

From: Redacted – 38(1)(b)
Sent: 13 October 2017 14:21
To: Redacted – 38(1)(b)
Subject: RE: Flight project

Redacted – 38(1)(b)

I have now reviewed the current programme for the NMoF Phase 3 project and using your format I have updated the profile as follows:

Redacted – 33(1)(b)

Do let me know if you need further information at this time.

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National Museums Scotland
Chambers Street
Edinburgh EH1 1JF

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From: Redacted - 38(1)(b)
Sent: 02 March 2018 10:25
To: Redacted - 38(1)(b)
Cc: Redacted - 38(1)(b)
Subject: NMOF Project Financial Projections
Importance: High

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As I mentioned last week, we are concerned about the evolving position regarding the potential for HLF funding for the major project we are working on at the National Museum of Flight.

Redacted - 30(b)(ii) I have agreed with the HLF Scotland office that I will consult with them after their main HLF Trustees meeting in late March, where they will be confirming funding available for decisions made in 2018/19. Redacted - 30(b)(ii)

Very happy to have a discussion on this and it would be helpful to have your thoughts in response.

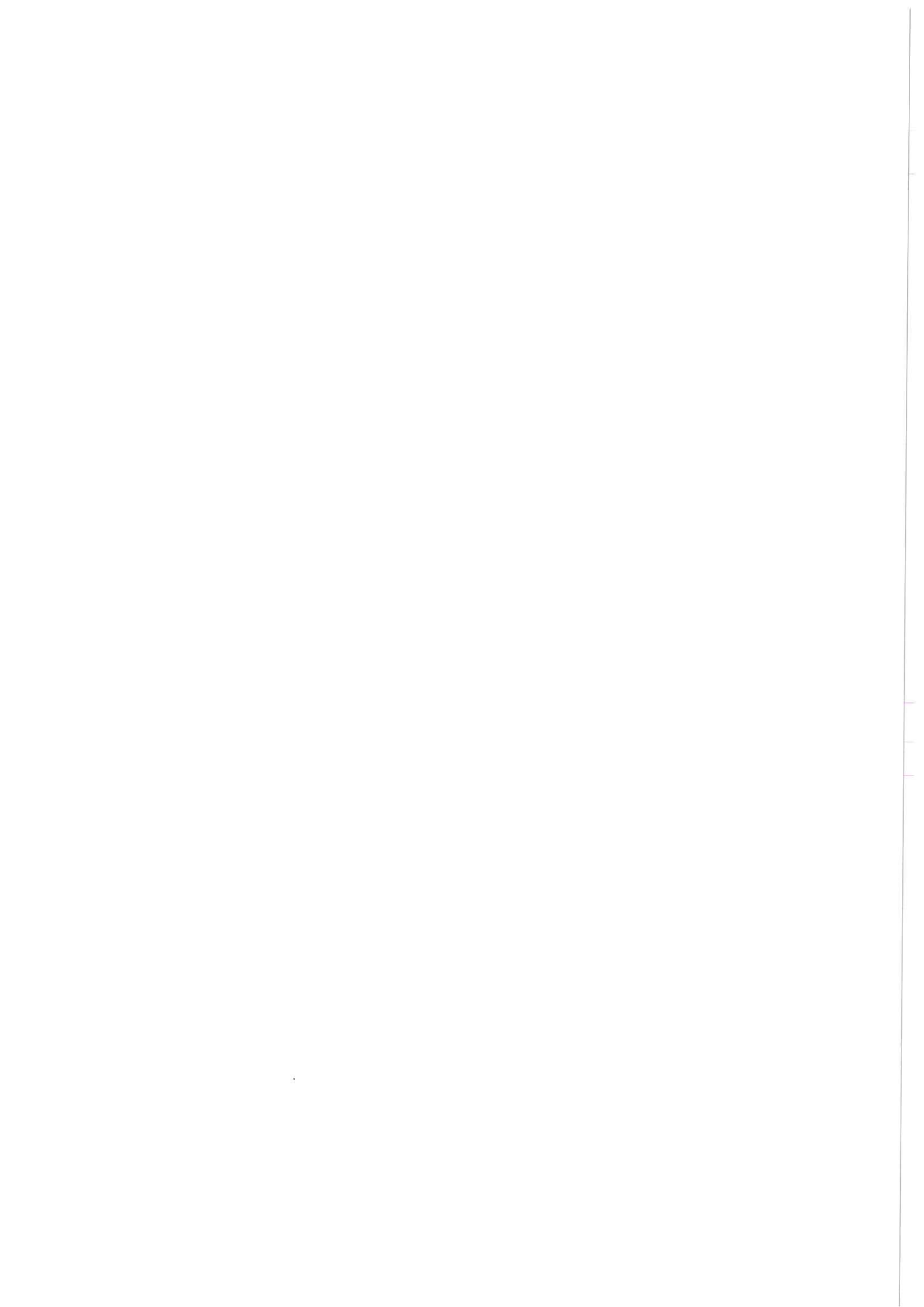
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<http://www.nms.ac.uk>

