

**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  
15<sup>TH</sup> December 2017**

**REPORT OF:**

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

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| <b>AGENDA ITEM NO. 5</b>  |
| <b>2017-2018 BUDGET MONITORING<br/>&amp;<br/>2018-2019 BUDGET PROPOSALS</b> |

**PURPOSE OF REPORT**

1. This report provides members with the projected full year revenue outturn for the 2017/18 financial year. It also details the proposed revenue budget for 2018/19.

**PROJECTED OUTTURN POSITION FOR FINANCIAL YEAR 2017/18**

2. Appendix 1 details the position for the 2017/18 financial year, as forecasted at 31<sup>st</sup> October 2017. This is summarised in the table below.

**Table 1: Projected Outturn 2017/18 (at 31<sup>st</sup> October 2017)**

|                            | Budget<br>£    | Actual to<br>date<br>£ | Projection<br>£ | Variance<br>£  |
|----------------------------|----------------|------------------------|-----------------|----------------|
| <b>Expenditure</b>         |                |                        |                 |                |
| Employees                  | 521,720        | 346,805                | 580,665         | 58,945         |
| Premises                   | 264,490        | 224,974                | 267,979         | 3,489          |
| Transport                  | 1,450          | 413                    | 863             | (587)          |
| Supplies & Services        | 34,690         | 17,953                 | 42,700          | 8,010          |
| Third party Payments       | 0              | 0                      | 0               | 0              |
| Support Services           | 33,900         | 27,705                 | 27,705          | (6,195)        |
| <b>GROSS EXPENDITURE</b>   | <b>856,250</b> | <b>617,850</b>         | <b>919,912</b>  | <b>63,662</b>  |
| Income                     | (152,250)      | (139,355)              | (219,723)       | (67,473)       |
| Contribution from reserves | (50,000)       | 0                      | (50,000)        | 0              |
| <b>NET EXPENDITURE</b>     | <b>654,000</b> | <b>478,496</b>         | <b>650,189</b>  | <b>(3,811)</b> |

3. The net expenditure for the full year is projected to be £650,189 which represents an underspend of £3,811 against the approved budget of £654,000. The main reasons for the variances are given below.

**Employees + £58,945**

4. A net overspend on employees is forecast due to agency staff and associated holiday pay alongside additional staff training expenses and apprenticeship levies which were not budgeted for. The agency and training costs will be offset by grant funding that has either already been received or is expected before the end of year. The overspend in general salaries, national insurance and pensions is the result of an underestimation of the levels of spinal point increases and assumed vacancies through natural turnover in the year.

**Premises +£3,489**

5. It is anticipated that there will be an overspend on premises costs of £3,489. There is a large overspend on maintenance (£8,000) due to repair work that was needed on both the chiller and the boiler which was reported in the month 4 monitoring position. Both electricity and gas are showing a large projected underspend, in line with the downward trend experienced over the last couple of years. This is the result of continued efficient use of the building and the ongoing effect of the solar panels installed in 2015/16. There is also a large overspend on water which is currently being investigated. Finally, there is an underspend of £1,140 for the fire alarm service and this is a result of a change of contract and has been reflected in the 2018/19 budget.

**Transport -£587**

6. Transport has a projected underspend of £587 and this is mainly due to a staff rail season ticket loan which was issued during the last financial year and is being paid back throughout this year. The increase in hire of Central Transport Service cars is offset by the decrease in expenditure for car allowances and travel due to the fact that staff are hiring vehicles if needed for meetings rather than taking their own cars or travelling by public transport. Travel is only undertaken when necessary with the preference to host meetings in-house at no cost.

**Supplies & Services +£8,010**

7. An overspend of £8,010 is projected for supplies and services. This is mainly due to an overspend of £10,000 for conservation, which is offset by the Conservation income. Catering sundries have decreased due to reduced demand for catering as part of room bookings continuing to fall from last year. Internet charges are projected at an underspend of £800 which is the result of internet connection costs being included in telephone costs. There is also an overspend of £4,200

against hardware purchase for laptops, which were funded by the New Burdens funding.

