

**THE CITY AND COUNTY OF CARDIFF, COUNTY BOROUGH
COUNCILS OF BRIDGEND, CAERPHILLY, MERTHYR TYDFIL,
RHONDDA CYNON TAFF AND THE VALE OF GLAMORGAN**

COMMITTEE

**THE GLAMORGAN ARCHIVES JOINT
COMMITTEE
20 JULY 2012**

**REPORT OF THE TREASURER TO THE
GLAMORGAN ARCHIVES JOINT
COMMITTEE**

PART 1	AGENDA ITEM NO: 8
FINAL OUT-TURN POSITION & DRAFT STATEMENT OF ACCOUNTS For 2011/2012	

PURPOSE OF REPORT

1. This report presents a brief overview of the financial results for the year ending 31st March 2012 together with the unaudited draft Statement of Accounts for the year ended 31st March 2012. The unaudited draft Statement of Accounts, signed by the Chief Corporate Services & Section 151 Officer in her role as Treasurer of the Joint Committee, is presented to this Committee today for information only.

REVENUE OUTTURN FOR 2011/2012

2. On 10th December 2010 The Glamorgan Archives Joint Committee approved a proposed budget of £914,612 for financial year 2011/2012, to be financed by contributions from each of the six member Local Authorities. The proposed budget was subsequently agreed and ratified by each member Local Authority.
3. In December 2011 the Committee received a report detailing a forecasted underspend against this budget of £83,089 based on the financial position as at 31st October 2011.
4. The Table below summarises the final outturn position for financial year 2011/2012.

	<u>Budget</u> £	<u>Actual</u> £	<u>Variance</u> £
Expenditure	959,202	897,861	(61,341)
Income	(44,590)	(49,692)	(5,102)
Net Expenditure	914,612	848,169	(66,443)

5. **Appendix 1** provides a detailed analysis out of the outturn and more detail can be found on Pages 4-6 of the draft 2011/2012 Statement of Accounts attached.
6. The final net expenditure for the year was £848,169, representing an underspend against the budget of £66,443. Savings were achieved across employee, premise and transport costs whereas costs exceeded the budget on supplies and services, third party payments and support services. There was an increase in income mainly as a result of interest earned on cash balances.
7. In previous years the full value of any underspend would have been transferred to the Glamorgan Archive Reserve. However, as agreed by Committee on 10th December 2010 the mechanism for invoicing the contributing Local Authorities changed. Instead of invoicing them based on the budget of £914,612 they would be invoiced based on the projected outturn for the year calculated in March 2012. At this time projected net costs were £849,520 and the Local Authorities were invoiced for this amount.
8. Actual net expenditure for the year was £848,169 resulting in a surplus of £1,351.67 and it was this surplus that was transferred to the General Reserve held by the Joint Committee and is available to support expenditure of the Service in future years. The General Reserve had a balance of £669,712 as at 1st April 2011 and after transferring the 2011/2012 surplus the balance as at 31st March 2012 stood at £671,064.

STATEMENT OF ACCOUNTS FOR 2011/2012

9. The draft Statement of Accounts (attached) for the year ended 31st March 2012 is unaudited at this stage. The Wales Audit Office will begin their audit of the accounts shortly. In accordance with the 2005 Regulation the Statement of Accounts was available for public inspection for four weeks from Monday 25th June 2012 to Friday 20th July 2012.
10. To meet the requirement of the Accounts and Audit (Wales) Regulations 2005 (as amended) the Statement of Accounts must be approved by the Committee before the 30th September immediately following the end of the financial year. If at this time the audit of the accounts has not concluded then the accounts must be approved as soon as reasonably practicable. Once the audit is complete and the Statement of Accounts has been signed by the Wales Audit Office then it will be presented to the Committee for members to approve along with any certificate, opinion or report issued, given or made by the Wales Audit office.

LEGAL IMPLICATIONS

11. Approval of the Statement of Accounts is a matter for the Committee under Clause 4(a) of the Joint Archives Agreement. The Committee only has power under Clause 5 (a)(ii) to spend within the agreed budget within any given year and the draft Statement of Accounts confirms that this has been achieved.

FINANCIAL IMPLICATIONS

12. Any financial issues arising from the 2011/2012 accounts have been dealt with during the year and reported in the draft Statement of Accounts.

RECOMMENDATIONS

1. That the outturn position for 2011/2012 be noted.
2. That the attached draft Statement of Accounts for 2011/2012 be noted.

Christine Salter

Treasurer to the Glamorgan Archives Joint Committee

Glamorgan Archives
Statement of Accounts
2011/2012

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Explanatory Foreword

1. Introduction

This document presents the Statement of Accounts for the Glamorgan Archives Joint Committee. These are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2010-11 and supported by International Financial Reporting Standards (IFRS).

This is the second year that the Statement of accounts has been prepared on an IFRS basis, having adopted the IFRS-based Code of Practice on Local Authority Accounting in the United Kingdom. Adoption of this Code has had no impact on the financial contributions required from the Member Authorities to fund the Glamorgan Archives Joint Committee.

Glamorgan Archives collects, preserves and makes accessible to the public, documents relating to the area it serves, and maintains the corporate memory of its constituent Local Authorities. It currently serves the largest population base of any record office in Wales (circa one million people). The service attracts approximately 10,000 visitors a year.

Glamorgan Archives has operated as a joint service since 1974. From 1st April 2009 The County Council of the City and County of Cardiff (Cardiff Council) became the Host Authority for the Joint Committee, taking over from Rhondda Cynon Taf County Borough Council.

