

Joint Museums Committee

Report title:	Integrated Finance and Risk Monitoring Report for 2016/17
Date of meeting:	28th October 2016
Responsible Chief Officer:	Tom McCabe – Executive Director Community and Environmental Services
Strategic impact This report covers the forecast position and risk management for the Norfolk Museums Service (NMS) in 2016/17 as at 31 st August 2016.	

Executive summary

This report covers the forecast Norfolk Museums Service (NMS) budget out-turn for 2016/17. Section 1 covers progress with the NMS revenue budget for 2016/17, reserves and provisions and the capital programme. Section 2 provides the Committee with an update on the service risk register.

The main issues for consideration by this Committee are:

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

Recommendations: Committee Members are asked to consider and comment on:

- **Progress with the revenue budget, capital programme and reserves and provisions forecast out-turn positions for 2016/17**
- **Progress with the management of risk within the NMS**

1. Proposal (or options)

1.1 Revenue Budget 2016/17

1.1.1 The NMS expects to achieve a break-even revenue budget outturn for 2016/17.

1.1.2 There is currently a projected shortfall of £0.085m from Admissions Income, which is -6.6% of the target. Admissions income continues to follow the strong performance of 2015-16, however the current forecast is suggesting a shortfall compared to the increased 2016-17 budget, although with planned exhibitions in the second half of the year we are anticipating an improvement in this position. Any shortfall is likely to be offset by other additional income

and by the control of expenditure.

1.1.3 The table below sets out the net revenue service budgets and out-turn for the NMS.

Service	Approved budget £m	Outturn £m	+Over/-Under spend £m	+Over/Under spend as % of budget	Variance since last report £m
Norfolk Museums Service	2.422	2.422	0.000	0.00%	0
NMS Total	2.422	2.422	0.000	0.00%	0

1.2 Capital programme

- 1.2.1 Norfolk County Council's commitment to the county's cultural heritage and resources has been evidenced over the last year in our continuing programme of refurbishment and improvement to museums.
- 1.2.2 The capital programme is monitored over the life of the scheme rather than a single year. This reflects the life of the projects and the associated funding. The Norfolk Museums Service is highly active in attracting external funding for new schemes and where appropriate these will be reported to future committees. There are currently no new Norfolk County Council funded schemes planned for future years.
- 1.2.3 The NMS 2016/17 capital programme is detailed in the table below and includes any programme revisions.

Capital Programme 2016/17 – Norfolk Museums Service

Scheme or programme of work	Approved 2016/17 Capital Budget £m	2016/17 Forecast Capital Outturn £m	Forecast Variance £m	Reasons
Schemes in Progress				
Voices from the Workhouse Project	1.187	1.187	0	Project estimated to be completed in 17/18
Museum of Norwich at the Bridewell Development	0.017	0.017	0	Project estimated to be completed in 17/18
Seahenge	0.007	0.007	0	Ongoing conservation
Gressenhall Biomass Boiler CERF *	0.008	0.008	0	Project estimated to be completed in 16/17
Strangers Replacement Lighting	0.002	0.002	0	Project complete – final payments due
Castle Keep Improvements	0.172	0.172	0	Stage 1 estimated to be completed in 17/18
Total	1.393	1.393		

* CERF is the Carbon Energy Reduction Fund.

Funding of the NMS Capital Programme

The NMS capital programme is funded from a variety of sources:

- The feasibility element of the Museum of Norwich at the Bridewell project was funded from NMS. The capital programme is £1.573m with approved HLF funding of £0.979m, £0.224m NCC capital, £0.76m Norwich City Council and £0.025m from the Friends of Norwich Museums and service contributions.
- Seahenge funding is for ongoing conservation work. This is rolled forward from prior years.
- Voices from the Workhouse project is funded from Heritage Lottery Fund (HLF). £1.800m funding will be received over 2 years, to transform Gressenhall into a national centre for workhouse interpretation and increase the role of Gressenhall as a regional centre for Heritage tourism.
- Initial capital funds used for Castle Keep development prior to HLF bid. Successful capital bid money received in July 2015 is £0.800m from Historic England. Further development funding of £0.462m was received from the Heritage Lottery Fund to develop the project further during 2016/18.

1.3 Reserves and Provisions

1.3.1 There are some changes to reserves and provisions to report. The table summarising the out-turn position appears below.

- The income reserve is maintained to enable the service to effectively manage pressures on revenue streams and resources, particularly during periods of unfavorable weather conditions that can impact upon visitor numbers.
- The Museums Repairs and Renewals Reserve includes funds for Gressenhall play area, farm and superstore equipment.
- The Unspent Grants and Contributions Reserve includes earmarked non conditional project balances at year end.

Reserves and Provisions 2016/17	Balances at 01Apr16	Forecast Outturn at 31Mar17	Change
	£m	£m	£m
Norfolk Museums and Archaeology Service			
Museums Income Reserve	0.130	0.130	0.000
Museums Repairs and Renewals Reserve	0.176	0.166	-0.010
Unspent Grants and Contributions Reserve	0.635	0.593	-0.042
Service Total	0.941	0.889	-0.052

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 in April 2016. A summary of the risk register based on the most recent review of May 2016 appears at Appendix A.
- 2.2 The register contains eight key risks, five of which are currently assessed as a 'medium' level risk, while three are assessed as 'low'.
- 2.3 Two of the medium risks and one of the low risks are met. One Medium risk is showing 'Amber' and with further planning should be met. The four remaining risks are showing 'green – on schedule' towards achieving their target risk scores.

- 2.4 The impact of the five unmet risks on the risk register have been assessed as follows:
- 2.4.1 RM13947 – failure to meet this risk could mean damage to exhibits (reducing income and incurring costs), undermine safety and damage the reputation of the service. This risk is mitigated through close work with NPS to ensure buildings are maintained, investments are made where necessary and an emergency response plan is in place for each site.
 - 2.4.2 RM13948 – the vulnerable collections have been moved to alternative locations, however a residual low level flooding risk will always remain in terms of Elizabethan House and the Museum stores at Kings Lynn.
 - 2.4.3 RM13949 – Arts Council England (ACE) funding of £1.2m in 2014-15 and a further £4.1m covering the period 2015-18 has been confirmed and the programme is in delivery. If this funding was to be lost then either activities would cease or alternative funding identified. This is mitigated by close monitoring of the service to ensure targets are met and maintaining close ties with the ACE Relationship Manager.
 - 2.4.4 RM14065 – failure to follow data protection procedures could lead to loss or inappropriate release of information which could lead to fines and civil claims. This is mitigated by making sure that all staff complete the mandatory training and are aware of their responsibilities.
 - 2.4.5 RM14162 – failure to generate income in line with the 2014-17 service plan would mean alternative savings would have to be identified to deliver a balanced budget. This is mitigated by the investments being made to allow NMS to deliver services to the public on a more commercial basis.

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 in this paper or want to see copies of

any assessments, eg equality impact assessment, please get in touch with:

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