

**Report to: Joint Museums Committee, 15th June 2023**

**Report of: Museums Manager**

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**Subject: 2023-24 BUDGET AND MUSEUM RESERVES**

## **1. Recommendation**

**That the Joint Committee**

- 1.1 approve the proposals set out in the report to meet a requested saving to the City Council's contribution to the service; and**
- 1.1 designate part of the general museum reserve towards the upcoming major developments at its museums.**

## **2 Background**

- 2.1 The joint museums agreement sets out that this committee should plan the annual budget for the joint service by the end of November each year. Any saving requirements from each authority have customarily been included at the same time, although the agreement allows final confirmation by each authority of their annual contribution to the service to extend to 7 March.
- 2.2 The County Council submitted a saving to the committee in November 22 for the 23-24 budget, but the City Council, having recognised that the museums service had already accommodated the national pay award within its budget, did not.
- 2.3 The service agreement also sets out that a service surplus or deficit of up to 5% each year should be carried forward. This is reported to this committee regularly as the 'general museum reserve'.
- 2.4 In 2018-19 and 2019-20 £74,294 of the accumulated general reserve was used to fund the reorganisation of all 5 museum teams. This cost can be apportioned equally between the two councils' elements of the shared service.  
In 2019-20 £14,000 from the general museum reserve funded the refurbishment of the Art Gallery & Museum foyer shop – a spend on the City part of the service.  
No general museum reserve has been used since 2020.

## **3 Information**

- 3.1 In 22-23, the service overachieved on its main income targets by 9%, with the entire team working hard to achieve this success.
- 3.2 Worcester City Council approved the council's budget at its meeting on 21 February. This includes a significant transfer from its reserves in 23-24 and projected budget gaps in future years.

Having supported new museum income initiatives with investment from City Plan reserves, an additional reduction to the City's contribution to the museums service in 23-24 of £16,840 has been requested. The City's expectation is that this amount should be achieved through income success at the two city museum sites, rather than by a reduction in service.

- 3.3 The Joint Museums Service has managed its budgets very carefully during the pandemic and recovery and has made a surplus for the last few years meaning its general reserve has increased.
- 3.4 It is prudent for the service to retain up to 5% of its budget in its general reserve to accommodate a future annual deficit.
- 3.5 It is appropriate now that the museums are back on a stable footing that the rest of the accumulated general reserve be designated by the Joint Museums Committee for specific purposes supporting the strategic plans for the service. The committee designated £9,000 towards returning long-term loans at their September 2022 meeting.

#### **4 Preferred Option**

- 4.1 The service proposes to meet £4,840 of the additional income request by increasing successful income targets at The Commandery and at the Art Gallery & Museum by an inflationary amount.
- 4.2 We propose creating a new Art Gallery & Museum income target for exhibition admissions, with that kept small at £2,000 in 23-24 but with the aim to develop this through future significant exhibitions for which there will be a charged admission.
- 4.3 The remaining additional income target of £10,000, the service proposes to leave unallocated between The Commandery and Art Gallery & Museum initially, with the intention that it be allocated against the most successful income streams. Progress will be reported to this committee through the quarterly finance reports.
- 4.4 The joint service has two significant developments planned for the next few years: the development of a new collection art gallery at the Art Gallery & Museum following the move of the Worcestershire Soldier display, and a redeveloped transport gallery at the County Museum. Both will require support and external funding. It is proposed to allocate £77,500 of the general museum reserve towards the County Museum developments and £63,500 of the general museum reserve towards the Art Gallery & Museum developments.

#### **5 Alternative Options Considered**

- 5.1 The Joint Museums Committee could postpone the requested saving until its next annual budget planning in November 23. Although a ring-fenced budget and a joint service, the museums gain considerably by their close relationship with both its governing local authorities. Given the City's investment in new income initiatives being successful, reducing the City's contribution is achievable.
- 5.2 The service could make the requested City Museum saving in an alternative way. There are no unexplored savings that can be achieved without loss of service. Focus, at this point, therefore, is on continuing to grow successful income streams.

## **6 Implications**

### **6.1 Financial and Budgetary Implications**

There have been annual and significant reductions in the local authority contributions to the museums' budget over the last decade. This continues to need careful planning and implementation to avoid a negative impact to earned and grant-funded income.

### **6.2 Legal and Governance Implications**

There are no anticipated legal or governance implications of this report.

### **6.3 Risk Implications**

The museums' staffing budget is now higher than the contributions from its two authorities so the proposed budget changes rely upon the service being successful in its diverse income streams or it will not be able to meet its contractual arrangements.

### **6.4 Corporate/Policy Implications**

There are no corporate or policy implications to the preferred option. The first alternative option could initiate a change of policy position by the City Council towards its museums.

### **6.5 Equality Implications**

It is believed there is no equality implication to this report.

### **6.6 Human Resources Implications**

There are no human resources implications to the preferred option.

### **6.7 Health and Safety Implications**

There are no identified H&S implications of this report.

### **6.8 Social, Environmental and Economic Implications**

Museums contribute to the social and economic prosperity of the City and County. The preferred proposal minimises the impact on these, whereas the impact of the alternative options considered could be significant.

**Ward(s):** All Wards  
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**Background papers:** None