We are delighted to announce that - thanks to the incredible support we have received - the Galloway Hoard has been saved for the nation. The Galloway Hoard will now be protected for generations to come, and work can begin to unlock its secrets. Thank you! National Museums Scotland, Scottish Charity, No. SC 011130



Buidheann-stiùiridh Cultair, Turasachd agus Mòr-
thachartasan
Culture, Tourism and Major Events Directorate
Roinn a' Chultair agus Àrainneachd Eachdraidheil
Culture and Historic Environment Division



Scottish Government
Riaghaltas na h-Alba
gov.scot

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26 March 2018

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BUDGET ALLOCATION AND MONITORING: 2018-19

Purpose

I am writing, on behalf of the Scottish Ministers, to confirm the budget and associated grant in aid allocated to National Museums Scotland (NMS) for 2018-19, and to provide guidance on related matters. The use of resources must be in accordance with the agreed strategic plan and any relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual. Relevant guidance may also include the setting out, from time to time, of expectations for the way that NMS operates in support of Ministers' policy aims and objectives for the public sector as a whole.

Ministerial Priorities

Grant-in-aid is paid to enable National Museums Scotland to fulfil its statutory functions and to deliver Scottish Ministers' strategic objectives that underpin its core purpose - to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The 5 strategic objectives are Wealthier and Fairer, Healthier, Safer and Stronger, Smarter, and Greener - <http://www.gov.scot/About/Performance/purposestratobjis>.

NMS will contribute to the National Outcomes and National Performance Framework, as set out in the approved 2016-20 NMS Strategic Plan, and towards the key themes of the Programme for Government (the current PfG is set out here: <http://www.gov.scot/About/Performance/programme-for-government>)

2018 is the Year of Young People. The latest in the Themed Years programme, which will offer wide ranging opportunities to celebrate the contribution of young people to Scottish life and society. We would encourage you to work with key partners to maximise the opportunities provided by the themed year, and to consider activities you can undertake to support the Year of Young People.

NMS will follow the guidance set out in the Scottish Public Finance Manual, where that does not conflict with NMS's obligations under charities legislation.

Culture has a vital role to play in enriching the lives of all Scotland's communities and in promoting Scotland on the international stage as a modern dynamic nation. We will expect NMS to consider the potential impact of resource expenditure on different people in society and across the "protected" grounds outlined in the Equality Act 2010 so that spend is optimised and to ensure equality of access to culture is protected and promoted

Budget

Your detailed budget for 2018-19, disaggregated in terms of the relevant expenditure classifications on the HM Treasury database, is shown in **Annex A**. In summary, your budget 2018-19 is:

	2018-19	
BUDGET	£000s	Notes
Resource DEL	20,992	① ②
Ring-fenced (or "non cash") DEL	3,273	① ③
Capital DEL	1,475	① ④
Total DEL	25,740	①
Expenditure classed as AME		⑤
Total budget	25,740	
INDICATIVE REVISIONS		
n/a		⑥

① DEL is the "Departmental Expenditure Limit" as defined by HM Treasury. The Scottish Government's DEL budget limits are determined by the Barnett formula and are not negotiable.

