

# Culture and Communities Committee

10.00am, Thursday, 3 October 2024

## Culture and Communities: Revenue Budget Monitoring 2024/25 – Month Three position

Executive/routine  
Wards

Executive  
All

### 1. Recommendations

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- 1.1 It is recommended that the Culture and Communities Committee notes:
  - 1.1.1 The forecast overspend of £0.777m for the Culture and Wellbeing service, based on expenditure and income at 30 June 2024;
  - 1.1.2 Place Directorate is forecasting a year-end overspend of £10.830m;
  - 1.1.3 The need for all existing pressures, savings delivery shortfalls and risks to be fully and proactively managed within Directorates;
  - 1.1.4 The requirement to develop plans for full mitigation of Directorate overspends, both in-year and on a sustainable basis; and
  - 1.1.5 The ongoing risks to the achievement of a balanced budget for services within the remit of the Culture and Communities Committee.

**Gareth Barwell**

Interim Executive Director of Place

Contact: Iain Shaw, Principal Accountant

E-mail: [iain.shaw@edinburgh.gov.uk](mailto:iain.shaw@edinburgh.gov.uk) | Tel: 0131 469 3117

## Culture and Wellbeing: Revenue Budget Monitoring 2024/25 – Month Three position

### 2. Executive Summary

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- 2.1 This report forecasts an overspend of £0.777m for the Culture and Wellbeing service, based on expenditure and income at 30 June 2024.
- 2.2 The forecast Council-wide revenue budget position, based on expenditure and income at 30 June 2024, was [reported](#) to Finance and Resources Committee on 19 September 2024. A Council-wide overspend of £26.741m is projected. This includes a forecast overspend of £10.830m for the Place Directorate.
- 2.3 There is potential for further risks to emerge, including inflationary cost increases and demand-led pressures, particularly in homelessness services. Given these budget pressures, forecast overspends require to be fully mitigated.

### 3. Background

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- 3.1 The Council's Financial Regulations require submission of quarterly monitoring reports on service financial performance to service committees and to Finance and Resources Committee. Where financial reporting indicates that an overspend or shortfall on budgeted income is forecast, the relevant service manager should take immediate and appropriate action to prevent a budget overspend.
- 3.2 This report provides an update on financial performance for services which are within the remit of the Culture and Communities Committee - Culture and Wellbeing services, Parks and Greenspaces and Bereavement Services.

### 4. Main report

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- 4.1 Culture and Wellbeing service revenue budget for 2024/25 is £26.8m. Services provided include Cultural Partnerships and Strategy, Winter Festivals, Community Empowerment, Cultural Venues, Heritage, Museums, Libraries, Sport and Wellbeing.

- 4.2 Based on financial performance to the end of June 2024, an overspend of £0.777m is forecast for Culture and Wellbeing services due to the forecast overspends noted at paragraphs 4.3 to 4.6.
- 4.3 The forecast overspend includes £0.335m for the Libraries service. This reflects savings targets approved by Council in previous years, including reduced opening hours, which were not implemented following the Covid-19 pandemic. The Future Libraries review is currently being progressed as per the decision of the Council on 29 August 2024.
- 4.4 The Council's long-term contractual commitment to meet the cost of leasing the property occupied by the Traverse Theatre at Saltire Court is forecast to cost £0.036m more than budget. The Council continues to liaise with the landlord's property agent to mitigate these additional costs.
- 4.5 An overspend of £0.338m is forecast for Heritage, Cultural Venues and Museums services. The forecast includes costs of £0.327m for museums staffing and a shortfall against income targets at the Scott and Nelson Monuments of £0.140m. These overspends are partially offset by increased income of £0.130m forecast for Cultural Venues.
- 4.6 There is a forecast overspend for Culture and Wellbeing Directorate-wide expenditure of £0.068m. This reflects the Culture and Wellbeing service's share of a Place Directorate savings target, which has not yet been achieved.
- 4.7 The forecast overspend of £0.777m for Culture and Wellbeing services is included in the forecast Place Directorate overspend of £10.830m.
- 4.8 A report on this agenda Mitigating Museums and Galleries Budget Pressures 2024/25 identifies measures, which would reduce the Museums and Galleries forecast overspend by £0.262m, if the recommendation is agreed.
- 4.9 Since the June forecast was prepared, a further review has been undertaken of income forecasts for Heritage, Cultural Venues and Museums services income from Cultural Venues. This indicates the potential for a further £0.173m of income to offset overspends.
- 4.10 If the measures identified at paragraphs 4.8 and 4.9 are implemented and achieved, the forecast overspend will reduce to £0.342m.
- 4.11 Parks and Greenspaces revenue budget is £5.873m. The team are managing a budget pressure, which is forecast to be fully addressed by the end of 2024/25.
- 4.12 Bereavement Services are forecasting expenditure and income to be in line with the approved budget.
- 4.13 The Council-wide General Fund budget position based on month three, was reported to the Finance and Resources Committee on 19 September 2024. A Council-wide overspend of £26.741m is forecast.
- 4.14 The Place Directorate's Senior Leadership Team is committed to developing further mitigating measures, in consultation with elected members where appropriate, to

reduce the extent of the overspend by the year-end. A further update will be provided as part of the month five report to the Committee's meeting in December.

