

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

**16th December 2022**

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**2022/23 MONTH 7 MONITORING REPORT**

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

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**Reason for this Report**

1. To provide the Glamorgan Archives Joint Committee with details of actual expenditure and income as at the 31<sup>st</sup> October 2022 (Month 7), against the approved 2022/23 Budget and projections for the full year outturn position.

**Background**

2. Members approved the 2022/23 budget in November 2021.
3. The budget is funded from local authority revenue contributions, apportioned on the relative populations.
4. The current General Reserve balance is £112,960 as at 1<sup>st</sup> April 2022.

**Table 1: Projected Outturn 2022/23 (at Month 7)**

	<b>Budget</b>	<b>Actual to Date</b>	<b>Projection</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>Expenditure</u></b>				
Employee	539,267	293,707	545,588	6,322
Premises	296,522	234,119	316,191	19,668
Transport	240	330	530	290
Supplies & Services	39,844	90	32,501	(7,343)
Support Services	34,325	1,500	30,969	(3,356)
<b>GROSS EXPENDITURE</b>	<b>910,198</b>	<b>529,746</b>	<b>925,779</b>	<b>15,581</b>
<b><u>Income</u></b>				
Income	(73,280)	(30,147)	(95,296)	(22,016)
Contribution from Reserves	(10,000)	0	(3,565)	6,435
<b>NET EXPENDITURE</b>	<b>826,918</b>	<b>499,599</b>	<b>826,918</b>	<b>0</b>

### **Glamorgan Archives: Balanced Budget Position**

The position at month 7 indicates projected gross expenditure of £925,779 for the year. This is £15,581 more than budget and is offset by higher than anticipated income. The overall position will be balanced through a drawdown of additional reserve funding.

### **Employee Budget: (£539,267 budget, £6,322 overspent)**

5. The employee budget is based upon 14 full time equivalent (FTE) staff and one staff member funded through contributions from the Department for Work and Pensions (DWP). As of November 2022, the 2022/23 pay award offer of £1,925 to all FTE posts has been accepted by the relevant trade unions.

**Table 2: Employee Financing Structure (Internal Funding or External Grants)**

	<b>Budget £</b>	<b>Actual £</b>	<b>Projected £</b>	<b>Variance £</b>
<b><u>Employees</u></b>				
Internally Funded	528,423	293,707	530,453	2,031
DWP Contributions	10,844	0	15,135	4,291
<b>Employees Total</b>	<b>539,267</b>	<b>293,707</b>	<b>545,588</b>	<b>6,322</b>

6. To date, seven staff members have received their manual handling training or refresher (£620) and more are due to complete in the coming months. Training expenditure has a projected outturn of £750.

### **Premises Related Budget: (£296,522 budget, £19,668 overspend)**

7. At month 7, the difficulty in estimating the increase to utility costs remains the biggest challenge. Projections of 13%, 18% and 4% inflation rates have been included for Gas, Electricity and Water respectively in line with Cardiff Council's estimates.
8. Additionally, the National Non-Domestic Rates (NNDR) charge for the year has been confirmed at £188,588, offering a saving against the budget (£3,782).

### **Transport Budget: (£240 budget, £290 overspend)**

9. A minibus expense (£385) which provided transport for the Vale People First Takeover Day is responsible for this budget overspend. However, the cost is offset by an Archives and Records Council Wales (ARCW) grant and therefore there is an overall net nil impact.

### **Supplies & Services Budget: (£39,844 budget, £7,343 underspend)**

10. At month 7, few costs have been incurred and consequently most accounts are projected as per the budget.

11. Prepayment of the Apexio software licence in 2021/22 for this financial year, and a delay in the acquisition of the Archives Digital Repository System, has brought savings against the budget (£14,450 saving).
12. Welsh Government funding has been secured for the Welsh Government Adoption Records project (£7,000 projected) which will enable collaboration with a field expert.
13. Further box orders have depleted the card inventory, as such a large order to restock the supply is due to be made that will exceed the budget (£8,500 projected)
14. Catering sundries are projected to be underspent (£699) with all forecasted expenditure (£301) relating to exhibition days grant funded by ARCW.

**Support Services Budget: (£34,325 budget, £3,356 underspend)**

15. Most support service charges will be posted later in the year. Charges to date include a £420 Internal Audit fee for the 2021/22 financial accounts and £1,080 relating to Bilingual Cardiff.
16. ICT Services were expected to increase charges in 2021/22 due to a change in contract, this did not come to fruition and consequently the projected charge for 2022/23 has been brought back in line with the 2021/22 outturn resulting in a saving (£3,288).

