

DATA LABEL: PUBLIC



CULTURE AND LEISURE POLICY DEVELOPMENT AND SCRUTINY PANEL

2019/20 FINANCIAL PERFORMANCE – MONTH 12 MONITORING REPORT

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To provide the Panel with an update on the financial performance of the Culture and Leisure portfolio.

B. RECOMMENDATION

It is recommended that the Panel:

1. Notes the financial performance of the Culture and Leisure portfolio in 2019/20;
2. Notes that the Culture and Leisure portfolio position at month 12 was part of the overall council budget position reported to Council Executive on 23 June 2020;

C. SUMMARY OF IMPLICATIONS

I Council Values	Focusing on customers' needs, being honest, open and accountable, making best use of resources, working in partnership.
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	Local Government (Scotland) Act 1973, Section 95; Local Government in Scotland Act 2003, section 1-14.
III Implications for Scheme of Delegations to Officers	No implications at this stage.
IV Impact on performance and performance indicators	Effective budget management is an essential element of service performance. Additional financial reporting provides elected members with information to allow for proper scrutiny of performance of services.
V Relevance to Single Outcome Agreement	The revenue budget provides resources necessary to help deliver the Single Outcome Agreement. Effective prioritisation of resources is essential to achieving key outcomes.
VI Resources – (Financial, Staffing and Property)	An underspend of £57,000 was the position for the Culture and Leisure portfolio revenue budget in 2019/20.
VII Consideration at PDSP	A financial performance report is presented to the Panel twice yearly on an ongoing basis.

VIII Other Consultations

Depute Chief Executive, Head of Education (Learning, Policy & Resources), Head of Education (Curriculum, Quality Improvement & Performance).

D. TERMS OF REPORT

D.1 Introduction

This report provides an update on the general fund revenue financial performance in respect of the Culture & Leisure Policy Development and Scrutiny Panel (PDSP) portfolio of services. The council's revenue budget is operationally managed at a Head of Service level, and the financial position included within this report formed part of the overall council position reported to Council Executive on 23 June 2020. This report also includes the position on the delivery of approved budget reduction measures relevant to the Culture & Leisure portfolio for 2019/20.

The budget monitoring process is undertaken in line with the council's budgetary control framework and procedures, which place particular focus on a risk based and pro-active approach to budget monitoring.

This report focuses on the financial performance of council services which further enhances the information presented to elected members to allow scrutiny of service and financial performance. The report contains reference to key performance measures for service areas which are contained within Service Management Plans and referenced in the 2018/19 Local Government Benchmarking Framework (LGBF) data-set. LGBF data for 2019/20 will be collated by the Improvement Service and will be made available later in the financial year.

D.2 Financial Information for 2019/20 Month 12 Position

The table below summarises the position in relation to service expenditure for the portfolio area. The revenue position is an underspend of £57,000 for the Culture & Leisure portfolio. As part of the monitoring exercise, a number of key risks and service pressures were identified and these are noted in the narrative for the relevant service area.

Service	2019/20 Budget £'000	Month 12 £'000	Variance £'000
GENERAL FUND REVENUE			
Learning, Policy & Performance			
Adult Learning & Youth Services	2,889	2,677	(212)
Learning, Policy & Resources - Total	2,889	2,677	(212)
Strategic Resources			
Culture & Sports	7,470	7,625	155
Strategic Resources - Total	7,470	7,625	155
TOTAL EXPENDITURE GENERAL FUND REVENUE	10,359	10,302	(57)

D.3 Summary of Main Issues in Service Expenditure Budgets and Impact on Performance

D.3.1 General Fund Revenue – Learning, Policy & Performance

Adult Learning & Youth Services

The Adult Learning and Youth Services budget underspent by £212,000 in 2019/20 mainly due to staffing savings which will deliver approved budget reduction measures on 2020/21.

In relation to service performance, the percentage of pupils entering positive destinations was 94.81% in West Lothian, a significant increase from previous years and largely the result of the dedicated More Choices More Chances (MCMC) team working closely with secondary

schools and other Developing the Young Workforce partners. In terms of community-based youth work, the number of youth work opportunities through youth club provision delivered by the Work with Young People (WwYP) team, for quarter 4, 2019/20 was 6,929, against a target of 8,250; and is due to a drop in participation levels at the start of the Covid-19 pandemic.

D.3.2 General Fund Revenue – Strategic Resources

Culture & Sports

The overspend in the Culture & Sports budget of £155,000 relates to additional spending in Culture of £131,000 and £24,000 in Sports.

Within Culture, the overspend relates to additional staff costs of £75,000 which were incurred whilst the new staffing structures were being implemented and an overspend of £56,000 at Linlithgow Burgh Halls (LBH) which comprise additional spend on staffing and catering costs. The business plan for LBH was being implemented, prior to the facility being closed as a result of Covid-19, which included a range of initiatives such as, reducing evening opening hours to focus on peak revenue generating times, development of a seasonal events programme, promoting the wedding business through a major national wedding planning website, improvements to the LBH website and joining West Lothian Chamber of Commerce to increase conference trade. Income generation and staff costs will continue to be closely monitored with a view to aligning net spend to the available budgeted resources. This will recommence once the facility reopens.

