

Glamorgan Archives Briefing Note: Financial Background

PURPOSE OF BRIEFING NOTE

1. This report provides members with a brief background of the financial performance of the Glamorgan Archives service including; recent pressures on local authority budgets, the change in calculation of Non-Domestic Rates (NDR) in relation to archive services and the level of reserves held and utilised.

BUDGET PROCESS

2. Each year's draft budget is set and agreed by the Joint Committee. Then the six member authorities; Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Rhondda Cynon Taff and the Vale of Glamorgan agree their contributions prior to the end of the financial year. Presently the lead authority calculates budgets with the net expenditure adjusted each year in line with the percentage change in Welsh Government settlement for that year. Detailed line items are calculated with the Glamorgan Archivist and Glamorgan Archives' Finance Officers before being presented to the Joint Committee.

FINANCIAL PRESSURES

3. Local Authorities have faced a continued real term reduction in budgets impacting on funding available to the Glamorgan Archives. The budget process set out in paragraph two ensures that the budget for the Glamorgan Archives reflects the budgetary pressures of its member authorities. The below table shows the total contributions received from member authorities for the past five years.

Table 1: Glamorgan Archives Local Authority Contributions

Year	£	Change (%)
2013/14	757,430	-17.19
2014/15	681,690	-10.00
2015/16	681,690	0.00
2016/17	661,000	-3.04
2017/18	654,000	-1.06

4. The table above demonstrates the levels of net cost reduction for the Glamorgan Archives. In total over the last five years, the total net cost has reduced by 28.49%.

Non-Domestic Rates

5. This downward trend in funding is alongside a significant increase in NDR charges. In 2014/15, the method used by Welsh Government to calculate NDR changed, alongside a re-evaluation survey on the Archives building resulting in an increased rateable value. Table two shows the total NDR paid by year and the percentage of total revenue budget that it represents.

Table 2: Glamorgan Archives NDR Charges

Year	£	Change (%)	As % of Net Cost
2013/14	96,970	42.08	12.80
2014/15	183,389	89.12	26.90
2015/16	187,980	2.50	27.58
2016/17	189,540	0.83	28.67
2017/18	175,898	-7.20	26.90

INCOME GENERATION

6. In order to meet the initial budgetary pressures a restructure of staff took place to find the majority of savings required. Since then there has been limited scope to make further cuts to operating expenditure, but contributions have continued to fall alongside lower levels of available reserves. As a result, it has been necessary for Glamorgan Archives to maximise income streams in order to come in under budget. Income generation has included; additional grant income, specialist room hire, refreshments and conservation. Below is the annual income of Glamorgan Archives demonstrating the successful pursuit of additional income streams to date.

Table 3: Glamorgan Archives Income

Year	£	Change (%)
2013/14	-141,652	-183.03
2014/15	-141,467	-0.13
2015/16	-145,652	2.96
2016/17	-196,808	35.12
2017/18*	-269,723	37.05

* Projected figures

7. The above figures show a strong financial performance considering the reduction in reserves (from £100,000 in 2015/16 to £50,000 2017/18). The Wellcome Trust Grant accounts for circa £60,000 in the years 2016/17 and 2017/18. It is worth noting however, that 2017/18 is only a projection and includes two substantial grants, which may not be available or replaced in future years. Should there be any significant shift in demand for the hire of specialist rooms or the non-archive functions currently being provided, it is likely to result in income shortfalls resulting in a potential overall overspend against budget.

RESERVES

8. The Glamorgan Archives reserve was initially set up to fund the purchase of land and construction of a purpose built archive. Some of these funds were surplus to requirements and therefore kept back for additional works as required, however the reserve eventually built up to over £700,000. In 2012/13 the approach taken by the member authorities was to utilise these high levels of reserves in order to reduce the revenue contributions from member authorities. This was used as a method to bring the reserves down to a more appropriate level. In order to achieve this, it was agreed to utilise £100,000 per annum and this was reflected in the budget each year under the income heading. This ensured the service could be protected as member contributions reduced.

9. The approach to the reserve was amended in 2015/16 by member authorities in order to gradually reduce the amount utilised each year by £25,000 until it was no longer needed to balance the budget from 2019/20 onwards. Further to this reduction in the use of reserves, it was also agreed by member authorities that any underspend against the budgeted revenue contributions would be moved to the reserve rather than refunded to the authorities.

SUMMARY

10. This note is intended to provide a brief background to the financial processes of the Glamorgan Archives Joint Committee and highlight the financial difficulties over the past few years with an emphasis on those that continue to be a risk to the medium to long term financial resilience of the service.

11. Any further queries can be directed to either the Glamorgan Archivist or Finance Officers, whose details are given below:

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