

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

**AGENDA ITEM NO:
2020/2021 OUTTURN
2020/2021 DRAFT AUDIT WALES RETURN**

THE GLAMORGAN ARCHIVES JOINT COMMITTEE 21st MAY 2021

REPORT OF THE TREASURER TO THE GLAMORGAN ARCHIVES JOINT COMMITTEE

FINAL OUTTURN POSITION & DRAFT AUDIT WALES RETURN FOR 2020/2021

PURPOSE OF REPORT

1. This report presents a brief overview of the financial position for the year, together with the unaudited draft Audit Wales (AW) return for the year ended 31st March 2021. Page four of the return, 'Committee Approval & Certification', requires completion but the unaudited draft financial statements are presented to this Committee today for information only.

FINAL OUTTURN POSITION FOR 2020/21

2. The Glamorgan Archives Joint Committee approved a proposed budget of £654,000 for the financial year 2020/21, to be financed by contributions from each of the six member local authorities. The proposed budget was subsequently agreed and ratified by each member local authority.
3. The table below summarises the final outturn position for financial year 2020/21:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	£	£	£
Expenditure	855,861	965,773	109,911
Income	(151,861)	(255,590)	(103,729)
Reserve (Drawdown)	(50,000)	(56,182)	(6,182)
Net Expenditure	654,000	654,000	0

4. Appendix 1 provides a detailed analysis of the 2020/21 outturn.

Employee (£526,242 Budgeted, £12,069 Overspend)

5. The majority of the overspend was due to the 20/21 pay award, which saw all employees receiving a 2.75% gross pay uplift. This pay award was however offset by a reduction in the employers' pension contribution which neutralised the impact to the overall budget.
6. There were also some unbudgeted health and safety training and occupational health costs that contributed towards this overspend.

Premises (£276,897 Budgeted, £25,906 Overspend)

7. Overspends on maintenance contracts (£2,048), electricity (£5,968) and gas (£2,842) were partially offset in year by underspend in areas such as water (£690), contracted cleaning (£653) and specialist waste disposal (£439).
8. The unbudgeted in-year replacement of the gas cylinders that supply the fire suppression system, required to validate the building insurance and ensure the safety of the documents, had the most significant impact to the budget. This expense totalled £26,342 and whilst the Archives maintain a £20,000 budget for repairs, alterations, and maintenance, this one-off expense exceeded the contingency.
9. National Non-Domestic Rates (NNDR) continues to be the largest single component of the premises budget, totalling £188,588 in year (£588 overspent).
10. As a response to the pandemic, the Archives purchased safety equipment such as perspex screens, personal protective equipment (PPE) and sanitisation equipment which were essential to satisfy Covid-19 regulations. These were unforeseen costs during the budget setting process for 2020/21 but have been included in future year budgets as a response to the post-pandemic operational environment.

Transport (£900 Budgeted, £829 Underspend)

11. Changes in the way the Archives operated in 2020/21 saw a reduction in travel, shifting to virtual appointments/meetings, and minimising the collection of items. Consequently, the Archives incurred a total expense of £71 in relation to transport, which was largely attributed to car allowances of £47.

Supplies and Services (£23,232 Budgeted, £71,031 Overspend)

12. The majority of this overspend is due to purchases of the ICAM Guardian A0 Camera System (£26,750) and the IQ1 80/XF Camera (£14,900), both of which were funded through a Welsh Government Grant. This equipment will be used to radically reform the digital service provided by the Archives as an investment for the future, by enabling the ability to easily photograph collections, and particularly large items, which the Archives have previously been unable to provide. This will ensure that these items are more accessible digitally.

- 13.** Another large element of this spend was in relation to consultant fees (£25,723) for the Welsh Vital Digital Records Project (£24,600) which looked at how the Archives deal with born-digital council records for the long-term and a conservation consultant (£1,123) working on conserving the Plymouth Estate Surveys (Ref: DPL), which was again funded through grant income received in year. Other purchases, such as the digital microfilm scanner (£3,850) and Dell laptops (£2,430) carried over from 2019/20, contributed to the budget overspend
- 14.** Annual subscriptions (£698) to bodies such as the Institute of Conservation (ICON), Archives and Records Council Wales (ARCW) and the Glamorgan History Society, exceeded the budget by £448 but these subscriptions provided the Archives with access to additional resources and accreditations which are vital for their operation.

Support Services (£28,591 Budgeted, £1,734 Overspend)

- 15.** This overspend was predominantly caused by an ICT Services charge which exceeded the budget by £2,840, due to increased licencing costs. The total ICT overspend was however offset slightly by underspends in other areas such as accountancy, procurement and Bilingual Cardiff.

Income (£151,861 Budgeted, £103,729 Overachieved)

16. Grants - £162,704 income

The Archives received a number of Welsh Government grants in year. The first was from the Cultural Recovery Fund, totalling £46,102, which facilitated the purchase of a new camera system for digitisation. The second receipt from the Local Government Digital Transformation Fund, of £24,600, was for the Welsh Vital Digital Information Project. After a successful appeal for the loss of income during the pandemic, the Archives also received a grant of £24,000 from the Welsh Government Hardship Fund, therefore reducing the total drawdown from reserves at year-end.

