

Norfolk Records Committee

Report title:	Finance and Risk
Date of meeting:	2 November 2018
Responsible Officer:	Steve Miller – Assistant Director, Culture and Heritage
Strategic impact	
This report provides an update on the forecast financial year end position for the Norfolk Records Committee for 2018/19.	

Executive summary

As set out in this report, the forecast financial out-turn for the Norfolk Record Office (NRO) for 2018/19 Section 1 covers the NRO revenue budget for 2018/19, reserves and provisions. Section 2 provides the Committee with an update on the service risk register. Section 3 provides Committee with an update on the future budget challenges for Norfolk County Council and the specific proposals relating to the Committee to help manage this challenge.

The main issues for consideration by this Committee are:

- Progress with NRO Revenue budgets and Reserves and Provisions indicates that the service is forecasting a balanced position.
- Progress with risk management for NRO.

Recommendations:

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

- **Forecast position of the revenue budget, reserves and provisions for 2018/19**
- **Management of risk for 2018/19**

1. Revenue Budget

1.1. Financial Performance 2018/19

1.1.1 At the end of period 06, September, 2018/19 we are forecasting that the NRO will deliver a balance budget. This is summarised in the table below.

Service	Approved budget £	Forecast 2018/19 Outturn £	Forecast +Over/- Underspend £
Salary	887,460	874,485	(12,975)
Premises	3,810	4,291	481
Travel	2,740	3,410	670
Supplies & Services	63,400	18,807	(44,593)

Support Services	1,070	1,555	485
Capital*	271,960	271,960	0
Income	(373,880)	(317,951)	55,929
Total	856,560	856,557	(3)

* Local authority capital accounting adjustments that relate to historic capital expenditure- this budget has changed from that previously reported to Committee, due to the allocation of depreciation charges, and re-valuation gains and losses. However, these are purely accounting adjustments and have had no impact on the underlying ability of services to apply and manage their budgets

1.1.2 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.

1.2 Capital programme

1.2.1 There is no capital programme for 2018/19.

1.3 Reserves and Provisions

1.3.1 The table summarising the 2018/19 position appears below.

- The Residual Insurance reserve is planned to be used in the year to support project development. This includes administrative support to the Norfolk Archives and Heritage Development Foundation and service development projects looking at archive discovery and local working.

Reserves and Provisions 2018/19	Balances at 01Apr 18	Forecast Balance at 31Mar 19	Planned Change
	£	£	£
Norfolk Record Office			
Residual Insurance and Lottery Bids	182,947	158,957	23,990
Unspent Grants & Contributions Reserve	7,327	7,327	0
Service Total	190,274	166,284	23,990

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 reviews appears at Appendix A.
- 2.2. The register contains six key risks, three 'high' level, two of which are currently assessed as a 'medium' level risk, while one is assessed as 'low'.
- 2.3. All risks are being well managed. One of the risks is assessed as being met and is shown as green whilst another is shown as 'Green – on schedule' progress towards achieving target risk score, 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 2018/19. The risk is mitigated by continuing to apply for external funding and explore income generating opportunities. Financial pressures relating to the 2019-20 budget are dealt with in Section 3 of this report
- 2.4.2 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 2018/19, and so will have no impact on the revenue position.
- 2.4.3 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 2018/19, and so will have no impact on the revenue position.
- 2.4.4 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.
- 2.4.5 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 'met' but will continue to be reviewed.
- 2.4.6 For RM14291. 'Long-term sustainability of metadata'. The NRO relies on a large set of metadata, which is used as a gateway to the Collection (the catalogue of over 700,000 records) and for managing the collection (accession records and location data). Some of this data is irreplaceable. Where it could be recreated, the cost would be millions of pounds. The NRO needs to ensure that this data is sustainable in the long-term and, when necessary, can be migrated to other systems.

3. Financial Implications

- 3.1. The implications for resources including, financial, staff, property and IT, where relevant, are set out in Section 1 of this report.
- 3.2. The County Council Medium Term Financial Strategy (MTFS) was agreed in February 2018 including £78.529m of savings and with a remaining gap of £94.696m. The MTFS provided the starting point for the Council's 2019-20 Budget planning activity. Full details of cost pressures assumed in the Council's MTFS are set out in the 2018-19 [Budget Book](#).¹
- 3.3. In September, following feedback from Service Committees, Policy and Resources Committee then considered the latest planning information and an updated budget position. The current position, taking into account the changes agreed by Policy and Resources Committee, and assuming that new savings can be identified at the required

¹ <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en>

level of £22.089m for 2019-20, is shown in the table below. Changes in the Council's funding assumptions have mitigated some of the identified pressures.

- 3.4. The budget position and the associated assumptions are kept under continuous review, and will be updated to reflect any changes arising from the Government's Autumn Budget, or further information about the Council's funding position as it becomes available up until budget-setting by County Council in February.
- 3.5. **Table 1: Latest forecast budget gap 2019-20 to 2021-22²**

	2019-20	2020-21	2021-22	Total
	£m	£m	£m	£m
Forecast gap as reported to September Service Committees (agreed at 16 July 2018 Policy and Resources)	22.089	48.454	24.153	94.696
Pressures				
Children's Services budget pressures including LAC	5.000	2.000	2.000	9.000
Children's Preventing Radicalisation pressure	0.120	0.000	0.000	0.120
Children's Centres saving delay	1.700	-1.700	0.000	0.000
Adult market pressures	2.000	0.000	0.000	2.000
Leap year pressure in Adult Social Care	0.550	-0.550	0.000	0.000
Property savings (including income targets) at risk	1.500	1.000	0.500	3.000
Pressure from 2019-20 national pay award and associated salary scale changes	0.345	0.000	0.000	0.345
Total new pressures	11.215	0.750	2.500	14.465
Proposed mitigations				
Collection Fund	-4.688	0.000	0.000	-4.688
Council tax tax base (additional 1.5%)	-5.918	-6.305	-6.341	-18.564
MRP pressure reprofiled	0.000	-5.000	5.000	0.000
Additional capital receipts	0.000	-10.000	0.000	-10.000
2% Council Tax increase 2021-22	0.000	0.000	-8.498	-8.498
Total mitigations	-10.606	-21.305	-9.839	-41.750
Delivery of 2019-20 savings target (as identified at 16 July 2018 Policy and Resources)	-22.089	0.000	0.000	-22.089
Latest forecast gap for planning purposes (24 September 2018 Policy and Resources)	0.609	27.899	16.814	45.322

- 3.6. Communities Committee considered a range of budget proposals to help meet the budget gap including a specific proposal relating to this committee;

² As presented to Policy and Resources Committee September 2018 (please note this does not reflect any amendments arising from Policy and Resources Committee decisions in September).

Ref	Proposal Note: Savings are shown as a negative figure	Information about the proposal	Saving 2019-20 £m
CMM19201	Norfolk Record Office – reduction in search room opening hours	This proposal would see the opening hours of the search room reduce from 41.5 hours a week to between 28 and 30 hours a week. There will also be reductions in the amount of documents the NRO is able to receive and process, educational and outreach work, support for the NRO's charitable partner and preservation work. This is not expected to impact on the income that the service generates from copy certificates and digitization.	-0.075

3.7. This proposal will form part of the County Councils public consultation on budget proposals.

4. Issues, risks and innovation

4.1. 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

5.1. 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:

Officer name : Andrew Skiggs, Finance Business Partner **Tel No. :** 01603 223144

Email address : andrew.skiggs@norfolk.gov.uk

Officer name : Gary Tuson, County Archivist **Tel No. :** 01603 222003

Email address : gary.tuson@norfolk.gov.uk



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