The overspend in Sport of £24,000 relates mainly to additional staff costs in 2019/20 which were incurred whilst the new staffing structures were being implemented. The revised staffing structures are now in place.

In terms of service performance in Culture and Sport, new measures are being developed to reflect the service changes made as part of the restructure of the service performance and will be incorporated within future reports.

The LGBF includes two indicators relating to Sport. The first is the cost per attendance at sports facilities and the council is ranked 13th out of 32 local authorities with a unit cost of £2.22. This indicator includes costs for both the council and West Lothian Leisure (WLL) facilities. It is anticipated that this cost will reduce in coming years as WLL rolls out its business plan which will aim to reduce spend and maximise income. The second measure relates to the percentage of adults satisfied with leisure facilities. For West Lothian Council this percentage is 77.87% and this compares favourably to the Scottish national average of 71.43%.

D.3.3 General Fund Revenue – Monitoring of approved budget reductions

For the Culture and Leisure portfolio, savings in 2019/20 were delivered in full. The savings to be delivered for the portfolio area in 2020/21 have largely been achieved with new staffing structures implemented for Active Schools & Community Sports and Arts. WLL were aware of the requirement to deliver a phased reduction to their management fee, and incorporated this in their financial plan. This position has been significantly impacted by the Covid-19 pandemic.

E. SUMMARISED BUDGET POSITION FOR 2019/20

The 2019/20 outturn was an underspend of £57,000 within the general fund revenue budget for the Culture and Leisure portfolio. Staffing savings in Adult Learning and Youth Services which were partially offset by additional staff costs in Culture and Sport and a pressure at Linlithgow Burgh Halls. The high level of performance and positive trends demonstrate that budget savings are being made while performance improves.

F. FUTURE BUDGET ISSUES AND RISKS

West Lothian Council approved a four year revenue budget strategy from 2019/20 to 2022/23 on 19 February 2019 which included approved savings measures for 2019/20 of £14.674 million. The significant level of approved savings, in addition to the impact of constrained funding and the financial consequences of the current Covid-19 pandemic, is resulting in an increased risk of overspends across council services and on the ability to deliver approved budget reductions. In addition, there are currently recurring pressures of around £1.259 million as reported to Council Executive on 17 November August 2020. Mitigating actions have been agreed and are being implemented to ensure these pressures are managed on a recurring basis.

Council Executive has been provided with a number of update reports on the financial implications of the current Covid-19 pandemic on 26 May 2020 and 23 June 2020 and most recently on 17 November 2020 as part of the 2020/21 General Fund revenue budget monitoring exercise for period 6. There is an estimated revenue pressure of approximately £3.807 million in 2020/21 even after confirmed additional funding is accounted for. Taking account of this pressure, Council Executive agreed the £994,000 over and above the minimum approved General Fund Balance level of £2 million should be ear-marked for managing the projected 2020/21 overspend and considered the potential actions available to manage and mitigate the financial pressures. Council Executive also agreed that officers should continue to monitor the financial impact of Covid-19 and engage with the Scottish Government and COSLA around further government funding for the council to mitigate the significant additional costs being incurred by the council. Further updates will be provided to Council Executive to allow consideration of the latest position and any action required to manage to the financial implications of the virus, the next of which will be included within the month 9 budget monitoring exercise to be reported to Council Executive in January 2021.

The overall position reflects the very challenging financial context the council is now facing after many years of funding constraints and requirements to make significant savings with demand for services continuing to grow. There are considerable risks and uncertainties around various aspects of council spending and income, particularly the impact of Covid-19, including the costs of demand led services especially in social care, the level of inflationary increases in budgeted expenditure and the waste recycling market. There are also major risks connected to the future level of UK and Scottish Government funding and of policy changes that impact on local government in Scotland.

Specifically for the Culture and Leisure portfolio, the key risks and uncertainties include:

- Requirement to fully implement the business plan at Linlithgow Burgh halls to mitigate the recurring budget pressure.
- WLL to fully deliver their three year business plan for 2019/20 to 2021/22 to ensure financial sustainability of the organisation.

The council's risk based approach to budget monitoring will ensure that effective action is taken to manage risks during the course of the financial year. Officers will continue to provide updates on risks as part of the quarterly budget monitoring reporting to Council Executive at period 4, 6 and 9.

G. CONCLUSION

The position for the Culture and Leisure portfolio in 2019/20 was an underspend of £57,000. As noted, the outturn position for the Culture and Leisure portfolio was part of the overall position for 2019/20 which was reported to Council Executive on 23 June 2020.

H. BACKGROUND REFERENCES

1. 2020/21 General Fund Revenue Budget – month 6 monitoring - Report by Head of Finance and Property Services on 17 November 2020

2. Draft 2019/20 General Fund Revenue Budget Outturn - Report by Head of Finance and Property Services on 23 June 2020
3. Revenue Budget 2020/21 to 2022/23 – report by Head of Finance & Property Services – 28 February 2020
4. Draft 2019/20 General Fund Revenue Budget Outturn - Report by Head of Finance and Property Services on 23 June 2020
5. Local Government Benchmarking Framework

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