

Culture and Communities Committee

10.00am, Tuesday, 14 September 2021

Revenue Monitoring Update – 2020/2021 Provisional out-turn and 2021/2022 Month three position

Executive/routine	
Wards	All
Council Commitments	

Recommendations

- 1.1 Members of the Culture and Communities Committee are asked to:
- 1.1.1 note that the overall Place provisional revenue out-turn for 2020/2021 was a £31.660m overspend including costs attributable to Covid-19 and £0.531m when Covid-19 net costs are excluded. Services within the remit of the Committee delivered provisional out-turn underspends in 2020/2021 of £1.820m excluding Covid-19 impacts and £2.498m over including Covid-19;
 - 1.1.2 note that the overall Place revenue budget month three position for the 2021/2022 financial year is a projected £1.592m overspend (excluding Covid-19 impact). Services within the remit of the Committee are forecasting an overspend of £0.338m (excluding Covid-19 impact);
 - 1.1.3 note that General Fund Covid-19 costs of c. £13.5m in addition to pressure set out at 1.1.2 have been forecast for the overall Place Directorate at month three with circa £1.5m relating to services within the remit of the Committee; and
 - 1.1.4 note that the Executive Director of Place is taking measures to address budget pressures and risks. Progress will be reported to Committee at agreed frequencies.

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Executive Director of Place

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Revenue Monitoring Update – 2020/2021 Provisional out-turn and 2021/2022 Month three position

2. Executive Summary

- 2.1 The report sets out the provisional out-turn for the 2020/2021 financial year and the 2021/2022 projected month three revenue monitoring position for Place Directorate services which are under the remit of this Executive Committee. This is based on the unaudited annual accounts for 2020/2021 in respect of the provisional out-turn and for the month three forecast, an analysis of actual expenditure and income to the end of June 2021 with expenditure and income projections for the remainder of the 2021/2022 financial year.
- 2.2 The overall 2020/2021 provisional out-turn excluding Covid-19 impact was largely as reported at month nine to Finance and Resources Committee, in that an overspend of £0.531m was returned when the budget positions across Place Directorate are consolidated. The provisional out-turn for the services which are under the remit of this Committee was a business as usual underspend of £1.820m.
- 2.3 At month three, the 2021/2022 full year forecast business as usual (excluding Covid-19 impact) overall Place gross budget pressure is currently forecast to be £1.592m, which represents emergent pressures and approved 2020/21 savings assessed as 'red' in terms of delivery risk. The forecast is inclusive of the impact of residual pressure budget and service investment awarded as part of the February and May budget motions.
- 2.4 At month three, services within the remit of this Committee are forecasting a business as usual overspend in 2021/2022 of £0.338m which is representative of identified emerging pressures in Parks and Greenspaces of £0.300m and approved savings of £0.038m within the Culture service which have been assessed as 'red'.
- 2.5 At month three, the GF Covid-19 impact for Place Directorate has been forecast to be a net cost in the region of £13.5m with circa £1.5m of this relating to projected lost income and additional costs incurred in services within the remit of this Committee.
- 2.6 This report will focus on the aspects of Place revenue budgets which are within the remit of the Cultures and Communities Committee.
- 2.7 Pressures reported in respect of the 2021/22 position are emergent and require an updated, sustainable budget management strategy.

3. Background

- 3.1 The total 2021/22 approved net GF revenue budget for the Place Directorate is £52.667m after adjusting for income from other parts of the Council, external grants and other income. This budget is net of £4.346m of approved savings approved by Council in February and May 2021 and includes residual pressure funding of £5.800m.
- 3.2 This report provides an update on financial performance regarding revenue budgets; provisional 2020/2021 out-turn and 2021/2022 forecast at month three. A separate report to the Council's Finance and Resources Committee on [12 August 2021](#) set out the projected position on the Capital Investment Programme.
- 3.3 Covid-19 identified net costs have been separated from the 'business as usual' in order to facilitate understanding of the drivers of risks, cost pressures and mitigating actions where applicable.

