



Report to: Joint Museums Committee, 19 November 2021

Report of: Head of Finance

Subject: Q2 Finance Report 2021/22

1. Recommendation

1.1 **That the Joint Committee reviews the financial monitoring details including budget variances for the 2nd quarter ended 30th September 2021.**

2. Background

2.1 This report provides information on the following at Q2:

- Forecast Year end position as at Q2 30th September 2021
- Explanation of main variances
- Draft budget proposal 2022/23
- Reserves

3. Information

3.1 Q2 Revenue Budget Performance

The forecast year-end position for the City-hosted teams at Q2 is £13,827 surplus with the Government providing us with an estimated £18,900 for loss of income in Q1.

3.2 Table 1: 2021/22 Projected Year End Outturn as at 30th September 2021

Worcester City Hosting	2021/22 Budget	Year End 2021/22	Variance	Variance %
Museum and Art Gallery	224,336	233,625	9,289	4%
Commandery	105,776	121,698	15,922	15%
Joint Museums Collections Team	89,809	90,489	680	1%
Joint Museums Management Team	266,334	226,615	(39,719)	-15%
Projects	14,470	14,470	-	0%
Total (Surplus)	700,725	686,897	(13,827)	-2%
Transfer to/from reserves	(14,470)	(14,470)	-	
Worcester City contribution	(496,133)	(496,133)	-	
Worcester County contribution	(190,122)	(190,122)	-	
Funding	(700,725)	(700,725)	-	

3.3 Table 2: Subjective Analysis 2021/2022

Worcester City Hosting	2021/22 Budget	Year End 2021/22	Variance	Variance %
Employees	766,051	715,349	(50,702)	-7%
Premises	2,670	1,980	(690)	-26%
Transport	4,150	3,788	(362)	-9%
Supplies & services	122,024	124,940	2,916	2%
Third Party Payment	-	13,000	13,000	0%
Fees & Charges	(83,100)	(48,850)	34,250	41%
Other Income	(73,800)	(67,139)	6,661	9%
Grants & Contributions	(726,525)	(745,425)	(18,900)	-3%
Transfer from reserves	(11,470)	(11,470)	-	
Total (Surplus)	0	(13,827)	(13,827)	

3.4 Table 3: 2021/22 Projected Year End Outturn as at 30th September 2021

County Hosting	2021/22 Budget	Projected 2021/22	Variance	Variance %
Hartlebury Operations	212,021	210,524	(1,497)	- 0.71%

3.5 Table 4: Subjective Analysis 2021/22

County Hosting	2021/22 Budget	Year End 2021/22	Variance	Variance %
Employees	237,174	228,949	(8,225)	-3.47%
Premises	2,550	2,150	(400)	-15.69%
Transport	4,826	3,826	(1,000)	-20.72%
Supplies & services	32,977	30,079	(2,898)	-8.79%
Income	(65,506)	(54,480)	11,026	41%
Total (Surplus)	212,021	210,524	(1,497)	-0.71%

Hartlebury Operations is hosted by the County Council. This projection includes an income-loss compensation allocation in Q1 of £18,187.

3.6 Explanation of major variances

The forecast year end underspend of £13,827 in the areas hosted by the City Council is due to: -

A reduction in the income/commercial activity at all locations it is forecast to be under target at Q2 due to the closure of all museums during Covid 19 lockdown. There is also a saving on employee costs in the City-hosted teams from freezing vacant posts and reducing expenditure on supplies for resale in the shops and cash collection.

The £13,000 expenditure on third party payments is a £10,000 settlement on a 2019 insurance claim and £3,000 for freelance marketing support to backfill essential exhibition publicity whilst core posts are vacant.

Hartlebury Operations is projecting a small underspend. This will be managed within expenditure budgets over the next two quarters.

Draft Budget proposal 2022/23

Worcester City Hosting	2022/23 City Contribution Proposal	2022/23 County Contribution Proposal	2022/23 Total Draft JMS Budget
Base budget 2021/22	496,133	212,021	708,154
Plus inflation	22,445	6,372	28,817
Savings	(21,000)	-	(21,000)
Total (Including inflation)	497,578	218,393	715,971

The 2022/23 draft budget for the City Council is being prepared for review by the Policy & Resources Committee on 14th December, final approval by Council in February.

County Hosting – Hartlebury	2022/23 Budget Proposal
Base budget 2021/22	212,021
Total (Plus inflation)	212,021

As noted by the Joint Museums Committee at their last meeting, the County will not be increasing the base budget in line with inflation in 2022/23. Instead, the cost of inflation will be met from a saving in the County Museum property costs. Funding to cover the inflationary increases will be vired between the property budget and the operations budget at the start of the 2022/23 financial year.

The County budgets will receive final approval by the Council in February.

3.7 Transformation savings

Worcester City has asked for £4,000 in savings in 2021/22. The VAT status in Commandery admissions has been reviewed and it has been concluded that no changes can be made as this may affect the City's VAT exemption threshold.

The City Council has asked for £25,000 in savings in 2022/23, work is under way to implement these less the £4,000 above that cannot be achieved.

3.8 **Surplus/deficit split**

Under the terms of the agreement, any variance to budget within 5%, will be transferred to the Joint Museum general reserve. The value of the reserve at the end of Q1 was £97,510.

There have been no transfers from the general reserve in Q2

3.9 **Restricted Reserves**

These funds are restricted to be used on specific projects and museum work: -

Project reserve at end of Q1 £117,847

There have been no transfers from the Projects reserve in Q2

Donations reserve £11,846

No transfers have been made from this reserve in Q2

Other reserves: -

Shop stock (ring fenced reserve) £18,000

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Background Papers: None