

Culture and Communities Committee

10.00am, Tuesday, 1 February 2022

Revenue Monitoring Update – 2021/22 Month six position

Executive/routine Wards Council Commitments	Routine All
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Recommendations

- 1.1 Culture and Communities Committee are asked to:
- 1.1.1 Note that the overall Place revenue budget month six position for the 2021/22 financial year is a projected £0.440m overspend (excluding Covid-19 impact). Services within the remit of the Committee are forecasting a balanced position (excluding Covid-19 impact);
 - 1.1.2 Note that General Fund Covid-19 costs of £12.420m have been forecast for the overall Place Directorate at month six with £1.940m relating to services within the remit of the Committee; and
 - 1.1.3 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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Revenue Monitoring Update –2021/22 Month six position

2. Executive Summary

- 2.1 The report sets out the projected month six revenue monitoring position for Place Directorate services which are under the remit of this Executive Committee. This is based on an analysis of actual expenditure and income to the end of September 2021 with expenditure and income projections for the remainder of the 2021/22 financial year.
- 2.2 At month six, the 2021/22 full year forecast business as usual (excluding Covid-19 impact) overall Place budget pressure is currently forecast to be £0.440m, which represents the as-yet unmitigated aspects of emergent cost pressures within the Directorate. 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 six, services within the remit of this Committee are forecasting a balanced position in respect of business as usual in 2021/22. This is representative of £0.294m of identified emerging pressures in Parks and Greenspaces and balanced by comparable value underspends within the Culture Service.
- 2.5 At month six, the GF Covid-19 impact for Place Directorate has been forecast to be a net cost of £12.420m with £1.940m 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 Culture and Communities Committee.

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 and service investment funding of £12.800m.

- 3.2 This report provides an update on financial performance regarding the forecast revenue budget at month six. A separate report to the Council's Finance and Resources Committee on [9 December 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 – 2021/2022 Month six forecast

- 4.1 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.
- 4.2 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 1. At this juncture, the combination of legacy pressure funding and execution of existing management plans are assessed to be adequate to manage the associated budget risks concerning legacy pressures.
- 4.3 Emergent pressures have been identified in respect of 'business as usual'; the unmitigated cost pressure across Place Directorate is forecast to be £0.440m at month six. The elements which are pertinent to this Committee total £0.294m and in the main relate to Parks and Greenspaces operational costs. Plans are actively being worked on to bring this budget back into balance. At month six, this pressure is balanced by a comparable underspend across the Culture service with the material contribution coming from the Cultural Strategy budget. This means that the 'business as usual' forecast for services within the remit of the Committee is a balanced budget.
- 4.4 At month six, Covid-19 costs across Place Directorate have been forecast at £12.420m with £1.940m relating to services within the remit of this Committee; £1.290m referring to the Culture Service overall and £0.650m in respect of Parks and Greenspaces. This figure is under regular review to keep apprised of the financial risks, pressures and opportunities which may present from changes in public health guidance and the wider operating context.
- 4.5 The positions set out in 4.3 and 4.4 are incorporated into the overall balanced budget position projected for the Council as reported to Finance and Resources Committee, [9 December 2021](#).

2021/22 Budget – Approved Savings Delivery

- 4.6 The approved budget savings for Place Directorate in 2021/22 total £4.258m, of which £0.288m relates to services within the remit of this Committee. A BRAG assessment has been undertaken of the savings delivery risk by Place Senior Management Team (SMT) and a summary of the savings relevant to this Committee is shown in Appendix 2. As can be seen, there are no savings at ‘black’ or ‘red’ with 48% at ‘amber’ and 52% at ‘green’. The forecast assumes that £0.288m of savings will be made in year. In the case of the Culture service the ‘amber’ denotation recognises that a substituted delivery basis was required due to the impact of operating environment changes on income maximisation proposals. In respect of the Parks and Greenspaces service the ‘amber’ denotation recognises that whilst the Inch nursery related saving has been delivered in full, the service overall is forecasting an overspend against budget.

2021/22 Budget – Approved Service Investment

- 4.7 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 breakdown is shown in Appendix 3. 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 to monitor changes in public health guidance and report budgetary 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 None.

9. Appendices

- 9.1 Appendix 1 – Place Directorate: 2021/2022 Budget – Residual Pressures Funding – Services within the remit of Culture and Communities Committee.
- 9.2 Appendix 2 – Place Directorate: 2021/2022 Month six - Approved Savings Assessment - Services within the remit of Culture and Communities Committee.
- 9.3 Appendix 3 – Place Directorate: 2021/2022 – Additional One-off Investment Monies – Services within the remit of the Culture and Communities Committee.

Appendix 1 – Place Directorate: 2021/22 Budget – Residual Pressures Funding – Services within the remit of Culture and Communities Committee.

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

**Appendix 2 – Place Directorate: 2021/22 Month Six - Approved Savings Assessment
- Services within the remit of Culture and Communities Committee.**

2021/22 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
Parks and Greenspaces – Inch Nursery Proposal	0.050	0.050	-	-	0.100
Total	0.150	0.138	-	-	0.288
% of Total Savings	52%	48%	-	-	100%

Appendix 3 – 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