Glamorgan Archives is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government Act 1994. The Member Authorities of the Joint Committee are Bridgend CBC, Caerphilly CBC, the City and County of Cardiff, Merthyr Tydfil CBC, Rhondda Cynon Taf CBC, and the Vale of Glamorgan CBC, who appoint representatives to the Joint Committee.

The voting rights and population in respect of each Authority is:

Constituent Authority	Voting Rights	Population	
		No.'s	%
Bridgend	2	130,600	14
Cardiff	5	305,200	32
Merthyr Tydfil	1	59,700	6
Rhondda Cynon Taf	4	238,900	25
Caerphilly	2	104,300	11
Vale of Glamorgan	2	118,800	12
Total	16	957,500	100

The population numbers are based on the 2001 Population Census.

The most recent Census took place on March 27th 2011. This will update the Population numbers currently used and may also result in a requirement to amend

the voting rights allocation. However, the results of the 2011 Census are not expected to be published until July 2012 so are unlikely to impact on the Joint Committee's Voting rights and budget preparation until 2013/2014.

Up to six further members with an interest in archives and records may be co-opted by the Committee to make a contribution to the Committee's work. These members do not have voting rights.

Current co-opted members are:

Murray McLaggan, MA JP

Former Lord Lieutenant and chair of pre 1996 Glamorgan Archives Joint Committee. Represents private depositors.

Mrs K Thomas

HM Lord Lieutenant of Mid Glamorgan.

The new Glamorgan Archives Office in Leckwith was opened to the public on 16th February 2010. The building has been purpose built to house about 8 kilometres of records in the form of either paper, parchment, books, maps, plans, photographs, prints, films, videos or computer-generated records. These are an important and fascinating source of information for historical research.

Cardiff Council as the host authority provides committee, legal, financial, personnel, payroll, IT and procurement support.

2. Summary of Financial Performance for 2011/2012

The Comprehensive Income and Expenditure Account provides an analysis of the Glamorgan Archives costs.

The table below gives a summary of the controllable budgets against actuals analysed by Chartered Institute of Public Finance and Accountancy (CIPFA) groupings.

	Budget £	Actual £	Variance £
Expenditure			
Employees	568,053	545,887	(22,166)
Premises	268,934	186,705	(82,229)
Transport	10,950	8,202	(2,748)
Supplies & Services	82,765	113,023	30,258
Third Party Payments	0	6,345	6,345
Support Services	28,500	37,700	9,200
Gross Expenditure	959,202	897,861	(61,341)
Income	(44,590)	(49,692)	(5,102)
Net Expenditure	914,612	848,169	(66,443)

There was a net underspend against the budget of £66,443. In previous years the full value of any underspend would have been transferred to the Glamorgan Archive Reserve. However, as agreed by Committee on 10th December 2010 the mechanism for invoicing the contributing Local Authorities changed. Instead of invoicing them based on the budget of £914,612 they would be invoiced based on the projected outturn for the year as at March 2012.

Based on the projected net costs at this time the Local Authorities were invoiced for £849,520. Actual net expenditure for the year was £848,169 resulting in a surplus of £1,351.67 and so it was this surplus that was transferred to the General Reserve.

The reasons for the main variances between budgeted and actual expenditure were:

Employee Expenditure

Savings were made on employee costs as a result of leaving an Archivist post vacant and long term sickness absence. However, these savings were partly offset by the cost of employing agency staff to cover these posts.

Further savings were also achieved from reduced employer superannuation contributions as a result of some staff declining to join the Local Government Pension Scheme and also from a lower than budgeted employers liability insurance premium.

Premises Expenditure

There was a significant underspend on premises expenditure which in the main was against utility budgets.

The electricity budget was increased in 2011/2012 by £10,000 to allow for any inflationary or usage increase. This did not materialise and this is reflected in a saving. The budget for gas charges for 2011/2012 was set at £40,000 based on the projected costs for 2010/2011 plus inflation. There is an ongoing issue with obtaining all outstanding gas invoices and the 2011/2012 actual includes an estimated accrual for those invoices which remain outstanding at year end. The effect of over accruing for charges in previous years combined with ongoing reduced charges has led to none of the 2011/2012 budget being required.

A general provision of £24,000 was built into the 2011/2012 budget to help cover for the cost of any unforeseen repairs to plant outside of the new building warranty period. Less than £2,000 of this provision was required resulting in a saving of £22,326.

As in previous years there is a saving on insurance. Further details of the issues surrounding insurance can be found in Note 16 of this Statement of Accounts.

Partly offsetting these savings are additional costs associated with the installation of new and upgraded security systems.

Supplies & Services Expenditure

There were many contributing factors to the overall Supplies and Services overspend of £30,258. The main areas of additional spend were in respect of the purchase of furniture, fixtures and fittings, specialised conservation equipment and stationery. It was also necessary during the year to purchase health and safety related supplies at a cost of £3,174

Each financial year it is necessary to accrue for the cost of the external audit of the Committee's accounts. The result of under accruing in previous years along with an inadequate 2011/2012 budget has given rise to an overspend of £2,773.

Partly offsetting these additional costs was an underspend on IT related costs of £16,504. The charge of £12,000 for the provision of ICT support and maintenance by Cardiff Council has been charged to Support Services whereas the budget for this charge is within Supplies and Services.

Third Party Payments

At the very end of 2011/2012 it came to light that the Service would be responsible for the cost of actuaries in respect of the bulk transfer of pension rights from the Rhondda Cynon Taf CBC Pension Fund to the Cardiff & Vale of Glamorgan Pension Fund. An accrual has been made for the expected invoice of £6,345 plus vat from Rhondda Cynon Taf County Borough Council who have incurred these costs as part of the transfer process.

