

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

**THE GLAMORGAN ARCHIVES
JOINT COMMITTEE
15th September 2017**

REPORT OF:

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

AGENDA ITEM NO.
2017-2018 BUDGET MONITORING

PURPOSE OF REPORT

1. This report provides members with the actual expenditure and income up to July 31st 2017 and projected full year revenue outturn for the current financial year 2017/2018.

PROJECTED OUTTURN POSITION FOR FINANCIAL YEAR 2017/2018

2. **Appendix 1** details the position for the financial year 2017/2018, as forecast at 31st July 2017. This is summarised in the table below.

Table 1: Projected Outturn 2017/2018 (at Month 4)

	Budget £	Actual to date £	Projection £	Variance £
Expenditure				
Employees	521,720	176,350	547,911	26,191
Premises	264,490	199,367	271,464	6,974
Transport	1,450	280	1,430	(20)
Supplies & Services	34,690	9,029	45,357	10,667
Third party Payments	0	0	0	0
Support Services	33,900	525	33,025	(875)
GROSS EXPENDITURE	856,250	385,551	872,157	15,907
Income	(152,250)	(31,739)	(199,937)	(7,687)
Contribution from reserves	(50,000)		(50,000)	
NET EXPENDITURE	654,000	353,813	649,250	(4,750)

3. The full year spend is projected to be £649,250 representing an underspend of £4,750 against the approved budget of £654,000. Reasons for the main variances are given below:

Employees (+ £26,191)

4. Employee costs are projected to be higher than the £521,720 that was budgeted. This in part is due to the cost of agency staff and staff training expenses. These costs however are expected to be offset through grant income from the Wellcome Trust. Another reason for the increase is the appointment of a new grade 6 Project Archivist who joined the team in September. Their costs have been calculated pro rata for the remainder of the year.

Finally, apprenticeship levies were introduced in April 2017 and apply to every employer in the UK with a paybill of over £3 million per annum, including Cardiff Council. These are calculated based on employee costs but there is an allowance of £15,000 that offsets some of the levy and the Archives have benefitted from their share of this. To date, the cost for the Archives is £491 and although this may fluctuate slightly depending on staff numbers, it is expected that the cost will stay relatively the same.

Premises (+ £6,974)

5. It is anticipated that there will be a net overspend on premises costs. The significant variances are detailed below.
 - Repairs, alterations and maintenance are predicted to overspend by £10,000 this year and this is largely due to ongoing chiller repairs and maintenance as well as boiler and toilet repairs. This overspend has however been mostly offset by an underspend on both electricity and gas.
 - The electricity expense has been projected at £25,000 which is an underspend of £3,000. Solar panels were introduced in 2015/16 which have resulted in costs decreasing.
 - Gas expenditure had an underspend last year of almost £7,000 and therefore the budgeted cost of £11,400 has been considered too high. Consequently there is an underspend projected of £5,400.
 - Finally, security measures also have a projected overspend of £3,334 but this cost includes both the cameras and the security contracts that are in place.

Transport (Balanced)

6. The projections for transport hire are £350 more than budgeted but this is offset by reduced car allowances and increased income from staff rail season ticket loans.

Supplies & Services (+£10,667)

7. There is an overspend projected on supplies and services and the main variances are explained below.
 - There was no budgeted spend for office equipment but unforeseen circumstances meant that new laptops and SD cards had to be purchased. There was also a charge for the disposal of old equipment. As a result, there is now an overspend showing of £4,202 against purchase and repair of office equipment.
 - Conservation has an overspend of £10,000 with a projection for the year of £15,000. This has been projected based on the overspend last year. Items needed for conservation include specialist papers and chemicals and as these are needed as and when, it is not always possible to accurately budget for them. This overspend will be offset by grant income.
 - Catering sundries are projected as £2,500 for 2017/18 which is an underspend of £2,500 and this is due to a reduced number of meetings. This has also impacted upon the income from food which is mentioned later in the report.
 - Central telephone charges have been projected for the rest of the year based on the usage to date and therefore there is an underspend projected of £940.

Support Services (- £875)

8. There is an underspend on the projected outturn for Support Services. Significant variances are outlined below.
 - Accountancy is no longer split between Service and Technical as these are now grouped together. There is a £5,000 underspend projected against Accountancy and this is due to a change of workload between the relevant accountants.
 - There is an overspend of £4,000 projected for Human Resource charges and this is based on last year's outturn position.
 - An underspend is also expected for Payroll, Payments, Audit and Procurement and again this is based on last year's outturn position.

Income (- £47,687)

9. The projected income is £47,687 higher than budgeted. Explanations for the most significant variances are given below.

- There is additional projected income of £714 from an Archives and Records Council Wales (ARCW) grant which was not budgeted for at the beginning of the year. This will be used to offset the staff training costs which include attendance at the ARCW conference.
- Publications, photocopy sales and course fees are all currently projected to make shortfalls this year and this is based on both the current position and the outturn from last year which was lower than expected.
- Income from food is expected to come in under budget by £5,000. This is because of service users opting for refreshments over buffet lunches when using the meeting rooms. This also links back to the reduced expenditure on catering sundries.
- Royalties are estimated to make a shortfall on income of £7,850. There is additional projected income of £57,223 against sundry charges and income but this mostly relates to an additional grant from New Burdens which is due within the year. This grant will be used to cover the costs of two Cardiff Works employees who are already in post and therefore their costs are included within the employee total of £547,911.

Local Authority Contributions

10. On the basis of the projected outturn for 2017/18 as detailed in this report, the Local Authority contributions to fund the Service will be in line with the budgeted contributions as previously notified to the Committee. Bills for the first half of 2017/18 have now been raised in line with budget.

FINANCIAL IMPLICATIONS

11. An underspend of £4,750 is projected for 2017/2018 based on the position as at Month 4. This will continue to be reviewed in the regular monitoring meetings between the Glamorgan Archivist and Cardiff Council Accountancy Officers.
12. The General Reserve as of 31st March 2017 stands at £262,895. The Budget for 2017/18 determined that £50,000 would be used from reserves to balance the budget. Should expenditure exceed that budgeted then it will be necessary to draw upon the General Reserve of which £212,895 will be available.
13. Any underspend will be contributed to the General Reserve in order to maintain the reserve level.
14. Going forward, the assumption is that for the forthcoming 2018/19 financial year a contribution of £25,000 would be required from the reserve to balance the budget, and that no contribution would be required in 2019/20. The anticipation, as per the 2016/17 budget report, was that this would ensure that the reserve balance is reduced to an appropriate level of circa £100,000. In light of the potential for a reserve balance in excess of £100,000 by the end of 2018/19, it will be necessary to

continue to review the medium term position and consider whether increased reserve contributions are required in balancing the budget.

LEGAL IMPLICATIONS

15. There are no legal implications arising from this report.

RECOMMENDATIONS

It is recommended to members that they:

- Note the projected full year outturn position for 2017/2018 as detailed in this report.

Christine Salter

Treasurer to the Glamorgan Archives Joint Committee