- 4.15 There is potential for further risks to emerge, including inflationary cost increases and demand-led pressures, particularly in homelessness services. Given these factors, forecast overspends should be fully mitigated.
- 4.16 All current and emerging risks will be subject to ongoing tracking, development of mitigating measures where required and review for the remainder of 2024/25.
- 4.17 The approved revenue budget for 2024/25 includes an increase in Fees and Charges of £0.055m, which is forecast to be achieved.

## **5. Next Steps**

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- 5.1 Given the range of pressures outlined in this report and the Council-wide report, Executive Directors will be required to bring forward plans to address budget overspends.
- 5.2 This month three report acutely emphasise the importance of proactive management of pressures in maintaining the integrity of the budget framework. Given the extent of subsequent years' funding gaps, action is required to develop and deliver robust savings proposals, aligned to the priorities set out in the Council's business plan.
- 5.3 The Place Directorate Senior Leadership Team will develop further mitigating measures to reduce the extent of the overspend and a further update will be reported to Committee in December.

## **6. Financial impact**

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- 6.1 The Council's approved budget for 2024/25 is underpinned by a requirement for relevant Service Directors and Senior Managers to develop and implement detailed plans to fully mitigate known and emerging budget pressures.
- 6.2 In the report to Finance and Resources Committee on 19 September 2024 Revenue Monitoring 2024/25 – month three report, an overspend of £26.741m is forecast for City of Edinburgh Council for 2024/25.
- 6.3 Given the extent of in-year pressures and limited available corporate mitigations, urgent action requires to be taken to reduce frontline service expenditure if the Council's financial stability is not to be compromised.
- 6.4 Within the forecast overspend of £26.741m, the Culture and Wellbeing service is forecasting an overspend of £0.777m. Recommended measures set out in this report have the potential to reduce this overspend to £0.342m.
- 6.5 The Interim Executive Director of Place and the Place Senior Leadership Team is committed to developing mitigating measures in consultation with elected members where appropriate, with a view to achieving a balanced and sustainable budget.

## **7. Equality and Poverty Impact**

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- 7.1 There are no equality, human rights (including children's rights) and socio-economic disadvantage implications arising as a consequence of this report.

## **8. Climate and Nature Emergency Implications**

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- 8.1 There are no Climate and Nature Emergency implications arising as a consequence of this report.

## **9. Risk, policy, compliance, governance and community impact**

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- 9.1 Whilst the report provides forecasts of outturn based on financial performance and conditions existing on 30 June 2024, there remains a risk that changing circumstances and events will result in further budget pressures.
- 9.2 All current and emerging risks will be subject to ongoing tracking, development of mitigation measures and review for the remainder of 2024/25.
- 9.3 Financial performance will be tracked by Place Directorate Senior Management Team and service management teams to identify and mitigate emerging financial risks.
- 9.4 There are no health and safety, governance, compliance or regulatory implications arising from this report.

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

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- 10.1 [Future Libraries – Progress Update – referral from the Culture and Communities Committee](#), City of Edinburgh Council, 29 August 2024
- 10.2 Mitigating Museums and Galleries Budget Pressures 2024/25, Culture and Communities Committee, 3 October 2024
- 10.3 [Revenue Monitoring 2024/25 - month three report](#), Finance and Resources Committee, 19 September 2024

## **11. Appendices**

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- 11.1 Appendix 1 – Culture and Communities Committee: Revenue Budget Monitoring 2024/25 - Month Three position

## Appendix 1 Forecast Revenue Outturn by Service

Service	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
<b>Culture and Wellbeing</b>				
Cultural Partnerships and Strategy	6,623	6,659	36	Adv
Community Empowerment	979	979	0	-
Heritage, Cultural Venues and Museums	2,497	2,835	338	Adv
Libraries, Sport and Wellbeing	16,059	16,394	335	Adv
Directorate and service-wide costs.	652	720	68	Adv
<b>Total – Culture and Wellbeing</b>	<b>26,810</b>	<b>27,587</b>	<b>777</b>	<b>Adv</b>
<b>Parks and Greenspaces</b>	<b>5,873</b>	<b>5,873</b>	<b>0</b>	<b>-</b>