4. Main report

Place Directorate - 2020/2021 provisional out-turn

- 4.1 The Directorate's activities continued to be subject to significant pressures during the year and the overall reported outturn position is largely consistent with that reported at month nine. The Place provisional out-turn position for 2020/2021 is a net overspend of £31.660m including Covid-19 related costs and £0.531m over budget after adjusting for Covid-19 impacts.
- 4.2 The provisional out-turn for 2020/2021 for the services within the remit of the Committee is a net overspend of £2.498m including Covid-19 related costs and £1.820m underspend for 'business as usual' when Covid-19 related costs are excluded. This means the cost impact of Covid-19 was £4.319m.
- 4.3 Within the financial year both 'opportunities' and restrictions were evidenced whilst working within public health guidelines which delivered some in year reductions in service costs which have helped manage the loss of service income from restricted activity. In addition to material reductions in supplies and services spend the Culture service successfully made applications to the Job Retention scheme and Creative Scotland as well as the repurposing of Council buildings for delivery of the public health response. All of which had a positive impact in mitigating some of the net cost impact. The composition of the provisional out-turn for services within the remit of this Committee is shown as Appendix 1.
- 4.4 The positions set out in 4.1 and 4.2 are incorporated into the overall Council provisional out-turn as reported to Finance and Resources Committee, [12 August 2021](#).

2020/2021 Approved Savings Delivery

- 4.5 The approved budget savings for Place Directorate in 2020/2021 were £4.508m with £0.112m of this to be delivered by services within the remit of this Committee.
- 4.6 As reported in the course of the financial year, budget savings were assessed by Place Senior Management Team (SMT) as having been impacted by factors which are mainly attributable to the Coronavirus pandemic and at “substantial risk’ of delivery. The out-turn position was £2.130m undelivered savings and a 53% delivery rate. It should be acknowledged that the eventual overspend was £0.531m and therefore services brought forward one off or substitute measures in order to manage budgetary responsibilities and mitigate where savings could not be made as specified.
- 4.7 Of the £0.112m of savings which relate to this Committee, £0.112m was delivered which equates to 100%. It should be noted that this saving was intended to be achieved by income maximisation which could not be achieved within the public health operating restrictions. The saving was achieved through cost reduction as set out in 4.3 which we assume will continue in 2021/22. The summary delivery position is shown within Appendix 2.

Place Directorate – 2021/2022 Month three forecast

- 4.8 A suite of assumptions have been applied to the forecast in terms of service adaptation and citizen need in terms of expected changes to public health guidance. These will continue to be monitored and reported at regular intervals.
- 4.9 Residual pressure funding was awarded to services to address specific legacy pressures. The impact of this on the services which are within the remit of this Committee is summarised within Appendix 3. The returned provisional 2020/2021 overspend for Parks and Greenspaces in terms of ‘business as usual’ was £0.375m with £0.308m of additional budget awarded in 2021/22 to largely reset the operational budget in terms of legacy pressures. At this juncture, the combination of this and management plans are assessed to be adequate to manage the associated budget risks concerning legacy pressures.
- 4.10 Emergent pressures have been identified in respect of ‘business as usual’, which combined with approved savings which have been assessed at ‘red’ total £1.592m across Place Directorate. The elements which are pertinent to this Committee total £0.338m and in the main relate to Parks and Greenspaces operational costs coming out of the ‘Covid-19’ era and potential for revenue costs as part of the capital funded programme to inspect structures within parks and the ‘red’ assessed income maximisation saving within the Culture service. Plans are actively being worked on to bring this budget back into balance.
- 4.11 At month three, Covid-19 costs across Place Directorate have been forecast at £13.520m with £1.520m relating to services within the remit of this Committee.
- 4.12 The positions set out in 4.10 and 4.11 are incorporated into the overall balanced budget position projected for the Council as reported to Finance and Resources Committee, 12 August 2021.

2021/22 Budget – Approved Savings Delivery

- 4.13 The approved budget savings for Place Directorate in 2021/2022 total £4.258m of which £0.188m relates to services within the remit of this Committee. A BRAG assessment has been undertaken of the savings delivery risk by Place SMT and a summary of the savings relevant to this Committee is shown in Appendix 4. As can be seen, there are no savings at 'black' with 20% at 'red' 27% at 'amber' and 53% at 'green'.

2021/22 Budget – Approved Service Investment

- 4.14 The budget motions in February and May 2021 awarded services within the remit of the Committee £0.800m in additional service investment on a one off basis to be utilised in year. The Culture investment has been delivered and the Parks and Greenspaces element is well advanced.

