

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

**THE GLAMORGAN ARCHIVES  
JOINT COMMITTEE  
16<sup>TH</sup> December 2016**

**REPORT OF:**

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

	AGENDA ITEM NO.
<b>2016-2017 BUDGET MONITORING &amp; 2017-2018 BUDGET PROPOSALS</b>	

**PURPOSE OF REPORT**

1. This report provides members with the projected full year revenue outturn for the 2016/17 financial year. It also details the proposed revenue budget for 2017/18.

**PROJECTED OUTTURN POSITION FOR FINANCIAL YEAR 2015/16**

2. Appendix 1 details the position for the 2016/17 financial year, as forecasted at 31<sup>st</sup> October 2016. This is summarised in the table below.

**Table 1: Projected Outturn 2016/17 (at 31<sup>st</sup> October 2016)**

	Budget	Actual to date	Projection	Variance
	£	£	£	£
<b>Expenditure</b>				
Employees	450,440	310,434	538,311	87,871
Premises	288,200	239,762	289,968	1,768
Transport	2,550	368	1,422	-1,128
Supplies & Services	39,110	17,775	38,425	-685
Third party Payments	0	0	1,155	1,155
Support Services	42,700	525	38,393	-4,307
<b>GROSS EXPENDITURE</b>	<b>823,000</b>	<b>568,864</b>	<b>907,674</b>	<b>84,674</b>
Income	-87,000	-65,777	-132,850	-45,850
Contribution from reserves	-75,000	0	-75,000	0
<b>NET EXPENDITURE</b>	<b>661,000</b>	<b>503,087</b>	<b>699,824</b>	<b>38,824</b>

3. The net expenditure for the full year is projected to be £699,824 which represents an overspend of £38,824 against the approved budget of £661,000. The main reasons for the variances are given below.

**Employees + £87,871**

4. A net overspend on employees is forecast with the recruitment of a new Archivist (£12,200 offset by grant income) along with a larger than anticipated increase in National Insurance contributions from those budgeted.

**Premises +£1,768**

5. It is anticipated that there will be a net overspend on premise costs. There is a large overspend on maintenance (£8,366) due to work that has been completed to ensure that the strong room is at the optimum environment for records. This expense is offset by 'New Burdens' funding which is dispersed through the National Archives, Glamorgan Archives has received roughly £11,000 of this funding. Contract Cleaning is projecting an overspend of £1,212 but this is as a result of window and flue cleaning being included. Water Rates are also higher than anticipated showing an overspend of £2,669 but this is currently being investigated with the supplier. Electricity is showing a large underspend of £12,600 as a result of more efficient use within the building and the ongoing effects of the solar panelling installed last year. There has also been an overspend of £2,902 for the fire alarm services after it was necessary to complete a review and update of the fire systems.

**Transport -£1,128**

6. Transport has a projected underspend of £1,128 and this is mainly due to a Staff Rail Season Ticket Loan which is being paid back throughout the year, alongside minimal car expense claims in year.

**Supplies & Services - £685**

7. Overall an underspend of £685 is projected for supplies and services. This is mainly due to an underspend of £3,000 for Catering Sundries due to reduced catering as part of room bookings within the Archives this is offset with lower income levels predicted from catering. There is an underspend on Audit Fees of £827 due to lower fees for the annual audit. Internet charges are projected as £195 which is an underspend of £805 – the reason for this being that internet connection costs are included in telephone costs. There is also an underspend of £1,000 regarding Software Purchase and this is as a result of not having bought any new software throughout the year.

Some of this underspend has been offset by a £5,000 overspend on Conservation which is due to the additional work undertaken to accommodate more records

as mentioned above, most of the additional spend is offset by income including grant funding.

#### **Support Services - £4,307**

8. There is an overall projected underspend of £4,307 for Support Services. The major variances include ICT Services and Human Resource and People Services, which are anticipated to be £2,000 and £2,200 underspent respectively. There is also an underspend of £900 for Welsh Translation as estimates were including further translation costs for the website which was completed in 2015/16. A change in financial staffing arrangements within Cardiff Council has provided a net underspend of £800 across Accountancy services. These underspends are partially offset by additional SAP support required leading to an estimated £3,000 against a budget of £2,000.