Support Services Expenditure

As stated earlier in this report the charge for the provision of ICT support and maintenance by Cardiff Council has been charged to Support Services whereas the budget for this charge is within Supplies and Services.

Income

The income target budgeted for in 2011/2012 was exceeded by more than £8,000. Additional income was received from the hire of rooms, catering and conservation. Interest earned for the year on the Committee's cash balances was £3,222. Grant received from CYMAL to cover costs associated with the employment of an Administrative Officer was £2,962 less than budgeted in line with a reduction in the costs incurred.

Conserving Local Authority Heritage

The Service has in place a grant agreement with the Heritage Lottery Fund to provide practical work based skills training opportunities in digitisation, research and local history, basic conservation and community engagement. It is a 3 year agreement of which 2011/2012 was year 1. In this year costs of £25,964 were financed using part of the overall £224,400 grant awarded.

Guide to the Financial Statements

Statement of Accounting Policies (pages 8 -11)

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

Critical Assumptions in Applying Accounting Policies (page 12)

Examples of assumptions applied to material transactions affecting accounting policies of the Joint Committee.

Statement of Responsibilities (page 13)

This sets out the responsibilities of the Joint Committee and the arrangements for the preparation of the Statement of Accounts. The Statement is to be signed by the Joint Committee Chair on behalf of the Committee.

Certificate of the Chief Corporate Services & Section 151 Officer (page 14)

This is the certificate of the true and fair presentation of the accounts by the Chief Corporate Services & Section 151 Officer

Comprehensive Income and Expenditure Statement (page 15)

This statement is prepared in accordance with generally accepted accounting practices to record the day-to-day expenditure on an accruals basis on items such as salaries and wages, running costs of the service and income received in order to calculate the net operating expenditure of the Glamorgan Archives. .

Movement in Reserves Statement (page 16)

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (ie those that can be applied to fund expenditure) and other reserves.

Balance Sheet (page 17)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee.

Cash flow Statement (page 18)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Notes to the Accounts (pages 19 - 25)

These notes provide any further analysis required to explain those figures contained in the financial statements.

Annual Governance Statement (pages 26 - 32)

This statement sets out the framework within which the Glamorgan Archives Joint Committee manages and reports on the effectiveness of its system of internal controls. It outlines the main components of the system including details of the other parties involved in ensuring that internal control is exercised.

Statement of Accounting Policies

In accordance with the Accounts and Audit (Wales) Regulations 2005, this Statement of Accounts summarises the Joint Committee's transactions for the 2011/2012 financial year and its position at the year end of 31 March 2012. The accounts are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and supported by International Financial Reporting Standards (IFRS).

1. Heritage Assets

A new accounting policy for Heritage Assets was incorporated into the Code of Practice on Local Authority Accounting in 2011/12. There has been no financial impact of this in the accounts.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

3. Property, Plant and Equipment

Recognition:

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised on an accruals basis in the accounts. A de-minimis policy for recording assets in the asset register is £50,000 for Plant & Equipment.

Measurement:

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use.

Assets are then carried in the Balance Sheet using the following measurement bases:

Operational Land & Buildings are included in the balance Sheet at Fair value (EUV). Vehicles, plant, furniture & Equipment have been valued on the basis of Historic Cost, depreciated over its useful life.

Land and buildings were valued when they became operational and will be re-valued at least every 5 years.

Depreciation:

Depreciation is provided for on all Property, Plant & Equipment assets by an allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets). A full year's depreciation is charged on Capital Expenditure incurred in the year.

Operational buildings have been depreciated on a straight-line basis over the estimated life of the asset. It has been assumed that the new Glamorgan Archives building has a useful life of 40 years.

Vehicles, plant, furniture & equipment have been depreciated on a straight-line basis over the useful life of the asset, which in this instance is between 7 and 15 years.

Impairment:

Assets are assessed at each year-end as to whether there is any indication that an asset may be reduced in value. Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written out to the Comprehensive Income and Expenditure Statement
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Community Assets:

Archived records held by the Service have been deemed as community assets as they meet the criteria set by CIPFA. Community assets are usually valued in the balance sheet at historic cost. However, the records acquired by the Joint Committee are mainly of an archival value therefore no entry has been made in the Statement of Accounts. Some of these records are owned by the Joint Committee and some are held on behalf of other people or organisations.

4. Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement.

5. Retirement Benefits

International Accounting Standard 19 (IAS 19) "Employee Benefits" requires that the accounts reflect the cost of retirement benefits in the period the Local Authority (or Joint Committee) is committed to paying them and not simply in the period the benefits are paid.

The Joint Committee does not have the legal power to directly employ staff. Staff involved in Joint Committee activities are therefore employed by a constituent authority. Each constituent authority participates in a defined benefit pension scheme. The Joint Committee meets the cost of the actual pension contributions

and accounts for them in the income and expenditure account. Pension costs are therefore accounted for as if contributions had been made to a defined contribution pension scheme because it is not possible to determine the underlying assets and liabilities in the schemes relating to the staff involved in Joint Committee activities on a reasonable and consistent basis. Therefore, no liability for future payments of benefits is recognised in the Balance Sheet.

6. Grants - Revenue

Grants and other contributions relating to revenue expenditure are accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when there is reasonable assurance that :

- the conditions for their receipt have been complied with
- the grant or contribution will be received.