### **Support Services - £6,195**

8. There is an overall projected underspend of £6,195 for Support Services. The largest decrease is in the Service Accountancy costs and this is due to a change in financial staffing arrangements within Cardiff Council. This is a reduction that has been taken forward into the budget for next year as well. There is also an underspend of £2,000 for ICT services but this is offset by an overspend for Human Resources. The latter additional spend is due to the staff changes that have taken place within the year.

### **Income - £67,473**

9. The projected income is £67,473 more than budgeted. This is mainly due to an increase of £65,000 worth of Sundry Charges and Income which includes the 'New Burdens' general grant funding as well as Access to Work payments. Additional income from hire of specialist rooms (an extra £5,000 achieved) is due to increased space being rented out within the office. There has also been additional funding received from Wellcome Trust, (£66,000 compared to the £60,000 projected) which has contributed towards the overall income. This additional income has been partially offset by lower levels of income through Royalties (£2,595 compared with projections of £11,000) and food (£5,000 compared with projections of £10,000).

### **Local Authority Contributions**

10. An underspend of £3,811 is projected in 2017/18. 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 2017/18 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 2018/19**

11. The proposed budget for the 2018/19 financial year reflects a net budget totalling £654,000. Although no reduction has been applied to the overall net budget compared to the previous year, both financial pressures and a reduced reliance upon the general reserve as a source of funding have been absorbed within the position. The reduction in the reserve, totalling £25,000, is in line with the policy agreed in previous years whereby the use of the reserve as a source of funding would be phased out over a period of time, to a point where the balance in the reserve was more proportionate the size of the overall budget.
12. Table 2, below, summarises the proposed budget for 2018/19. A more detailed analysis can be found in Appendix 2.

**Table 2: 2018/19 Proposed Budget**

|                           | <b>2017/2018<br/>Budget<br/>£</b> | <b>2018/2019<br/>Budget<br/>£</b> | <b>Increase/<br/>Decrease</b> |
|---------------------------|-----------------------------------|-----------------------------------|-------------------------------|
| <b>Expenditure</b>        |                                   |                                   |                               |
| Employees                 | 521,720                           | 535,955                           | 14,235                        |
| Premises                  | 264,490                           | 255,450                           | (9,040)                       |
| Transport                 | 1,450                             | 1,400                             | (50)                          |
| Supplies & Services       | 34,690                            | 32,045                            | (2,645)                       |
| Support Services          | 33,900                            | 27,900                            | (6,000)                       |
| <b>GROSS EXPENDITURE</b>  | <b>856,250</b>                    | <b>852,750</b>                    | <b>(3,500)</b>                |
| Income                    | (152,250)                         | (173,750)                         | (21,500)                      |
| Contribution from Reserve | (50,000)                          | (25,000)                          | 25,000                        |
| <b>NET EXPENDITURE</b>    | <b>654,000</b>                    | <b>654,000</b>                    | <b>0</b>                      |

13. In preparation of the figures above, consideration has been given to the budgetary pressures on the service alongside potential, and achievable, savings and income growth.

### **Employees + £14,235**

14. Within the proposed budget there is a total increase in spend of £14,235, which reflects the estimated increase due to pay inflation of 1% and annual increments. There are no new posts expected to be created within 2018/19 but a contingency line has been included for employer costs of £10,000. This means that should any posts become vacant or fail to secure funding they will remain vacant, therefore making a saving on salary and other on costs.
15. It has not been possible to identify any employee cost savings in 2018/19 in light of the significant reductions to staffing budgets in recent years, alongside continued 1% pay increases. However, a number of the posts are fully funded by grant income.

### **Premises - £9,040**

16. The net reduction in the premises budget reflects savings identified in relation to utilities and fire management. Projections have shown that the current electricity costs are significantly less than budgeted for 2017/18 and this is as a result of the continued savings made from the use of solar panelling that was introduced in 2015/16. Similarly, the projection of gas costs has also significantly reduced and as a result, the budget for 2018/19 has reduced by £5,400. The majority of costs have remained the same within the budget for 2018/19 but there has been a reduction in fire management costs due to a change in contract. An increase in water rates reflects a considerable increase based on the outturn projections for 2017/18 and is something that is being raised with suppliers.

