

# Culture and Sport Committee

10.00, Tuesday, 14 December 2016

## Culture Service Revenue Budget Monitoring 2016/17 - Month Six Position

Item number	9.1
Report number	
Executive/routine	Routine
Wards	All

### Executive summary

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The report sets out the projected month six revenue monitoring position for the Culture service revenue budget, based on actual expenditure and income to the end of September 2016. The current full-year forecast points to a balanced overall position, with 2016/17 savings targets forecast to be achieved.

### Links

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Coalition pledges	<a href="#">P30</a>
Council priorities	<a href="#">CP13</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Culture Service Revenue Budget Monitoring 2016/17 - Month Six Position

### 1. Recommendations

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- 1.1 It is recommended that the Culture and Sport Committee notes:
- 1.1.1 the Culture service is currently projecting expenditure within the approved revenue budget for 2016/17; and
  - 1.1.2 the risks to the achievement of a balanced revenue budget projection.

### 2. Background

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- 2.1 The Council's Financial Regulations require submission of quarterly monitoring reports on the Culture Service financial performance to the Culture and Sport Committee.
- 2.2 This report advises on the projected outturn for the Culture Service revenue budget for 2016/17 after six months of the financial year.

### 3. Main report

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#### Month Six Position

- 3.1 The Culture Service revenue budget for 2015/16 is £9.9 million. The budget is stated after inclusion of approved savings of £0.984 million.
- 3.2 The period six projection reflects expenditure within approved budget. Forecast savings include achievement of Transformation Programme employee cost savings and non-employee cost savings, in the form of savings in Third Sector payments and increases in income targets for Museums, Galleries and Performing Arts Venues.
- 3.3 An analysis of the projection by service area is provided in Appendix 1.

#### Savings Implementation Plans

- 3.4 The revenue budget approved by Council on 21 January 2016 required the Culture service to achieve incremental savings of £0.984 million in 2016/17. These are detailed in Appendix 1.
- 3.5 Savings implementation plans have been developed and revenue budget monitoring reports are considered by Place and Culture Management Team on a regular basis.

3.6 96% of savings and additional income targets are forecast to be fully achieved in 2016/17 and are therefore classified as 'green'. There is currently a forecast net under-recovery of income of £35,000 in Performing Arts and Venues due to demand for external bookings at The Assembly Rooms being less than anticipated. Measures are being implemented to address this forecast shortfall in the remaining months of 2016/17.

### **Risks**

- 3.7 There remain a number of risks to the achievement of a balanced budget at the year-end. The key risks are:
- Income targets are aligned to anticipated demand and the Council's approved scale of fees and charges for the use of Museums, Galleries and performing arts venues. There remains a risk that demand is less than anticipated in services, additional to the budget pressure identified in paragraph 3.6, leading to a further shortfall against income targets;
  - Risk of Transformation Programme employee cost savings not being fully achieved. Progress towards the achievement of all Transformation Programme savings targets will continue to be tracked and reported to Place and Culture Service Management Teams. Measures have been implemented to achieve planned employee cost savings and alternative savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals.

## **4. Measures of success**

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4.1 Culture service final outturn for 2016/17 is within budgeted levels and the service meets performance targets.

## **5. Financial impact**

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5.1 The report projects Culture service expenditure and income will be within approved budget, after achievement of approved Council savings of £0.984million. Attainment of this position is subject to active management of financial risks and, where appropriate, the taking of timely remedial action.

## **6. Risk, policy, compliance and governance impact**

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6.1 The delivery of expenditure within the approved revenue budget for 2016/17 is the key target. The risk of budget pressures arising throughout the course of the financial year will continue to be regularly monitored and reviewed and management action is taken as appropriate.

## **7. Equalities impact**

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- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are subject to an initial Equalities and Rights Impact Assessment.

## **8. Sustainability impact**

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- 8.1 There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

## **9. Consultation and engagement**

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- 9.1 There is no external consultation and engagement arising directly from this report. The Council undertook a budget engagement exercise when developing the 2016/17 revenue budget.

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

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None

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## Links

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<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council priorities</b>	CP13 – Transformation Workforce Citizen & partner engagement Budget
<b>Single Outcome Agreement</b>	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1 - Revenue Budget Monitoring 2016/17 - Month Six position

## Culture Service

### Revenue Budget Monitoring 2016/17 - Month six position

#### 1. Forecast Revenue Outturn by Service Area

	Expenditure Budget £'000	Income Budget £'000	Net Budget £'000	Projected Outturn £'000	Projected Variance £'000	Adverse / Favourable £'000
Cultural Strategy	7,770	(331)	7,439	7,439	0	-
Museums and Galleries	2,685	(869)	1,816	1,816	0	-
Performing Arts and Venues	4,313	(4,127)	186	186	0	-
Director and service-wide costs	418	0	418	418	0	-
<b>Total</b>	<b>15,186</b>	<b>(5,327)</b>	<b>9,859</b>	<b>9,859</b>	<b>0</b>	<b>-</b>

#### 2. Approved Revenue Budget Savings 2016/17

Service	Saving Description	2016/17 £ million	Red/Amber/Green assessment
Service-wide	Transformation programme	0.380	
Cultural Strategy	Transformation programme – savings in Third Sector	0.155	
Cultural Strategy	Reduction in service payment to Festival City Theatres Trust	0.100	
Cultural Strategy	Review funding arrangements for Winter Festivals	0.100	
Cultural Strategy	Increase in income targets – Public Safety	0.010	
Museums and Galleries	Increase in income targets – Museums and Galleries	0.042	
Performing Arts and Venues	Increase in income targets – Performing Arts and Venues	0.197	Risk of under-recovery of income (£35,000) – see paragraph 3.6
	<b>TOTAL</b>	<b>0.984</b>	