② Comprises wages and salaries and operating costs offset by trading and other resource income.

③ Ring fenced DEL comprises depreciation, amortisation and impairment (if it does not qualify as AME – see below).

④ Comprises capital grants and additions to non-current assets offset by the net book value of disposals of non-current assets.

⑤ AME is "Annually Managed Expenditure", which covers expenditure which HMT accepts is volatile and is therefore subject to different controls. Examples are some pension adjustments and some impairments.

⑥ These are indicative revisions which require to be made at ABR/SBR and are therefore subject to Parliamentary approval.

Transfers of budgetary provision **between** cash and non-cash, or from capital to revenue, in the table above would require the prior approval of Scottish Government Finance. Any proposals for such transfers should therefore be submitted to the sponsor team. Transfers from revenue to capital are permitted under the terms of the existing NMS Financial Memorandum, but the Scottish Government must be kept informed of such transfers. Transfers of budgetary provision **within** the classifications in the table above may be undertaken without reference to the Scottish Government, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

The Scottish Government is responsible for ensuring that the overall Scottish budget is managed effectively and within the limits set by the Scottish Parliament and HM Treasury.

Core Scottish Government Directorates and sponsored/arms-length bodies, such as NDPB's must therefore secure approval for discretionary spend projects or proposals with a cost of £250,000 or greater in advance. The purpose of this process is to ensure that Scottish Ministers can prioritise resources across the whole of Government and is not intended to override the Accountable Officer's requirement to demonstrate value for money.

Your revised trading and other resource income is estimated at £7.103m and the assumed net book value of disposals of non-current assets is £600k. These amounts have been taken into account in arriving at the budget shown above. If the amounts realised or expected to be realised in-year are less than estimated, you shall, unless otherwise agreed with the sponsor team, ensure a corresponding reduction in your gross expenditure so that the agreed budget is not exceeded. Excluding income resulting from gifts, bequests or donations, if the amounts realised or expected to be realised in-year are more than estimated, you must discuss the financial impact with the sponsor team before using any excess to support additional expenditure.

Specified Expenditure

Revenue funding includes:

- £80k for Treasure Trove

Capital funding includes:

- Grant for the National Fund for Acquisitions of £150k and £200k for NMS Purchases
- £1.125m for capitalised repairs and refurbishment and major projects (£750k for repairs and maintenance and £375k for the Museum of Flight). The Scottish Government should be kept advised of the use of this funding.

Environmental Requirements

The Scottish Government recognises that NMS is working hard to make progress in reducing its carbon footprint. NMS should continue to make efforts to reduce its CO2 emissions in line with both the NMS Carbon Management Plan and the NPF outcome on reducing the local and global environmental impact. We will not require any additional reporting to be done on this relative to this budget allocation letter.

Budget Monitoring

Forecast outturn and spend to date for the financial year should be reported to the sponsor team by completing and submitting the budget forecast and monitoring spreadsheet in the attached Excel workbook. Initial forecasts have been provided by NMS and the spreadsheet must be completed and submitted monthly thereafter. Where appropriate (e.g. for depreciation) costs may be calculated on the basis of one twelfth of the budget for each month. A completed spreadsheet providing the position at the end of the financial year (31 March 2019) should be submitted to the sponsor team by 30 April 2019.

Budget Revisions

Ministers have to manage the Scottish budget in the light of pressures and savings that may arise during the financial year. And NMS may itself experience pressures and savings. Such factors may make it necessary for Ministers to make changes (upwards or downwards) to the budget and associated grant in aid for your organisation. Where, exceptionally, any changes have to be made I shall keep you informed of Ministers' intentions and give you the opportunity to comment.

Grant in Aid

As a result of current legislative provisions, Scottish Government funding for its sponsored bodies is shown in the annual Budget Act in terms of grant in aid i.e. the net cash figure required to support agreed budgets. The authorised cash grant in aid for NMS for 2018-19 is **£22.467m**. Grant in aid should be (re)profiled and drawn down using the relevant spreadsheet in the attached Excel workbook. An initial profile has been provided and the figures should be updated monthly, as necessary. You should submit an updated spreadsheet to the sponsor team at the beginning of each month providing details of grant in aid already drawn down, a profile of monthly grant in aid requirements for the remainder of the financial year and a note of the unrestricted cash reserves held at the end of the previous month.