**Income Budget: (£73,280 budget, £22,016 overachieved)**

17. Due to high demand, box making income to date has exceeded the budget by £3,316. Consequently, current projections suggest an outturn which is quadruple the budgeted revenue (£5,000 budget, £20,816 projected).
18. Royalties are projected to exceed their budget (£10,000 budget, £11,150 projected) with income from Find my Past (£1,500), Ancestry (£8,150) and Genealogist (£1,500).
19. Conservation work is projected to exceed income targets due to projects with the Royal Welsh College of Music and the Rhondda Cynon Taf Council (£13,212 projected).
20. Grant income from the DWP, as a contribution towards employment cost of a staff member, will bring in an estimated £15,135 this year as shown in table 2 above.
21. The New Burdens Grant has been confirmed (£8,214), relating to the 2021 accessions.
22. Welsh Government funding (£7,000) has been secured for the Adoption Records project, enabling the Archives to seek professional expertise through a consultant.

23. Though no further grants have been confirmed to date, a review over the available funding and projects will continue throughout the remainder of the year.
24. Other aspects of income generation have assumed achievement of the budgeted income targets and will be monitored and reviewed closely throughout the remainder of the year and as more information becomes available.

### **Local Authority Contributions**

25. The Local Authority contributions to fund the Service were in line with the budgeted contributions as previously notified to the Committee. Invoices for 2022/23 were raised in October. Please see Appendix 1 for details.

### **Covid-19**

26. From 28 March 2022 the Welsh Government eased restrictions, including the legal requirement to wear face coverings within the Archives, however social distancing and ventilation requirements set by the Council are still in place. The situation will be continually monitored throughout 2022/23 for any changes.

### **Month 7 Summary**

27. The projected income and expenditure for 2022/23 has indicated a decreased reserve drawdown forecast compared to the amount budgeted (£10,000 budget, £3,565 projected).

## PROPOSED BUDGET FOR FINANCIAL YEAR 2023/24

28. The proposed budget for the 2023/24 financial year reflects a net budget totalling £899,273, which is an 8.75% increase on the net budget for 2022/23.
29. Deviating from the Medium Term Financial Plan due to unforeseen global events which has introduced extreme inflationary pressure, there is a planned reserve drawdown of £65,000 in 2023/24.
30. The table below summarises the proposed budget for 2023/24. A more detailed analysis can be found in Appendix 2.

**Table 3: 2023/24 Proposed Budget**

	<b>2022/2023 Budget £</b>	<b>2023/2024 Budget £</b>	<b>Increase / (Decrease) £</b>
<b><u>Expenditure</u></b>			
Employees	539,267	545,886	6,620
Premises	296,522	440,474	143,951
Transport	240	240	0
Supplies & Services	39,844	33,339	(6,506)
Support Services	34,325	32,192	(2,133)
<b>GROSS EXPENDITURE</b>	<b>910,198</b>	<b>1,052,130</b>	<b>141,932</b>
Income	(73,280)	(87,858)	(14,578)
Contribution from Reserve	(10,000)	(65,000)	(55,000)
<b>NET EXPENDITURE</b>	<b>826,918</b>	<b>899,273</b>	<b>72,355</b>

31. In preparing the figures above, consideration has been given to the budgetary pressures on the service alongside potential, and achievable efficiencies and income growth.

### **Employee Budget: Increase of £6,620**

32. A pay award has been factored in at 4.0% in line with CPI. This inflation, as well as one member of staff moving up a pay scale, contributes to the increase in budget.
33. Additionally, Employer National Insurance contributions have been brought back down to 13.8% per the latest UK Government Budget.

### **Premises Budget: Increase of £143,951**

34. Utility costs, such as Electricity and Gas, have become increasingly difficult to project due to the volatility of the market. An increase of 350.0% for Gas and 150.0% for Electricity is included, matching the Council's budget.

35. The increase in energy costs is expected to be a short-term global issue, with prices likely to come down in 2024/25. Therefore, managing this rise through a permanent means, such as Voluntary Severance (VS) or Compulsory Severance (CS), would be unsuitable and would leave the service understaffed once energy costs settle. The Archives is proposing to fund the cost using a maximum reserve drawdown and implementing efficiencies wherever possible. However, these measures alone do not cover the full cost and a temporary increase in Local Authority contributions is vital in 2023/24 to sustain the service.
36. As the building ages, the premises budget will need to remain at £20,000 to allow for general maintenance and repairs, though the nature of this spend makes it difficult to project.
37. National Non-Domestic Rates have been frozen since 2020/21 at £188,588 and as there is no plan to revalue the property, this budget line has remained frozen.
38. Inflationary increases of 4.0% have been added where applicable to the 2022/23 outturn for expenditure items involving third-party contracts, such as Grounds Maintenance, Fire Management, Pest Control and Office Cleaning.

#### **Transport Budget: No Change**

39. The transport budget has remained the same since 2021/22, when it was reduced to reflect the increased popularity for digital meetings and a reduced necessity to travel for work.

#### **Supplies & Services Budget: Decrease of £6,506**

40. This decrease is largely due to savings against Conservation (£1,000), Protective Clothing (£3,060) and Catering (£850), areas of spend in which the Archives has discretion to control the budget where necessary.
41. Additional savings were found against Vending Machines (£1,200) following a decision to remove the water-cooling system in the kitchen.
42. The budget for other items, such as Subscriptions, has remained unchanged to allow for mandatory subscriptions for Harwell Document Recovery Services and the Archives and Records Council Wales (ARCW) membership, which are required for the Archives to continue to operate as a service.