#### **Income - £45,850**

9. The projected income is £45,850 more than budgeted. This is mainly due to an increase of £25,000 worth of Sundry Charges and Income which includes the 'New Burdens' funding. Additional income has also come in from hire of specialist rooms (projected £13,000 above budget) due to increased space being rented out within the office. There have also been additional grants received from the Archives and Records Council Wales, the National Manuscript Conservation Trust and Wellcome Trust for £23,609 which have contributed towards the overall income. This additional income has been partially offset by lower levels of income through Royalties (£7,592 due to a year end error), conservation income (£4,000) and publications (£1,200).

#### **Local Authority Contributions**

10. An overspend of £38,824 is projected in 2016/17. From 2015/16, the policy remains that any underspend achieved by the Archives is retained by the Service and used to supplement the general reserve balance. Therefore, local authority contributions for 2016/17 are proposed to be in line with the budgeted amounts. However, any overspend that results will be funded from the general reserve and not passed back to the contributing authorities.

## **PROPOSED BUDGET FOR FINANCIAL YEAR 2017/18**

11. The 2017/18 budget is being proposed at a time of continuing reductions to local authority budgets. With this in mind, it was requested, by the lead authority, that Glamorgan Archives considered a 1% net reduction in budget for 2017/18. This equates to £7,000. However, Glamorgan Archives has also had to reduce the level of funds used from the general reserve each year in order to maintain an appropriate reserve balance. The agreed reduction in budgeted contribution was £25,000 for each year, until there is no longer any reliance upon the reserve. Therefore, the net savings required total approximately £32,000.
12. Table 2, below, summarises the proposed budget for 2017/18. A more detailed analysis can be found in Appendix 2.

**Table 2: 2017/18 Proposed Budget**

	<b>2016/2017 Budget £</b>	<b>2017/2018 Budget £</b>	<b>Increase/ Decrease</b>
<b>Expenditure</b>			
Employees	450,440	521,720	71,280
Premises	288,200	264,490	-23,710
Transport	2,550	1,450	-1,100
Supplies & Services	42,110	34,690	-7,420
Support Services	39,700	33,900	-5,800
<b>GROSS EXPENDITURE</b>	<b>823,000</b>	<b>856,250</b>	<b>33,250</b>
Income	-87,000	-152,250	-65,250
Contribution from Reserve	-75,000	-50,000	25,000
<b>NET EXPENDITURE</b>	<b>661,000</b>	<b>654,000</b>	<b>-7,000</b>

13. The Glamorgan Archivist, in preparing the options above, has considered the budgetary pressures on the Service and has sought to meet these pressures by proposing savings and income growth that could be achieved.

### **Employees + £71,280**

14. Within the proposed budget there is a total increase in spend of £71,280, which reflects the estimated increase due to pay inflation of 1% and annual increments. Two new members of staff have also been costed for the Wellcome Trust work, including the new Archivist and (from June) a new Conservator. These new posts are completely offset by income included in the budget.

15. It has not been possible to identify any savings for 2017/18 in relation to employees, especially in light of the significant reductions to staffing budgets as part of the 2015/16 budget proposals.

#### **Premises - £23,710**

16. The net reduction in the premise budget reflects savings identified in relation to utilities and Non Domestic Rates (NDR). The rateable value of the Glamorgan Archives Premises has been reduced, whilst the percentage rate has increased. This has effectively created a drop in the charge of approximately £14,060. Projections have also shown that the current electricity costs are significantly less than budget allocations and, therefore, a further saving of £12,600 due to use of solar panelling has been identified. Minor savings have been noted in waste services but these are offset by increased costs in cleaning contracts and pest control.

#### **Transport - £1,100**

17. The transport budget has been realigned through the inclusion of hire transport costs, along with a predicted decrease (£1,250) in car allowance and staff travel expenses claims in line with current year projections.

#### **Supplies & Services - £7,420**

18. The planned reduction in the supplies and services budget largely consists of lower general office costs. This includes software (£1,000), postage (£100) and internet/telephone charges (£450) along with a £180 saving from reduced subscriptions.
19. Wales Audit Office fees continue to fall following the adoption of a simpler format for the year end reports and an associated reduction in the level of work required as part of the annual external audit. This has reduced the fees by a further £800, in line with last year's charge.
20. The costs associated with providing catering at meetings has been reduced by £5,000 in 2017/18 as a result of customers no longer requiring lunches at meetings. This decrease in sales is offset by lower levels of income from catering.