The accounting treatment will vary depending on whether it is deemed that conditions inherent in the agreement have been complied with. Monies advanced as grants for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

7. Inventories

Inventories are measured and held at the lower of cost or net realisable value and relates mainly to publications, maps and posters. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as an expense in the Comprehensive Income and Expenditure Statement.

8. Operating Leases - The Joint Committee as a Lessee

Payments for operating leases are charged to the revenue account on an accruals basis. The charges are made evenly throughout the period of the lease.

9. Overheads and Support Services Costs

An element of central departmental support of Cardiff Council is allocated to the Service on a basis of the estimated time spent by staff on Glamorgan Archives work or on proportional use of internal systems. Charges will be reviewed annually.

10. Value Added Tax

The Comprehensive Income and Expenditure Statement has been prepared exclusive of Value Added Tax. The Joint Committee is not separately registered for VAT and therefore the net value of VAT incurred is recoverable from HM Revenue & Customs under the umbrella of Cardiff Council's VAT registration.

11. Reserves

The Joint Committee holds one usable reserve. This General reserve is used to hold accumulated operational surpluses which can be used to fund future expenditure and as a contingency against unforeseen events. The Joint Committee also holds

certain unusable reserves to manage the accounting processes for non-current assets, and employee benefits. These do not represent usable resources for the Joint Committee.

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Critical Assumptions in Applying Accounting Policies

Accounting policies are only applied to material transactions of the Joint Committee. In applying policies, the Committee has had to make certain assumptions about complex transactions or those involving uncertainty about future events. Examples of critical assumptions made in the Statement of Accounts are:

Fixed Interest Rate

Due to the nature of the Joint Committee, Property, Plant & Equipment shown in the balance sheet are owned by the six contributing authorities. Each of the individual authorities has their own arrangements for the funding of their share of the Property, Plant & Equipment. As the entries in the Glamorgan Archives Statement of Accounts for interest payable is a notional charge only a fixed interest rate of 5.3% has been assumed in the calculations based on Cardiff Council's average rate of borrowing. In reality each individual authority will have their own arrangements for the repayment of their individual borrowing.

Fixed Prudent Minimum Revenue Provision

The repayment terms (Prudent Minimum Revenue Provision) for the borrowing funded by the Constituent Authorities are assumed to be 4% of the original principal outstanding on a straight line basis.

Statement of Responsibilities

The Joint Committee's responsibilities

The Joint Committee is required to:

- Make arrangements for the proper administration of its financial affairs, and to secure that an appropriate officer has the responsibility for the administration of those affairs. In 2011/2012 this officer was Christine Salter, Chief Corporate Services & Section 151 Officer of Cardiff Council.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Signature: _____ **Date:** _____

Chair
Glamorgan Archives Joint Committee

The Chief Corporate Services & Section 151 Officer's Responsibilities

The Chief Corporate Services and Section 151 Officer is responsible for the preparation of the statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing the Statement of Accounts, the Chief Corporate Services & Section 151 Officer has:

- Selected suitable accounting policies, and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.

The Chief Corporate Services & Section 151 Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Chief Corporate Services & Section 151 Officer as Treasurer of the Joint Committee

I certify that the foregoing Statement of Accounts presents a true and fair view of the financial position of the Joint Committee at 31st March 2012 and its income and expenditure for the year then ended.

Signed: Christine Salter

Date: 22 June 2012

Christine Salter
Chief Corporate Services & Section 151 Officer

Comprehensive Income and Expenditure Statement for the year ended 31st March 2012

2010/2011 £		2011/2012 £	Note
490,552	Staff costs	545,887	1
200,858	Premises	186,705	
5,586	Transport	8,202	
124,996	Supplies and Services	113,023	
0	Third Party Payments	6,345	
24,000	Central Departmental Support	37,700	
442,053	Capital Charges	226,636	7
1,288,045	Operating Expenditure	1,124,497	
(1,536,470)	Contributions from Local Authorities	(1,459,535)	2
0	Grant income	(27,944)	
(23,979)	Fees and Charges	(20,229)	
(1,560,449)	Operating Income	(1,507,708)	
(272,404)	Net Cost of Services	(383,211)	
(1,996)	Interest and Investment Income	(3,222)	5
343,736	Interest Payable	331,892	
341,740	Financing and Investment Income & Expenditure	328,671	
69,336	Surplus/(Deficit) on Provision of Services	(54,541)	
0	Other Comprehensive Income & Expenditure	0	
69,336	Total Comprehensive Income & Expenditure	(54,541)	

Movement in Reserves Statement for the year ended 31st March 2012

	Usable Reserves *	Unusable Reserves	Total Reserves
	£	£	£
Balance at 31 March 2010	(571,130)	(1,870,374)	(2,441,504)
<u>Movement in Reserves during 2010/2011</u>			
Surplus or Deficit on Provision of Services	69,336	0	69,336
Other Comprehensive Income & Expenditure	0	0	0
Total Comprehensive Income & Expenditure	69,336	0	69,336
Adjustments between Accounting Basis & Funding Basis under regulations (note 20)	(167,918)	167,918	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(98,582)	167,918	69,336
Transfers To / From Earmarked Reserves	0	0	0
Increase / Decrease in 2010/2011	(98,582)	167,918	69,336
Other movement in reserves	0	(51,443)	(51,443)
Balance at 31st March 2011 Carried Forward	(669,712)	(1,753,899)	(2,423,611)
<u>Movement in Reserves during 2011/2012</u>			
Surplus or Deficit on Provision of Services	(54,541)	0	(54,541)
Other Comprehensive Income & Expenditure	0	0	0
Total Comprehensive Income & Expenditure	(54,541)	0	(54,541)
Adjustments between Accounting Basis & Funding Basis under regulations (note 20)	53,189	(53,189)	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(1,352)	(53,189)	(54,541)
Transfers To / From Earmarked Reserves		0	0
Increase / Decrease in 2011/2012	(1,352)	(53,189)	(54,541)
Other movement in reserves		0	0
Balance at 31st March 2012 Carried Forward	(671,064)	(1,807,088)	(2,478,152)

