             | <b>10.825</b>                     | <b>(1.209)</b>                             |

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

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

**\*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.**

| <b>Appendix 2 - Covid-19 Impact – Place Directorate Services within the remit of Culture and Communities Committee - Month seven forecast 2020/21</b>  | <b>Month 7 Forecast £m</b> |
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| <b>Covid-19 Income Reductions – Culture and Communities Committee</b>  |                            |
| <p><b>Parks and Greenspaces</b><br/> Losses of income including for events, trading stances, park leases, rechargeable tree works, nursery sales, timber sales and Edinburgh Leisure recharge.</p>   | <b>0.957</b>               |
| <p><b>Cultural Venues</b><br/> Net loss of income - sales, rentals, admissions and rents. Revised forecast reflects projected position until end of year, offset by savings in casual staff costs.</p>   | <b>1.734</b>               |
| <p><b>Cultural Museums and Galleries and Cultural Strategy</b><br/> Net loss of income - museum and galleries donations, admissions and rents based on expected periods of closure/service unavailability. The updated projections reflect assumed disruption until the end of the financial year.</p> | <b>1.199</b>               |
| <b>Total Covid-19 Impact – Place Directorate Services within the remit of Culture and Communities Committee</b>  | <b>3.890</b>               |