

Joint Museums Committee

Item No

Report title:	Finance Monitoring Report for 2017/18
Date of meeting:	12 January 2018
Responsible Chief Officer:	Tom McCabe-Executive Director of Community and Environmental Services
Strategic impact This report covers the forecast position for the Norfolk Museums Service (NMS) in 2017/18 as at 30 November 2017.	

Executive summary

This report covers the forecast Norfolk Museums Service (NMS) budget out-turn for 2017/18. The report details progress with the NMS revenue budget for 2017/18, reserves and provisions, the capital programme, and savings applied to the revenue budget for 2018/19.

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 the year-end.
- Progress with NMS Capital Budgets.
- Movements in NMS Reserves & Provisions.

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 2017/18.**
- **Note the proposed budget savings and changes for 2018/19 and beyond.**

1. Proposal (or options)

1.1 Revenue Budget 2017/18

1.1.1 The NMS is currently projecting a break-even revenue budget outturn in 2017/18 through careful monitoring and control.

1.1.2 The budget pressure of £0.083m on NMS Business Rates for the whole service has now been funded centrally.

The pressure was a result of the Government's Valuation Office Agency (VOA) using the 'Contractor's method' (Cost of rebuilding) to set the business rates, rather than basing the calculations on the net income and expenditure which is the method which has been used in previous years.

1.1.3 There is a potential budget over-spend of £0.030m on Staffing, resulting from increased pressures on front of house staff covering extended opening hours

and events across the County. There is also additional pressure on the Archaeology team as the new income-generating business model beds in.

1.1.4 There is a projected income shortfall of £0.045m on Partnerships income, including undesignated fundraising and sponsorship income.

1.1.5 There is a projected surplus of -£0.067m from Admissions income, which is currently 5.13% above target. There have been strong performances in Admissions income over the first half of the year, with exceptional visitor numbers to both Norwich Castle and Time and Tide Museum in August. This has resulted in an increase of £0.065m compared to August last year and a £0.188m improvement on the year to date. There is a strong exhibition programme planned over the autumn / winter months, although the spring 2018 programme is unlikely to meet the income generating levels of last year's very high performance. We are, however, optimistic of maintaining the current positive position.

1.1.6 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	2.988	2.988	0.000	0.00%	0
NMS Total	2.988	2.988	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 schemes planned for future years.

1.2.3 The NMS 2017/18 capital programme is detailed in the table below and includes any programme revisions.

Capital Programme 2017/18 – Norfolk Museums Service

Scheme or programme of work	Approved 2017/18 Capital Budget £m	2017/18 Forecast Capital Outturn £m	Slippage	Reasons
Schemes in Progress				
Voices from the Workhouse Project	0.185	0.185	0	Project estimated to be completed in 17/18
Norwich Museums Capital Projects	0.013	0.013	0	Project estimated to be completed in 17/18
Castle Keep Improvements	0.693	0.693		Stage 1 estimated to be completed in 17/18
ACE Small Capital Grants	0.158	0.158		Year 3 funding to be completed in 17/18
Strangers Replacement Lighting	0.002	0.002	0	Project complete – final payments due
Norwich Castle Critical M&E Services	0.038	0.038	0	Stage 1 Development phase to be completed in 18/19. £0.120m re-profiled to 2018/19.
Gressenhall Pathway	0.002	0.002	0	Project complete
Total	1.091	1.091	0	

* CERF is the Carbon Energy Reduction Fund.

Funding of the NMS Capital Programme

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

- 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
- Norwich Museum's capital projects is funded by residual monies from the Museum of Norwich project of which £0.025m was funded from the Friends of Norwich Museums Service contributions.
- Initial capital funds used for Castle Keep development prior to HLF bid. Successful capital bid money was received in July 2015 from Historic England £0.800m. Further development funding of £0.462m was received from the Heritage Lottery Fund to develop the project further during 2016/18
- Small Capital grants have been funded by Arts Council England (ACE) for a third year to allow NMS to fund the purchase of capital assets to a number of accredited Museums in our region to increase resilience.
- Policy & Resources Committee approved the funding of £0.900m to improve two critical elements of the Norwich Castle site M&E infrastructure during

2017/20, including the systems that control the temperature in the exhibition galleries and the external lift, a requirement of the Equalities Act 2010.

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 unfavourable 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 2017/18	Balances at 01Apr17	Forecast Outturn at 31Mar18	Change
	£m	£m	£m
Norfolk Museums Service			
Museums Income Reserve	0.130	0.130	0.000
Museums Repairs and Renewals Reserve	0.160	0.108	-0.052
Unspent Grants and Contributions Reserve	0.524	0.305	-0.219
Service Total	0.814	0.543	-0.271

1.4 2018/19 Budget Proposals

1.4.1 The budget savings proposals are summarised below:

G. Commercialisation	2018/19 £m	2019/20 £m	2020/21 £m
CMM043 – Additional Income generation	-0.070	0.000	-0.400
CMM049 – Vacancy Management and streamlined management arrangements	-0.025	0.000	0.000
Total	-0.095	0.000	-0.400

1.4.2 The impact of the proposed budget savings, inflation, cost neutral adjustments and virements are set out in the table below:

Description	2017/18 budget £m	Additional Costs (Inflation) 2018/19 £m	Savings 2018/19 £m	Growth / Cost Neutral Adjustment / Virements 2018/19 £m	Proposed 2018/19 Budget £m	Savings Reference
Employee related costs	4.111	0.062	-0.025	0.000	4.148	CMM049
Premises	1.259	0.033	0.000	-0.430	0.862	
Transport	0.033	0.000	0.000	0.000	0.033	
Supplies & Services	2.028	0.005	0.000	0.000	2.033	
Third Party Payments	0.004	0.000	0.000	0.000	0.004	
Support Services	0.078	0.000	0.000	0.000	0.078	
Depreciation & Impairment	0.262	0.000	0.000	0.115	0.377	
Income	-4.875	-0.011	-0.070	0.000	-4.956	CMM033
Total	2.900	0.089	-0.095	-0.315	2.579	

2. Financial Implications

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

3. 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

4. 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, e.g. equality impact assessment, please get in touch with:

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