* Glamorgan Archives General Reserve

Balance Sheet as at 31st March 2012

31/03/2011 £		31/03/2012 £	Note
8,005,000	Land and Buildings	7,807,500	8
156,059	Vehicle, Plant, Furniture & Equipment	126,923	
8,161,059	Property, Plant & Equipment	7,934,423	
20,890	Inventories	19,313	9
2,860	Short Term Debtors	323,956	
881,516	Cash & Cash Equivalents	379,658	
905,266	Current Assets	722,927	
(241,537)	Short Term Creditors	(50,944)	10
(241,537)	Current Liabilities	(50,944)	
(6,401,177)	Long Term Borrowing	(6,123,055)	14
0	Provisions	(5,200)	
(6,401,177)	Long Term Liabilities	(6,128,255)	
2,423,611	NET ASSETS	2,478,152	
(669,712)	Usable Reserves - General	(671,064)	11
(1,759,882)	Capital Adjustment Account	(1,811,368)	12
5,983	Accumulated Absences Account	4,280	13
(1,753,899)	Unusable Reserves	(1,807,088)	
(2,423,611)	TOTAL RESERVES	(2,478,152)	

Cashflow Statement for the Year Ended 31st March 2012

31/03/2011		31/03/2012	Note
£		£	
69,336	Net (Surplus) /Deficit on the provision of services	(54,541)	
(352,745)	Adjust net surplus or deficit on the provision of services for non-cash movements	559,621	15
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0	
(283,409)	Net cash flows from operating activities	505,080	
(1,996)	Interest Received	(3,222)	
	Net cash flow from other operating activities		
0	Investing activities	0	
0	Financing activities	0	
(285,405)	Net (increase)/ decrease in cash and cash equivalents	501,858	
596,111	Cash and cash equivalents at the beginning of the reporting period	881,516	
881,516	Cash and cash equivalents at the end of the reporting period	379,658	

Cardiff Council administers all cash transactions, as the Glamorgan Archives does not operate its own bank account.

Notes to the Statement of Accounts

1. Officers' Remuneration

Under the Accounts and Audit (Wales) Regulations 2005 as amended, Local Authorities and Joint Committees must disclose in their accounts the number of staff whose remuneration exceeded £60,000 (listed in ranges, in multiples of £5,000). For the purpose of this disclosure, remuneration includes gross pay, employer's National Insurance contributions, redundancy payments etc., but excludes employer's Pension Contributions.

No individual member of staff received remuneration in the year above £60,000.

The total staff costs for the year were £545,887 analysed as follows:

	£
Pay	404,619
Pension costs	78,562
National Insurance	26,710
Agency Staff	23,802
Indirect employee costs	12,194
Total staff costs	545,887

Some staff have opted to participate in the Cardiff & Vale of Glamorgan Pension Fund, which is part of the Local Government Pension Scheme (LGPS).

2. Contributions Received

The joint agreement provides for contributions towards estimated expenditure for each year to be notified in advance to each Authority and to be made in two instalments.

Contribution rates have been agreed in proportion to the relevant populations of each Authority as per the 2001 Census and were calculated as follows for 2011/2012.

Authority	Population	%	Cash Contribution based on Population % £	Notional Contribution based on Debt Funding £	Total Contribution £
Bridgend	130,600	14	118,933	109,215	228,148
Cardiff	305,200	32	271,846	101,938	373,784
Merthyr Tydfil	59,700	6	50,971	24,560	75,531
Rhondda Cynon Taf	238,900	25	212,381	195,027	407,408
Caerphilly	104,300	11	93,447	85,812	179,259
Vale of Glamorgan	118,800	12	101,943	93,462	195,405
	957,500	100	849,521	610,014	1,459,535

3.Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, there is a duty to disclose any material transactions with a “related party”. This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

The Glamorgan Archives Service is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee currently has 18 members in total, of which 16 are elected members, with voting rights.

During 2011/2012, Glamorgan Archives was charged £37,700 by Cardiff Council in respect of Central Departmental Support.

Cardiff Council also holds cash on behalf of Glamorgan Archives in its role as Lead Authority. The total cash balance held by Cardiff Council on behalf of Glamorgan Archives at 31st March 2012 is £379,657.55.

4.Audit Fees

The Income & Expenditure Account includes an accrual of £3,200 in respect of the anticipated cost of external audit services to be carried out by the appointed Auditor with respect to the 2011/2012 accounts.

5.Interest Receivable and Payable

Interest is received on the balance invested by Cardiff Council on behalf of the Glamorgan Archives. During 2011/2012 interest was earned on the balance of the General Reserve.

Interest is payable, notionally, on the borrowing undertaken by constituent authorities to pay for their share of the Glamorgan Records Office. There is an equal and opposite entry in the contributions from Local Authorities line to ensure that this has no net revenue impact.

6. Leases

The following table shows expenditure in respect of operating leases for 2011/2012 and commitments through to 2012/2013.