### **Transport - £50**

17. The transport budget has been slightly realigned as projections for this year show that more staff are using hire transport rather than public transport or their own vehicles when they need to travel.

### **Supplies & Services - £2,645**

18. The planned reduction in the supplies and services budget largely consists of lower general office costs. This includes general printing and stationery (£100), photocopiers (£500), IT consumables (£400) and internet charges (£800). There has also been a considerable decrease in Welsh translation with a 50% reduction in the budget to £1,500. Another large decrease is for vending machines with a reduced cost of £1,600.
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. The budgeted fees have only reduced by £100 this year however.

20. The costs associated with providing catering at meetings has been reduced by £3,500 in 2018/19 as a result of customers no longer requiring lunches at meetings. Catering sundries have experienced a continued decrease over the last year due to a reduction of room bookings that include catering. This decrease in sales is offset by lower levels of income from catering.
21. A number of these reduced costs are offset by conservation which has increased by £5,000. This additional cost is however netted against additional conservation income which is expected during 2018/19.

### **Support Services - £6,000**

22. The majority of the net reduction in the support services budget reflects budget savings identified in relation to accountancy and ICT Services (£7,500 and £2,000). Despite this large reduction, there are other support services for which budgeted costs have increased, including income recovery (£200), audit (£500) and human resources (£3,200).

### **Income + £21,500**

23. The net increase in the income budget comprises an additional £10,000 from Wellcome Trust which will continue to pay for two members of staff as well as an additional £9,000 worth of other grants which will also contribute towards staff and conservation costs. There is also an increase in projected hire of specialist rooms with an additional £2,500 budgeted income. Despite the rise in room hire, the sale of food has significantly reduced. Sundry income is budgeted to increase by £10,000 and this will be made up of other grants that are expected next year such as Elite and DWP payments. This increase in funding is offset however by a significant reduction in Royalties, circa £6,000.

### **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 2018/19**

|                   |            | 2017/18        | 2018/19        | Change   |
|-------------------|------------|----------------|----------------|----------|
| Authority         | %          | £              | £              | £        |
| Bridgend          | 14         | 91,560         | 91,560         | 0        |
| Caerphilly        | 11         | 71,940         | 71,940         | 0        |
| Cardiff           | 32         | 209,280        | 209,280        | 0        |
| Merthyr Tydfil    | 6          | 39,240         | 39,240         | 0        |
| Rhondda Cynon Taf | 25         | 163,500        | 163,500        | 0        |
| Vale of Glamorgan | 12         | 78,480         | 78,480         | 0        |
| <b>Total</b>      | <b>100</b> | <b>654,000</b> | <b>654,000</b> | <b>0</b> |

25. It is proposed that the contributions for 2018/19 will be invoiced in two equal instalments, as per the current arrangement. 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.

### **SUMMARY**

26. For the current year, the net cost of the provision of the Glamorgan Archives Service is projected to be £650,189 representing an underspend of £3,811 against the approved budget of £654,000.

27. There has been no reduction in Local Authority contributions being sought for 2018/19. This is in order to ensure that the reduction in the use of reserve, from £50,000 in 2017/18 to £25,000 in 2018/19, is as planned in previous years.

### **FINANCIAL IMPLICATIONS**

28. An underspend of £3,811 is projected for 2017/18 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 underspend, and provided this continues, it will not be necessary to draw upon the General Reserve, which currently stands at £262,895.

29. 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.

## **LEGAL IMPLICATIONS**

30. 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.
31. The Committee is required under the terms of the Agreement to approve draft budget proposals for 2018/19 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**

32. It is recommended to members that they:
  - Note the projected full year position for the 2017/18 financial year as presented in paragraphs 2 to 10 of this report.
  - Recommend the draft budget proposals for 2018/19 are accepted, as presented in paragraphs 11 to 25 of this report.

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