

Norfolk Records Committee

Item No.....

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| Report title: | Finance and Risk |
| Date of meeting: | 13th January 2017 |
| Responsible Chief Officer: | Tom McCabe – Executive Director, Community and Environmental Services |
| Strategic impact This report covers the forecast financial position and risk management for the Norfolk Records Committee in 2016/17 as at 30 th November 2016 | |

Executive summary

This report covers the financial forecast for the Norfolk Record Office (NRO) budget out-turns for 2016/17. Section 1 covers progress with the NRO revenue budget for 2016/17, reserves and provisions. Section 2 provides the Committee with an update on the service risk register.

The main issues for consideration by this Committee are:

- Progress with NRO Revenue budgets and Reserves and Provisions indicates that the service should achieve a break-even position at the year-end
- Progress with risk management for NRO.

Recommendations: The Norfolk Records Committee is asked to consider and comment on:

- **Performance with the revenue budget and reserves and provisions for 2016/17**
- **Management of risk for 2016/17**

1. Revenue Budget

1.1 Financial Performance 2016/17

- 1.1.1 At the end of 2016/17, the NRO expects to deliver an outturn balanced to budget. This is summarised in the table below.

| Service | Approved budget £m | Forecast 2016/17 Outturn £m | +Over/- Underspend £m | Variance to budget |
|---------------------|-------------------------------|--|--------------------------------------|-------------------------------|
| Salary | 0.822 | 0.770 | -0.052 | 6.3% |
| Premises | 0.004 | 0.043 | 0.039 | 975% |
| Travel | 0.003 | 0.004 | 0.001 | 33% |
| Supplies & Services | 0.063 | 0.088 | 0.025 | 39% |

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|------------------|--------------|--------------|----------|-----------|
| Support Services | 0 | 0.002 | 0.002 | 100% |
| Capital* | 0.206 | 0.206 | 0 | 0% |
| Income | -0.289 | -0.304 | -0.015 | 17% |
| Total | 0.809 | 0.809 | 0 | 0% |

* Local authority capital accounting adjustments that relate to historic capital expenditure

1.1.4 The additional premises and supplies and services costs relate to: building works at the Archive Centre, the digital preservation project and purchases made at the Morningthorpe Manor Sale. These are expected to be covered by additional income the source of which is grants from the East of England Regional Archive Council and from the Norfolk Archives and Heritage Development Foundation and a slightly higher level of income generation than anticipated through digitization projects.

1.1.5 Norfolk County Council continues to face significant financial pressures and funding reduction and the Norfolk Record office continues to look for ways to support the authority in meeting those financial challenges. The Service has been highly successful in increasing its external funding and income streams and are proposing to increase its income targets by a further £20k.

1.2 Capital programme

1.2.1 There is no capital programme for 2016/17.

1.3 Reserves and Provisions

1.3.1 The table summarising the 2016/17 position appears below.

- The Residual Insurance reserve is planned to be used in the year to support project development and other income raising activities. This includes administrative support to the Norfolk Archives and Heritage Development Foundation and the development of joint funding applications.

| Reserves and Provisions 2016/17 | Balances at 01Apr 16 | Forecast Outturn at 31Mar 17 | Change |
|--|-----------------------------|-------------------------------------|---------------|
| | £m | £m | £m |
| Norfolk Record Office | | | |
| Residual Insurance and Lottery Bids | 0.205 | 0.205 | 0.000 |
| Unspent Grants & Contributions Reserve | 0.012 | 0.017 | 0.005 |
| Service Total | 0.217 | 0.222 | 0.005 |

2. Risk Management

2.1 The service continues to manage the risks to its objectives both internal and external. The risk register is reviewed and updated on a quarterly basis and was last reported to this Committee at the last meeting. A summary of the risk register based on the most recent review of October 2016 appears at Appendix A.

- 2.2 The register contains five key risks, four of which are currently assessed as a 'medium' level risk, while one is assessed as 'low'.
- 2.3 All risks are being well managed. Two of the risks are showing 'Green – on schedule' progress towards achieving their target risk scores, and the other three are showing 'Amber' and with further planning should be met.
- 2.4 The impact of the unmet risks on the budget has been assessed as follows:
- 2.4.1 For RM13959 'Loss of or reduction in funding', if this external funding was lost then the service would need to reduce spending in line with the reduction of funding. This risk is classed as 'Amber' however additional income streams have been identified in 2016/17. The risk is mitigated by continuing to apply for external funding and explore income generating opportunities.
- 2.4.3 For RM13963 'Inability to continue collecting archives', an increased level of accessions would reduce the available space more quickly than planned. Records are kept of the amount of additions and available space and bespoke packaging is used to reduce the amount of space needed. There is also work which can be carried out to further increase the capacity of the King's Lynn strong room. This risk is classed as 'green' and is not expected to occur in 2016/17, and so will have no impact on the revenue position.
- 2.4.4 For RM14164 'Failure to meet growing public expectations on access', is the risk that the public can't access collections as easily as they expect to. This could mean demand for our services would reduce. This is mitigated through entering into commercial partnerships to improve access and planning for access to digital images in search room. Plans are in place to increase the amount of digital images available through commercial partnerships. This risk is classed as 'green' and is not expected to occur in 2016/17, and so will have no impact on the revenue position.
- 2.4.5 For RM14165 'Failure to collect, preserve and make accessible new formats of archive', NRO is not in a position to fully manage the preservation and continued accessibility of born digital records. This is mitigated through developing procedures, staff skills and exploring collaborative approaches. This risk is classed as 'Amber' however the NRO is now leading a collaborative regional project to address these issues.
- 2.4.6 For RM14167 'Collection at risk through unexpected events', due to the special nature of the NRO collection the usual NCC continuity planning has to be reviewed and adapted. This is mitigated through the roll out of specific Emergency Plan, in which all staff, including recent recruits, have been trained. This risk is classed as 'green' and is not expected to occur in 2016/17, and so will have no impact on the revenue position.

3. Financial Implications

The implications for resources including, financial, staff, property and IT, where relevant, are set out in Section 1 of this report.

4. Issues, risks and innovation

Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

5. Background

There are no other documents to refer to.

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

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