

DATA LABEL: PUBLIC



## **CULTURE & LEISURE POLICY DEVELOPMENT AND SCRUTINY PANEL**

### **2020/21 FINANCIAL PERFORMANCE – MONTH 6 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 as at month 6;
2. Notes that the Culture & Leisure portfolio position at month 6 was part of the overall council budget position which was reported to Council Executive on 17 November 2020;
3. Notes any actions required to be taken by Heads of Service and budget holders to manage spend within available resources.

##### **C. SUMMARY OF IMPLICATIONS**

<b>I Council Values</b>	Focusing on customers' needs, being honest, open and accountable, making best use of resources, working in partnership.
<b>II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b>	Local Government (Scotland) Act 1973, Section 95; Local Government in Scotland Act 2003, section 1-14.
<b>III Implications for Scheme of Delegations to Officers</b>	No implications at this stage.
<b>IV Impact on performance and performance indicators</b>	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.
<b>V Relevance to Single Outcome Agreement</b>	The revenue budget provides resources necessary to help deliver the Single Outcome Agreement. Effective prioritisation of resources is essential to achieving key outcomes.
<b>VI Resources – (Financial, Staffing and Property)</b>	An overspend of £1.475 million is the position for the Culture & Leisure portfolio revenue budget in 2020/21.
<b>VII Consideration at PDSP</b>	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 and 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 which was reported to Council Executive on 17 November 2020. This report also includes the position on the delivery of approved budget reduction measures relevant to the Culture and Leisure portfolio for 2020/21.

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 2020/21 Month 6 Position

The table below summarises the position in relation to service expenditure for the portfolio area. As part of the monitoring exercise, a number of key risks and service pressures have been identified and these are noted in the narrative for the relevant service area.

Service	Budget £'000	Month 6 Forecast £'000	Variance £'000
<b>GENERAL FUND REVENUE</b>			
<b>Learning, Policy &amp; Performance</b>			
Adult Learning & Youth Services	2,343	2,334	(9)
<b>Learning, Policy &amp; Resources - Total</b>	<b>2,343</b>	<b>2,334</b>	<b>(9)</b>
<b>Strategic Resources</b>			
Culture & Sports	2,897	4,381	1,484
<b>Strategic Resources - Total</b>	<b>2,897</b>	<b>4,381</b>	<b>1,484</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>5,240</b>	<b>6,715</b>	<b>1,475</b>

#### 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 is forecast to underspend by £9,000 in 2020/21 mainly due to staffing savings which will help deliver approved budget reduction measures on 2021/22.

In relation to service performance, the percentage of pupils entering positive destinations is 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 offered through virtual youth groups, home learning packs, and the Summer Keyworker Childcare Hubs delivered by the Work with Young People (WwYP) team, for quarter 2, 2020/21 was 4,196 against a target of 2,900.

### **D.3.2 General Fund Revenue – Strategic Resources**

#### Culture & Sports

The projected overspend in the Culture & Sports budget is £1.484 million and relates to additional projected spending in Culture of £183,000 and £1.301 million in Sports.

Within Culture, the projected overspend relates to net lost income at Linlithgow Burgh Halls (LBH) which remains closed as a result of current government restrictions in place to help manage the current pandemic. Once the facility reopens, the business plan will be fully implemented, which includes 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 work will recommence once the facility reopens.

The overspend in Sport of £1.301 million relates mainly to the support provided to West Lothian Leisure to help manage the additional cash flow costs resulting from the impact of continuing Covid-19 restrictions.

In terms of service performance in Culture and Sport, the performance indicators are being revised to reflect the service changes made as part of the restructure of the service 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 13<sup>th</sup> out of 32 local authorities with a unit cost of £2.22. This indicator includes costs for both the council and West Lothian Leisure facilities. It is anticipated that this cost will reduce in coming years as West Lothian Leisure 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 2020/21 were delivered in full. The savings to be delivered for the portfolio area in 2021/22 have largely been achieved with new staffing structures implemented for Adult Learning. WLL is aware of the requirement to deliver a phased reduction to their management fee, and this is incorporated in their financial plan.

## **E. SUMMARISED BUDGET POSITION FOR 2020/21**

The month 6 position is a projected overspend of £1.475 million within the General Fund Revenue budget for the Culture and Leisure portfolio. The month 6 position was reported to Council Executive on 17 November 2020.

## **F. FUTURE BUDGET ISSUES AND RISKS**

There remains significant risks and uncertainties associated with the financial assumptions in the council's budget. In addition to the current increase in costs, there is a high risk that further

significant costs will continue to be incurred during financial year 2020/21, given the ongoing requirement to maintain social distancing and other measures in place, including the risk of further restrictions being implemented to manage the pandemic.

As council services continue to be delivered in accordance with Scottish Government guidance, there will be a substantial increase in the cost of service delivery. This will need to be closely monitored to ensure costs are fully identified and this will inform discussions with the Scottish Government over additional funding.

The council, in liaising with COSLA, will continue to lobby the Scottish Government to provide additional resources to the council to ensure that the financial implications of Covid-19 are fully funded.

In relation to medium term financial planning, whilst acknowledging that the planning assumptions are subject to uncertainty due to the planning time horizon, some of the general risks and uncertainties include annual confirmation of local authority funding from the Scottish Government, pay award, particularly given payroll costs are the councils largest expense, the outcome of trade discussions between the UK and EU, policy changes by the government without adequate funding, demographic demands and inflationary pressures.

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 forecast position for the Culture and Leisure portfolio is a projected overspend of £1.475 million. As noted, the position for the Culture and Leisure portfolio is part of the overall outturn forecast position for 2020/21 which was reported to Council Executive on 17 November 2020.

## **H. BACKGROUND REFERENCES**

1. Council Executive 2020/21 General Fund Revenue Budget – Month 6 Monitoring Report – 17 November 2020
2. Local Government Benchmarking Framework

Contact Person: Fiona Russell, Group Accountant  
[fiona.russell@westlothian.gov.uk](mailto:fiona.russell@westlothian.gov.uk) - Tel No. 01506 281312

**Donald Forrest**  
**Head of Finance and Property Services**  
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