5. Next Steps

- 5.1 Place Directorate is committed to delivering mitigating management action to address identified emergent budget pressures and risks on an ongoing basis and will continue to report on progress towards the delivery of a balanced budget.
- 5.2 In addition to the introduction of realigned budgets and half-year reviews, a more strategic approach is being implemented in terms of budget management. Place SMT is looking to the 2022/2023 budget management strategy as part of a rolling process not confined to the current financial year.
- 5.3 The forecast costs in relation to Covid-19 can currently be contained within existing Council budgets, however the Place SMT will continue and monitor changes in public health guidance and budgetary impacts and report impacts as appropriate.

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 position set out in the report indicates pressures emerging within the Place Directorate which require to be addressed.

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 Finance and Resources Committee, [12 August 2021](#), Month three revenue 2021/2022.

- 8.2 Finance and Resources Committee, 12 August 2021, Out-turn Revenue 2020/2021.
- 8.3 Finance and Resources Committee, 12 August 2021, Capital Investment Update 2021/2022.

9. Appendices

- 9.1 Appendix 1 – Place Directorate: 2020/2021 Provisional Out-turn – Summary Position including and excluding Covid-19 costs - Services within the remit of Culture and Communities Committee.
- 9.2 Appendix 2 – Place Directorate: 2020/2021 Provisional Out-turn – Approved Savings Delivery Summary- Services within the remit of Culture and Communities Committee.
- 9.3 Appendix 3 – Place Directorate: 2021/2022 Budget – Residual Pressures Funding – Services within the remit of Culture and Communities Committee.
- 9.4 Appendix 4 – Place Directorate: 2021/2022 Month Three - Approved Savings Assessment - Services within the remit of Culture and Communities Committee.
- 9.5 Appendix 5 – Place Directorate: 2021/2022 – Additional One-off Investment Monies – Services within the remit of the Culture and Communities Committee.

Appendix 1 – Place Directorate: 2020/2021 Provisional Out-turn – Summary Position including and excluding Covid-19 costs - Services within the remit of Culture and Communities Committee.

2020/21 Budget Provisional Out-turn Culture and Communities Committee	Out-turn including net costs of Covid-19 £m	Out-turn – Net costs of Covid-19 only £m	Out-turn – Excluding net Covid-19 £m
Service	Total Provisional Out-turn.	Covid -19 net costs	'Business as Usual'
Parks and Greenspaces	1.105	0.730	0.375
Culture Service	1.393	3.588	-2.195
Total	2.498	4.318	-1.820

Appendix 2 – Place Directorate: 2020/2021 Provisional Out-turn – Approved Savings Delivery Summary- Services within the remit of Culture and Communities Committee

2020/21 Budget Approved Savings Position Out-turn Culture and Communities Committee	Delivered £m	Not Delivered £m	Total £m
Culture Service (income maximisation)	0.112	-	0.112
Total £	0.112	-	0.112
Total %	100%	0%	100%

Appendix 3 – Place Directorate: 2021/2022 Budget – Residual Pressures Funding – Services within the remit of Culture and Communities Committee.

2021/2022 Budget	£m
Approved Residual Pressure Service Funding – Culture and Communities Committee	
Parks and Greenspaces	0.308
Estimated underspends in service areas – netted off	(0.483)
Net Total	(0.175)

Appendix 4 – Place Directorate: 2021/2022 Month Three - Approved Savings Assessment - Services within the remit of Culture and Communities Committee.

2021/2022 Budget Approved Saving Culture and Communities Committee	Green £m	Amber £m	Red £m	Black £m	Total £m
	Delivered	In Progress	Difficult	At Risk	
Review of Culture Service (Museums and Galleries)	0.100	0.050	-	-	0.150
Culture Service – Income Maximisation Year 2.	-	-	0.038	-	0.038
Total	0.100	0.050	0.038	-	0.188
% of Total Savings	53%	27%	20%	-	100%

Appendix 5 – Place Directorate: 2021/2022 – Additional One off Investment Monies – Services within the remit of the Culture and Communities Committee.

2021/2022 Budget Approved One off Service Investment Culture and Communities Committee	£m
Parks and Greenspaces	0.500
Culture - Festivals	0.300
Total	0.800