Operating Leases	2010/2011	2011/2012	2012/2013
	£	£	£
Land & Buildings	0	0	0
Vehicles	3,123	2,840	3,123
Plant & Equipment	4,311	4,532	4,105
	7,434	7,372	7,227

Glamorgan Archives does not have any Finance Lease agreements.

7. Capital Charges

	2010/2011	2011/2012
	£	£
Depreciation	226,636	226,636
Impairment	215,417	0
	442,053	226,636

Depreciation has been charged on operational land & buildings (£197,500) and vehicles, plant, furniture & equipment (£29,136). Depreciation has been charged on a straight-line basis over the estimated useful life of the asset which, in the case of the new building, is 40 years.

8. Movements in Property, Plant and Equipment

	Land & Buildings	Plant & Equipment	Total
	£	£	£
Gross Book Value	8,454,657	224,710	8,679,367
Accumulated Depreciation	(395,000)	(68,651)	(463,651)
Additions & Impairment	(54,657)	0	(54,657)
Net Book Value at 1st April 2011	8,005,000	156,059	8,161,059
Reclassification	0	0	0
Additions	0	0	0
Impairment	0	0	0
Other revaluation	0	0	0
Depreciation	(197,500)	(29,136)	(226,636)
Net Book Value at 31st March 2012	7,807,500	126,923	7,934,423

9. Short Term Debtors

Short Term Debtors in the Balance Sheet consists of:

2010/2011	Debtor Category	2011/2012
£		£
0	Central Government Bodies	288
1,996	Other Local Authorities	320,948
0	NHS Bodies	0
0	Public Corporations & Trading Funds	0
864	Other Entities and Individuals	2,720
2,860		323,956

10. Short Term Creditors

Short Term Creditors in the Balance Sheet consists of:

2010/2011 £	Creditor Category	2011/2012 £
7,297	Central Government Bodies	0
3,065	Other Local Authorities	6,345
0	NHS Bodies	0
0	Public Corporations & Trading Funds	3,200
231,175	Other Entities and Individuals	41,399
241,537		50,944

11. General Reserve

The balance on the General Reserve at 31st March 2012 was £671,064. This reserve is available for general use by Glamorgan Archives in future years. It is an accumulated working balance and is not ring fenced for any particular activity.

Movements on Glamorgan Archives General Reserve	2010/2011 £	2011/2012 £
Balance Brought Forward at 1 st April	(571,130)	(669,712)
Revenue Surplus	(98,582)	(1,352)
Balance as at 31st March	(669,712)	(671,064)

12. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

Movements on Capital Adjustment Account	2010/2011 £	2011/2012 £
Balance as at 1st April	(1,872,369)	(1,759,882)
New Building – Capital Receipts	(51,443)	0
Minimum Revenue Provision	(278,123)	(278,122)
Impairment	215,417	0
Depreciation	226,636	226,636
Balance as at 31st March	(1,759,882)	(1,811,368)

13. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to and from the Account.

2010/2011 £		2011/2012 £
1,995	Balance at 1 April	5,983
3,988	Amount by which remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	(1,703)
5,983	Balance at 31 March	4,280

14. Borrowing

Borrowing is included in the Glamorgan Archives balance sheet to reflect the method of funding used by some constituent authorities to contribute to the New Glamorgan Archives Building. These are notional entries only as the Joint Committee does not have any borrowing powers of their own.

	2009/2010 £	2010/2011 £	2011/2012 £
Balance as at 1st April	(2,946,090)	(6,569,982)	(6,401,177)
New Expenditure funded by Borrowing	(3,897,641)	(109,318)	0
Repayment in Year	273,749	278,123	278,122
Balance as at 31st March	(6,569,982)	(6,401,177)	(6,123,055)

15. Reconciliation of the Comprehensive Income and Expenditure Account to Cashflow

2010/2011 £		2011/2012 £
(442,053)	Depreciation and Impairment	(226,636)
278,123	Prudent MRP (Borrowing Repayment)	278,122
0	(Increase)/Decrease in Provisions	(5,200)
(180,651)	(Increase)/Decrease in Creditors	190,593
(9,899)	Increase/(Decrease) in Debtors & Prepayments	321,096
(261)	Increase/(Decrease) in Inventories	(1,577)
0	Non cash adjustments	0
1,996	Financing Items	3,222
(352,745)	Cash (Inflow)/Outflow from Revenue Items	559,621

16. Insurance

The Glamorgan Archives building and its contents are currently insured under Cardiff Council's 'block' property insurance policy. Cover is for 'standard' perils of Fire, Storm, Flood, Theft etc. Cardiff Council has placed its insurance for artwork/restoration type covers and will now look at the option of extending this cover together with an overall package written specifically for Glamorgan Archives.

The unique and potentially irreplaceable material deposited with the Service has meant that the current insurance arrangements do not fully cover all deposits should a disaster or theft occur. This position has arisen due to difficulties in placing a value on deposits upon which an insurance policy can be based.

From consultation with similar service providers, the above scenario is one that is prevalent across the industry. A review is on going by the Authority (in tandem with its Insurance Broker) to investigate possible means of providing further insurance provision for the relevant archived deposits.

17. Job Evaluation / Single Status

Glamorgan Archives employees transferred onto Cardiff Council employee terms and conditions during 2010/2011. Cardiff Council, in line with other Welsh Councils has undergone a Pay and Grading Review as part of the Single Status Agreement and 2004 National Pay Award Agreement. Job Evaluation is the key to establishing a fair and transparent grading structure throughout the Council. This was implemented on 1st April 2012, backdated to 1st April 2011. The 2011/2012 income and expenditure account includes the financial effect of implementing this review.

18. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	Usable Reserves General Reserve 2010/2011	Unusable Reserves 2010/2011
Charges for Depreciation of Non-Current Assets	(226,636)	226,636
Charges for Impairment of Non-Current Assets	(215,417)	215,417
Minimum Revenue Provision	278,123	(278,123)
Accumulated Absences	(3,988)	3,988
Total Adjustments	(167,918)	167,918

	Usable Reserves General Reserve 2011/2012	Unusable Reserves 2011/2012
Charges for Depreciation of Non-Current Assets	(226,636)	226,636
Charges for Impairment of Non-Current Assets	0	0
Minimum Revenue Provision	278,122	(278,122)
Accumulated Absences	1,703	(1,703)
Total Adjustments	53,189	(53,189)

19. Heritage Assets

The code for 2011-12 includes new accounting guidance in respect of Heritage Assets. Heritage assets are defined as assets of historic, artistic or scientific importance that are maintained principally for their contribution to knowledge and culture at either a national or local level. This requires their identification, recognition and disclosure in the accounts where relevant and material. Previously, heritage assets were either recognised as community assets (at cost) in the property, plant and equipment classification in the balance sheet, or were not recognised at all, due to the difficulties in obtaining a valuation.

Glamorgan Archives (GA) has no material intangible heritage assets however it does hold tangible heritage assets which can be identified into the following main categories:

- papers

- plans
- photographs
- parchments
- personal diaries
- council minutes

GA holds assets and data accumulated over time.

Recognition, Measurement, Impairment and Depreciation

Given the nature of Heritage assets, determining a value for them is complex. Valuations may lack reliability, there may be no market, providing an estimate of replacement cost may be difficult and the cost of determining a valuation for accounting purposes only may not be justified on cost benefit grounds. These difficulties are recognised by the Code.

Heritage assets have not been recognised in the accounts. No valuations are recorded by GA for Heritage assets. There is therefore no impairment or depreciation costs.

Policy on acquisitions, disposals, care and conservation

Glamorgan Archives exists to collect, preserve and provide access to records that relate to the people and places of the former counties of Mid and South Glamorgan. They are always keen to acquire records of historical significance. A [Collection Policy](#) exists which outlines the sort of records that they collect.

Records can be given to the Archives in a number of ways.

- By **gift**, where ownership of the material passes to the Glamorgan Archives Joint Committee on behalf of its constituent authorities.
- On **deposit**, where you retain the ownership of the items in question. Depositors enter into an agreement with the Glamorgan Archives regarding the use, retention and preservation of these items. This agreement is outlined in the [terms of deposit](#) policy document which also outlines the policy on disposals.
- **Transfers** from constituent Local Authorities of records selected for permanent preservation.

The majority of holdings are on deposit so are not actually owned by Glamorgan Archives or the funding Local Authorities.

All documents are stored in secure strong rooms in carefully controlled atmospheric conditions to preserve them for the future, always adhering to the [Preservation Policy](#).

Annual Governance Statement: Glamorgan Archives Joint Committee

Scope of Responsibility

Glamorgan Archives was established in 1939 to serve the former County of Glamorgan. It has operated as a joint service since 1974 when it continued to provide archive services to the newly created Mid, South and West Glamorgan. West Glamorgan County Council withdrew from the joint agreement in 1992 and thus in 1996, on Local Government re-organisation, the served area became Mid & South Glamorgan.

Glamorgan Archives is now a partnership between Bridgend CBC, Caerphilly CBC (for the former Rhymney Valley DC), the City and County of Cardiff, Merthyr Tydfil CBC, Rhondda Cynon Taf CBC, and the Vale of Glamorgan Council. These Authorities appoint representatives to the Joint Committee, pro rata to population, each of which have voting rights. The most recent Joint Archives Agreement was formally signed by the six Local Authority partners in April 2006 and covers a period of 25 years from the date of occupation of the new Glamorgan Archives building in Leckwith.

The partnership aims to provide an Archive Service to collect, preserve and make accessible documents relating to the area it serves, and which will ultimately maintain the corporate memory of its constituent Local Authorities.

Cardiff Council is responsible for ensuring that its business and that of the Joint Committee, for which it has administrative responsibility, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.

This statement is a reflection of the principles set out in the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government and also meets the requirements of regulation 4 of the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a statement on internal control by the Glamorgan Archives Joint Committee.

The Purpose of the Governance Framework

The Governance Framework comprises the systems and processes, and culture and values by which the Joint Committee is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The aim is, therefore, to provide reasonable, rather than absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Glamorgan

Archives' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The Governance Framework

The Joint Committee's key objectives are laid out in its Partnership Agreement which details how the six Authorities will work together to deliver the Glamorgan Archives Service. This includes an agreement on the financial commitments of the Councils, including making available sufficient internal funds to cover their share of the Service, as well as the liabilities of each Council.

In order to effectively deliver its priorities, the following components are in place to make up the overall Internal Control Framework:

- The Facilitation of Policy and Decision Making
- Establishing and Monitoring of Objectives
- Performance Management and the Reporting of Performance Management
- Compliance with Established Policies, Procedures, Laws and Regulations
- Identifying, Assessing and Managing the Risks to the Services objectives
- The Economical, Effective and Efficient Use of Resources and Securing Continuous Improvement in the Way Functions are Exercised
- The Financial Management of the Archives Service

The Facilitation of Policy and Decision Making

The Glamorgan Archives Joint Committee has decision-making powers as stipulated in the Joint Agreement. Committee membership of the Glamorgan Archives joint committee comprises of nominated Members of the authorities participating in the joint arrangement together with other co-opted members. Voting rights are only assigned to Local Authority Members. This framework provides an assurance that all decisions taken comply with relevant policies, procedures, laws and regulations.

