

**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
14th September 2018**

REPORT OF:

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

	AGENDA ITEM NO.
2018-2019 BUDGET MONITORING	

PURPOSE OF REPORT

1. This report provides members with the actual expenditure and income up to July 31st 2018 and projected full year revenue outturn for the current financial year 2018/2019.

PROJECTED OUTTURN POSITION FOR FINANCIAL YEAR 2018/2019

2. **Appendix 1** details the position for the financial year 2018/2019, as forecast at 31st July 2018. This is summarised in the table below.

Table 1: Projected Outturn 2018/2019 (at Month 4)

	Budget £	Actual to date £	Projection £	Variance £
Expenditure				
Employees	535,955	191,944	564,651	28,696
Premises	255,450	203,780	265,652	10,202
Transport	1,400	520	1,383	(17)
Supplies & Services	32,045	32,647	50,423	18,378
Third Party Payments	0	0	0	0
Support Services	27,900	0	27,030	(870)
GROSS EXPENDITURE	852,750	428,890	909,139	56,389
Income	(198,750)	(34,709)	(193,283)	(19,533)
Contribution from reserves	(25,000)	0	(25,000)	0
NET EXPENDITURE	654,000	394,181	690,856	36,856

3. The full year spend is projected to be £690,856 representing an overspend of £36,856 against the approved budget of £654,000. Reasons for the main variances are given below:

Employees (+ £28,696)

4. Employee costs are projected to be higher than the £535,955 that was initially 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. This grant income covers the cost of two full time professional staff for the year while a part-time Records Assistant is funded through an Access to Work grant. The training costs relate to Adobe Premier Elements Training of which the Archives are due to recoup approximately 50%. The employee 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, projected spend of £1,617 is anticipated this year.

Premises (+ £10,202)

5. It is anticipated that there will be a net overspend on premises costs. The majority of this is due to the rise in National Non Domestic Rates. £176,000 was budgeted based on last year but this has risen for 2018/19 to £181,185, therefore representing an overspend of £5,185. The rates decreased in 2017/18 from the previous year but have risen again this year. This has partly been offset however by a reduction in grounds maintenance costs and specialist waste disposal.

Electricity costs remain low in comparison to the projection but this is likely to be due to the clear skies in spring and summer boosting input from the photovoltaic system. This may benefit the Archives throughout the year but the projection will be kept the same at present for prudence.

Transport (-£17)

6. The projections for car allowances are £25 more than budgeted but this is offset by reduced travel expenses as Archive staff are travelling less for meetings. In addition, many of the travel expenses are covered by grant income anyway.

Supplies & Services (+ £18,378)

7. There is an overspend projected on supplies and services and the main variances are explained below.

- Conservation has an overspend of £17,500 with a projection for the year of £27,500. This has been projected based on the overspend last year. Much of this overspend will be offset by grant income however with £12,000 coming from Wellcome Trust. Also, much of the work has been carried out on projects for external clients and therefore money will be received in relation to this.
- Consultant fees were not budgeted for but there has been spend of £3,800 to date for a Research Guide. This spend however will also be offset by grant income.
- Central telephone charges were budgeted based on last year's outturn but to date there have only been costs of £669. Therefore the projection for the year is only £2,010 and represents an overall underspend of £2,190. Similarly with telephones, based on spend to date, the projections of £1,200 represents an underspend of £300. These will be looked into by the Accountant in order to understand what is included within the costs.
- There was not a budget set for hardware purchases but due to unforeseen circumstances, there has been spend of £477 to date. It is likely that there could be further spend incurred during the year for new computers that are needed but exact costs are not yet known.
- Finally, there is an overspend of £344 from software licenses and maintenance agreements. The budget of £4,250 was set based on last year's outturn but there is likely to be an overspend due to the CALMS License support that is required.

Some of this overspend is however offset by underspend as follows:

- Although spend was budgeted for new signs, this is no longer needed, representing an underspend of £500.
- There has been a change with the vending machines within the building and renegotiations of contracts are currently underway meaning that there will be an underspend of £683.
- Audit fees were budgeted at £2,300 but projections have been made for the cost that we were charged last year and there is therefore an underspend of £300.
- Finally, catering sundries, general stationery and postages are all also looking to have an underspend throughout the year.

Support Services (- £870)

8. There is an underspend on the projected outturn for Support Services of £870, with a projected spend of £27,030 against a budget of £27,900. This is mostly due to an underspend for Income Recovery, Payroll, Payments, Audit and Procurement and again this is based on last year's outturn position.

Income (+ £19,533)

9. The projected income is £19,533 more than budgeted. Explanations for the most significant variances are given below.
- In 2018/19 an estimated income of £70,000 was budgeted for the Wellcome Trust Grant. Based on current claims the projection is now £82,688. The grant funding will continue to be utilised to fund two grade 6 posts alongside conservation works.
 - Hire of specialist rooms is expected to increase based on the interest and payments so far.
 - Sundry Charges and Income are expected to increase by £2,995 due to Access to Work grants that are expected during the year.
 - Sale of food and course fees are also expected to increase during the year due to the popularity of 'Ask the Expert' sessions with the archivists.

There have been some decreases projected including the income from publications and the sale of photocopies but this will be offset by the additional income as mentioned above.

Local Authority Contributions

10. On the basis of the projected outturn for 2018/19 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 2018/19 have now been raised in line with budget. The current projected overspend will be funded from the reserve balance should the position remain at yearend.

FINANCIAL IMPLICATIONS

11. An overspend of £36,856 is projected for 2018/2019 based on the position as at Month 4. This will continue to be reviewed in the regular monitoring meetings between the Glamorgan Archivist and Accountancy Officers.
12. The General Reserve as of 31st March 2018 stands at £233,946. The Budget for 2017/18 determined that £25,000 would be used from reserves to balance the budget. Should expenditure exceed the budget as currently projected, it will be necessary to draw upon the remaining reserve balance of which £208,946.

- 13.** Current projections will leave £170,090 in the reserve at the end of 2018/19, with no planned use of the reserve to balance the budget in 2019/20. This is a challenging target given current financial challenges facing member authorities and additional consideration as to additional use of the reserve or increases in member contributions may need to be considered in future years.

LEGAL IMPLICATIONS

- 14.** 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 2018/2019 as detailed in this report.

Christine Salter

Treasurer to the Glamorgan Archives Joint Committee