The updated profiles will be used for monthly cash management forecasts provided to HM Treasury and as the basis for the payment of grant in aid - unless notification to the contrary is received by the sponsor team at least 10 days before payment is due to be made. The sponsor team will normally aim to make payments of grant in aid by the 15th of each month. Grant in aid should not be drawn down in advance of need. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the body - and the level of funds required to meet any liabilities at the year-end. At the end of the financial year, the sponsor team and NMS will formally agree the total grant in aid attributable to that particular period.

Classification of Functions of Government

To meet HM Treasury reporting requirements we will also require an analysis of expenditure by the [Classification of the Functions of Government](#) (COFOG) e.g. categories such as subsidiary services to Education, Manufacturing, Law courts, Transport etc. for onward transmission to HM Treasury. For this purpose expenditure means gross expenditure, whether funded by grant in aid or by other income. Your sponsor team will seek to agree an estimated COFOG analysis of budgets at the start of each financial year. After the year end the team shall ask you to provide a COFOG analysis of the actual expenditure.

Issues Arising

If you have any questions arising from this letter, or if you foresee any financial issues developing in the course of the year, please do not hesitate to contact your sponsor team. The sponsor team will, where necessary, consult relevant Scottish Government Finance colleagues.

Yours sincerely

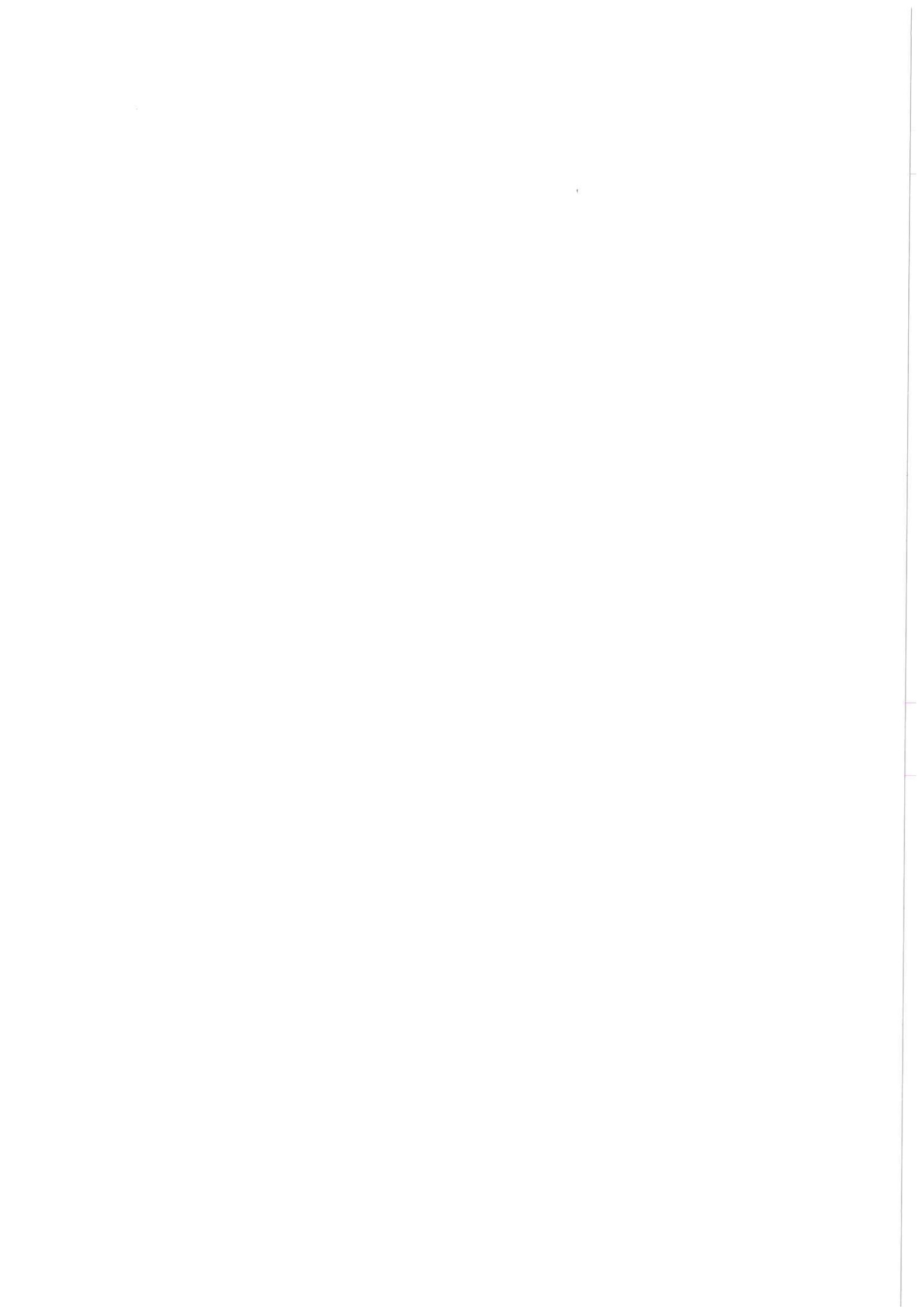
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Culture and Historic Environment Division
For and on behalf of Scottish Ministers