Glamorgan Archives Joint Committee shall:

- Provide, maintain, administer and develop the Service.
- Appoint a duly qualified Archivist to manage the Service.
- Provide and administer accommodation, offices and buildings as are necessary for the purpose of providing the Service.
- Have delegated powers and duties in connection with the care, preservation, maintenance and management of archived records.
- Approve an annual business plan.
- Approve a draft annual budget for submission to each Partner Authority.
- Only approve spending within the agreed annual budget.

The Glamorgan Archives Joint Committee does not:

- Have the power to set an annual budget.
- Have the power to borrow money.

Establishing and Monitoring of the Committee's objectives

Each year the Glamorgan Archivist prepares a plan which includes key aims and objectives. Where available it includes a target completion date and also identifies management responsibilities for each key objective.

Performance Management and the Reporting of Performance Management

Performance against this plan is monitored at a local level and is regularly reported to the Joint Committee. This will enable Members to track progress against the key aims and objectives, monitor performance against targets and approve or support remedial action where required.

Compliance with Established Policies, Procedures, Laws and Regulations

Glamorgan Archives is managed and administered by the Joint Archives Committee under powers conferred by the Local Government (Records) Act 1962. This Act empowers all Local Authorities in Wales to make records in their possession available for study and to contribute towards the expenses of persons looking after local records.

The Local Government Act 1972 Section 224 requires all principal councils to make proper arrangements for the care and preservation of any documents which belong to them or are in their custody and permits those Councils to discharge these functions through Joint Committees.

The Local Government (Wales) Act 1994 Section 60 states that councils can buy local records or accept them by way of gift or loan.

Since April 2009 Cardiff Council's policies and procedures have been adopted.

Identifying, Assessing and Managing the Risks to the Services' objectives

Until recently the risk to service delivery has been identified as failure to provide appropriate accommodation. The risk register has concentrated on the provision of such accommodation and the risks associated with its procurement and the management of the building programme. Now that this has been achieved the risks to service delivery are identified and managed through the annual plan while a more detailed register is being developed for managing the new building.

The Economical, Effective and Efficient Use of Resources and Securing Continuous Improvement in the Way Functions are Exercised

Cardiff Council, as host Authority, is responsible for ensuring that the operational budget is managed by the Archives Service. Advice is available on ways of obtaining greater value for money which is key to meeting the challenges of improving the Service within the resources available.

Cardiff Council procurement can offer support in ensuring that all procurement activities operate within the context of value for money, efficiency and continuous improvement.

The Financial Management of the Glamorgan Archives Service

The system of financial management is based on a framework of regular management information, Financial Procedure Rules and a system of delegation and accountability. The Glamorgan Archives budget is managed within this framework. All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues.

The Financial Procedure Rules are those of Cardiff Council as host Authority and these can be found on the Council's intranet site. Not all the rules apply to the Archives as many are specific to the role of the Council. The key controls for financial management are to ensure that it is promoted and reviewed for compliance.

Financial Management includes:

- Forecasting & monitoring budgets on a periodic basis with regular financial reports
- Setting targets to measure financial and other performance
- Clearly defined expenditure guidelines
- Maximisation of external income

Responsibility for management and financial information reporting rests with Cardiff Council and the Glamorgan Archivist.

The Committee's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Review of the Effectiveness of the System of Internal Control

Any review of the effectiveness of the system of internal control is in the main informed by external and internal audits.

External Audit

The Wales Audit Office undertakes the external audit requirements of the Glamorgan Archives Service. Reports are prepared, in relation to audit, under the relevant enabling legislation and the responsibilities detailed in the Code of Audit Practice, and in the context of the 'Statement of Responsibilities', issued by the Auditor General for Wales.

Internal Audit

Cardiff Council operates an independent internal audit function whose role is to review internal control arrangements. This function operates under the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the UK.

No internal audit was undertaken during 2011/2012. However, an audit will be undertaken during 2012/2013 which will provide an independent opinion on the adequacy and effectiveness of Internal Control within Glamorgan Archives. The audit report produced will determine whether the controls in place are satisfactory and will make any necessary recommendations to enhance internal controls and provide greater assurance.

Significant Governance Issues

To the best of our knowledge, the System of Internal Control, as summarised above, operated effectively throughout 2011/2012 and continues to operate effectively at the current time. No internal control issues were identified during 2011/2012.

Monitoring

No significant issues were identified throughout the year however, should any significant issues have arisen processes would have been in place to manage and monitor these.

Certification by the Chair of Glamorgan Archives Joint Committee and the Glamorgan Archivist

The Chief Corporate Services & Section 151 Officer who acts as Treasurer to the Glamorgan Archives Joint Committee and the members of the Joint Committee are

content that the process followed has been robust and has ensured the engagement of the Archives Services' partnering Authorities.

A review of the effectiveness will be developed and undertaken during 2012/2013 to maintain continuous improvement in the system of internal control.

On the basis of this process we certify that we approve the Annual Governance Statement for 2011/2012

Signature: _____ Date: _____

Chair
Glamorgan Archives Joint Committee

Signature: _____ Date: _____

Susan Edwards
Glamorgan Archivist

Independent Auditor's Report to the Members of Glamorgan Archives Joint Committee

The Independent auditor is Wales Audit Office. The above statements reflect the unaudited position as at the date of publication.

DRAFT