#### **Support Services Budget: Decrease of £2,133**

43. Most support services have increased by 4.0% in line with the employee on-cost uplifts, factoring in the CPI forecast within the UK Government Budget.
44. A significant increase to the ICT Services recharge was projected for 2021/22 due to a change in contract, this did not come to fruition and consequently this budget has been brought back in line with the 2022/23 outturn projection.

### **Income Budget: Increase of £14,578**

45. The income target of £87,858 reflects the efficiencies proposed by the Archives to bridge the 2023/24 budget gap. This budget realigns the targets overachieved in 2022/23, such as Box-Making, and inflates all other income targets by 4.0% to match the approach taken within the expenditure.
46. Hire of Special Rooms (£22,880) also includes the additional storage of accessions from the Cardiff Magistrates Court.
47. Royalties has seen an increase to the budget (£3,000), realigning with the 2022/23 project outturn. Items that fall into this category are income from Find my Past, Ancestry and Genealogist.
48. A budget of has been included for income from the DWP (£15,135), contributing towards the costs of an employee which is offset by the expenditure budget.
49. The income target for Sale of Food (£1,061) has been halved in 2023/24 to match the reduced expenditure on Catering.

### **General Reserve: Drawdown of £65,000**

50. Despite attempts in the past to phase out the use of Reserves to balance the budget, the unforeseen increase to Gas and Electricity costs has made this impossible.
51. The Reserve balance is projected to be £109,395 as at 31<sup>st</sup> March 2023 after funding the projected deficit position at year end. It is proposed that a drawdown of £65,000 be used in 2023/24 to support increased Local Authority contributions and recognised savings, leaving a prudent balance of £44,395 within the reserve.

### **Local Authority Contributions**

52. Table 4 below indicates the effect the budget proposals will have upon the contributions with the current year shown for comparative purposes.

**Table 4: Local Authority Contributions 2023/24**

		<b>2022/23</b>	<b>2023/24</b>	<b>Change</b>
<b>Authority</b>	<b>%</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bridgend	14	115,768	125,898	10,130
Caerphilly	11	90,961	98,920	7,959
Cardiff	32	264,614	287,767	23,153
Merthyr Tydfil	6	49,615	53,956	4,341
Rhondda Cynon Taf	25	206,729	224,818	18,089
Vale of Glamorgan	12	99,230	107,913	8,683
<b>Total</b>	<b>100</b>	<b>826,917</b>	<b>899,273</b>	<b>72,356</b>

53. An 8.75% increase has been proposed to address the budget gap and to ensure that Reserves are not depleted in full. Savings have been identified where possible, but energy costs have increased temporarily to a level that cannot be managed without an increase in contribution.
54. Contributions for 2023/24 will be invoiced in one instalment in April 2023, as per the current arrangement.

### **Summary**

55. At the end of 2022/23, the reserve balance is projected to be greater than £100,000 providing a mechanism to fund some inflationary pressures in 2023/24. In order for the Archives to maintain the current level of service and remain financially sustainable, an increase of 8.75% is proposed. It is also proposed that £65,000 be drawn down from the General Reserve to supplement the increased contributions and fund the budget gap.
56. Consideration has been given into funding the increase in energy costs through VS and CS. Both processes have a long lead-in time before resolution and would likely not be completed until approximately September 2023, so a full year of savings on salaries would not be possible. In addition, redundancy payments could be significant and there would be accompanying pension strain that would be in place for several years. As all redundancy payments and pension strain would have to be met within the Glamorgan Archives budget, there would be no saving in 23/24, and redundancies would likely mean an increased funding gap from current projections.

### **Financial Implications**

57. Current trends project a balanced position at year end as a result of a reserve drawdown less than the 2022/23 budget
58. The General Reserve as at 31st March 2022 stands at £112,960. The budget for 2022/23 determined that £10,000 would be used from reserves to balance the budget. Based on the month 7 position, the General Reserve balance will decrease to £109,395 after a £3,565 drawdown without further mitigations.
59. The General Reserve balance will decrease further to £44,395 in 2023/24 after allowing for a budgeted drawdown of £65,000. Any additional spend required will need to be funded from a further drawdown.

### **Legal Implications**

60. Each of the parties shall inform the committee not later than the 12<sup>th</sup> day of March 2023 that its contribution to the budget is approved, or otherwise. The Committee shall only have power to spend within the agreed budget within any given financial year.



## **RECOMMENDATION**

61. It is recommended that Members:

- a) Note the projected full year outturn position for 2022/23 as detailed in this report.
- b) Recommend the draft budget proposals for 2023/24 be agreed, as presented in paragraphs 28 to 56 of this report.

**Christopher Lee**

**Treasurer to the Glamorgan Archives Joint Committee**

**16 December 2022**

### **Appendices**

Appendix 1 - Month 7 Monitoring Position 2022/23

Appendix 2 – Proposed Budget 2023/24