NATIONAL MUSEUMS SCOTLAND: DETAILED BUDGET 2018-19

	<i>Budget on HMT database</i>	<i>HMT Classification*</i>
	<i>£000s</i>	
Wages and salaries	16,451	RDEL
(Gross) Operating costs	11,644	RDEL
Trading and other resource income (negative)	(7,103)	RDEL
Depreciation	3,273	Ring-fenced RDEL
Amortisation	0	Ring-fenced RDEL
Impairment (where not classed as AME)	0	Ring-fenced RDEL
Provisions etc (where agreed as being classed as AME)	0	AME
Accruing pension liability (where agreed as being classed as AME)	0	AME
Impairments (where agreed as being classed as AME)	0	AME
Capital grants	150	CDEL
Capital (Direct) - Antiques & Works of Art	200	CDEL
Capital grants / income (negative)	(2,587)	CDEL
Capital additions to non-current assets (including investments) –	4,112	CDEL
Net book value of disposals of non-current assets (including investments) (negative)	(400)	CDEL
Total net expenditure (as recognised by HMT)	25,740	

* For a full explanation of HM Treasury's budgeting rules see the current version of [Consolidated Budgeting Guidance](#). "DEL" stands for Departmental Expenditure Limits, and is the more tightly controlled side of the government's budget. It is split between resource (or revenue) "RDEL" and capital "CDEL". Non cash budgets are ring fenced within RDEL, which means that (for example) any underspend on depreciation cannot be used to fund actual cash expenditure. "AME" stands for Annually Managed Expenditure, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls.



16 August 2018

Redacted – 38(1)(b)

Attachment redacted under 33(1)(b)

National Museums Scotland

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Culture and Historic Environment Division
Directorate of Culture, Tourism & External Affairs
Scottish Government
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Victoria Quay
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EH66QQ

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Proposed Development at the National Museum of Flight

Redacted – 38(1)(b)

As you know, over the past 18 months we have been progressing plans for a major development at the National Museum of Flight, East Lothian. Although a key focus of this project is to ensure the preservation of the aircraft situated outdoors, we anticipate that the project will also have significant benefits to the tourism economy in East Lothian and a significant impact on people and communities.

As agreed at our last Liaison Meeting held on 16 May, I am now writing to let you have a full Business Case for this project.

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I am very happy to respond to any queries that you or the team may have and to meet and discuss in detail if that would be helpful.

I look forward to hearing from you.

Best wishes,
Yours sincerely

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National Museum of Scotland
National Museum of Flight
National Museum of Rural Life
National War Museum
National Museums Collection Centre
National Museums Scotland