Funding of £26,069 was also received from Archives Revealed (£18,998 relating to 19/20 and £7,071 relating to 20/21) for a staff member working on the Time and Tide project which was completed in December 2020. Additionally, the Archives received a New Burdens payment from the National Archives of £34,257.81, in relation to accessions taken in during 2019/20 under the Public Records Acts. Furthermore, a sum of £6,020 was received from Archives & Records Council Wales (ARCW) to facilitate the purchase of the digital microfilm scanner and a replacement edge welder for conservation, and £1,656.22 was received from the Wellcome Trust in relation to 2019/20 activities.

17. Internal Income – £18,018

This relates to income received from other Cardiff Council departments in relation to meeting room hire, honouring agreements that were in place before Covid-19.

18. External Income - £74,868

External income includes items such as filming charges (£300), course fees (£1,800), photocopies (£2,260) and publication sales (£155) as detailed on Appendix 1. In addition, the Archives received income of £1,800 from the Jewish History Association of South Wales for the delivery of online courses and search fees which totalled £4,499 including £1,362.50 from Bridgend County Borough Council (CBC) for undertaking research into the origins of Street names in the Bridgend CBC districts. Royalty payments totalled £15,561, including Find My Past (£2,989) and Ancestry (£12,572).

The Archives also generated a further £29,275 through the hire of specialist rooms, including £21,263 from Carmarthenshire County Council for use of the Archives building for temporary storage and £6,950 from Cardiff Museum for storage of their collections. Finally, £10,826 was received from the Department of Work and Pensions (DWP) to be used towards the employment costs of a member of staff, who supports Access to Work requirements.

Reserve Drawdown (£50,000 Budgeted, £6,182 Overbudget)

19. It was agreed in 2015/16 that there would be a drawdown from Reserves of £100,000 and that this would be reduced by £25,000 each year moving forward. Whilst attempts have been made to phase out the need to supplement the budget using Reserves, £50,000 was projected to be needed in 2020/21 in order to balance the budget. In year monitoring suggested that this would need to be exceeded to cover unexpected costs and reduced income throughout the year but as at 31st March, the drawdown has only increased by £6,182.

<u>Movements on Glamorgan Archives General Reserve</u>	<u>£</u>
Balance brought forward at 1 st April 2020	174,384
Less Drawdown from General Reserve	(56,182)
Transfer to General Reserve	0
Balance as at 31st March 2021	118,202

20. The £56,182 in the table above represents the drawdown of funding from Reserves to pay for the balance of in year spend not covered by Local Authority member contributions. The Medium Term Financial Plan published in 2020/21 illustrates the proposed reserve drawdown over the next four years; with £40,000 to be used in 2021/22, £10,000 to be used in 2022/23 and the complete phasing out of any reserve drawdown from 2023/24 onwards.

Covid-19 Impacts

21. The doors to the Glamorgan Archives building closed on 19th March 2020 as a result of Covid-19 and as at 31st March 2021, they remain closed to the public. Whilst staff have now been able to return as of the 22nd April 2021, it remains unknown as to when members of the public will be able to do so. The closure throughout 2020/21 resulted in increased expenditure with regards to safety equipment that had to be purchased for the safe reopening within legal guidelines as well as additional testing for legionella within the water system. There was also a significant reduction in income due to meeting room hire cancellations and public closure resulted in reduced sales, course and search fees. Whilst the reduced income was mitigated to a certain extent through the receipt of grant income, there could be further income reductions in 2021/22 as a result of the closure. The budget for 2021/22 has however been set in line with these uncertainties and the financial position will be closely monitored throughout the financial year.

AUDIT WALES ANNUAL RETURN FOR 2020/21

22. The draft Annual Return (attached) for the year ended 31st March 2021 is unaudited at this stage. Audit Wales has yet to begin the audit of the accounts, but the Annual Return will be available for public inspection for 20 full working days in June. Dates will be in line with Cardiff Council's display, which at present is still to be confirmed. Members will however be informed when the display commences.

23. To meet the requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended) the Annual Return must be approved by the Committee before 31st May immediately following the end of the financial year. If at this time the audit of the accounts has not concluded, then the accounts must be approved as soon as reasonably practicable. Once the audit is complete and the Annual Return has been signed by Audit Wales then it will be presented to the Committee for members to approve along with any certificate, opinion or report issued, given or made by Audit Wales.

LEGAL IMPLICATIONS

24. The committee approved a draft budget, which was submitted to each of the parties for approval. Each of the parties confirmed that their contribution was approved Under Section 5(a)(ii); the committee shall only have the power to spend within the agreed budget within any given year.

FINANCIAL IMPLICATIONS

25. The financial performance for 2020/21 was impacted upon greatly by Covid-19, with increased expenditure and reduced income and as a result, the outturn position was difficult to project throughout the year. The overall outturn position as at 31st March 2021 is however better than initially anticipated and whilst there is still a need to drawdown an additional £6,182 from the General Reserve, this is a considerable reduction from what was last anticipated at month 9. The overall Reserve balance as at 31st March 2021 is £118,202.

RECOMMENDATIONS

1. That the outturn position for 2020/21 be noted.
2. That the attached Draft Audit Wales Annual Return for 2020/21 be noted and signed.

Christopher Lee
Treasurer to the Glamorgan Archives Joint Committee

Appendices

1. Appendix 1 – Outturn Position 2020/21
2. Appendix 2 – Draft Audit Wales Annual Return for 2020/21
3. Appendix 3 – Glamorgan Archives Statement of Accounts 2020/21