#### **Support Services - £5,800**

21. The majority of the net reduction in the support services budget reflects budget savings identified in relation to ICT and Human Resource Services (£2,000 and £3,200). Other savings include £800 for both Accountancy and Internal Audit. These savings have been based on historical reductions in expenditure.
22. These savings are partially offset by an additional, estimated, £1,000 charge in relation to SAP support ICT charges.

## **Income - £40,250**

23. The net reduction in the income budget comprises an additional income target amounting to £72,000 offset by the £25,000 reduction in the use of the earmarked reserve and a projected fall in catering income of £5,000. The increased income target includes £60,000 from the Wellcome Trust to pay for two new members of staff, a £1,000 targeted increase in royalties, a further £10,500 from the hire of specialist rooms and an additional £500 from donations.

## **Local Authority Contributions**

24. Table 4 below indicates the effect the budget proposals will have upon the contributions to be made by the constituent authorities. The current year budgeted contributions are shown for comparative purposes.

**Table 4: Local Authority Contributions 2017/18**

		2015/16	2016/17	Change
<b>Authority</b>	<b>%</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bridgend	14	92,540	91,560	-980
Caerphilly	11	72,710	71,940	-770
Cardiff	32	211,520	209,280	-2,240
Merthyr Tydfil	6	39,660	39,240	-420
Rhondda Cynon Taf	25	165,250	163,500	-1,750
Vale of Glamorgan	12	79,320	78,480	-840
<b>Total</b>	<b>100</b>	<b>661,000</b>	<b>654,000</b>	<b>-7,000</b>

25. It is proposed that the contributions for 2017/18 will be invoiced in two equal instalments, as per the current arrangement, whereby any projected underspend is reflected in a reduction to the second instalment required. The first instalment will be invoiced for in July and the second instalment in February. Any overspends will be managed through contributions from the general reserve, where possible. Should surpluses materialise, these will be retained within Glamorgan Archives as part of the mitigation of the risk involved in phasing out the reliance upon the general reserve over the remainder of the agreed four-year period.

## **SUMMARY**

26. For the current year, the net cost of the provision of the Glamorgan Archives Service is projected to be £699,824 representing an overspend of £38,824 against the approved budget of £661,000.
27. A 1% saving in 2017/18 has been requested by the lead authority, which equates to a saving of £7,000. This is in addition to the agreed reduction in use of the reserve fund to £50,000 (reduction of £25,000) as planned in previous years.
28. Net savings proposals totalling £32,000 have been identified, enabling both the reduced reliance upon reserve levels and the net reduction in local authority contributions requested by the lead authority.

## **FINANCIAL IMPLICATIONS**

29. An overspend of £38,824 is projected for 2016/17 based on the position as at month 7. This will continue to be reviewed in the regular monitoring meetings between the Glamorgan Archivist and finance officers. As a result of this overspend it will be necessary to draw upon the General Reserve, which currently stands at £310,518 and will be £235,518 after the agreed £75,000 drawdown this year.
30. Any overspend this year will not impact upon the level of Local Authority contributions as the committee had agreed to fund any overspend from the General Reserve. Whilst the planned overspend will impact on reserve levels it is noted that last year's planned £100,000 drawdown was not used and £4,058 underspend transferred to the reserve
31. The proposed budget for 2016/17 represents a net 1% reduction in contributions required from local authorities, as per the request from the lead authority. In addition, sufficient savings have been identified to enable another £25,000 reduction in the budgeted use of the general reserve, as part of a proposed four-year strategy to phase out the reliance upon the reserve, in light of the current budgeted year-end balance of £235,518.

## **LEGAL IMPLICATIONS**

32. Under the terms of the Joint Archives Committee Agreement, the contributing Authorities delegated to the Committee all their powers and duties in connection with the care, preservation, maintenance and management of archives and records except for the power of setting a budget and borrowing money.
33. The Committee is required under the terms of the Agreement to approve draft budget proposals for 2017/18 for submission to each of the contributing Authorities for approval, with such budget to be borne in the proportions set out in clause 5 (a) (i) of the Agreement.

## **RECOMMENDATIONS**

34. It is recommended to members that they:

- Note the projected full year position for the 2016/17 financial year as presented in paragraphs 2 to 10 of this report.
- Recommend the draft budget proposals for 2017/18 are accepted, as presented in paragraphs 11 to 25 of this report.

**Christine Salter**  
**Treasurer to the Glamorgan Archives Joint Committee**