

**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**

15 December 2023

MEDIUM TERM FINANCIAL PLAN

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

Reason for this Report

1. To provide the Glamorgan Archives Joint Committee with a draft Medium Term Financial Plan (MTFP) for the next 4 years, providing a revised budget proposal in a time of ever increasing budgetary constraints.

Purpose of the Medium Term Financial Plan (MTFP)

2. The MTFP will assist in forecasting the future financial position of the Glamorgan Archives and ensure that future financial challenges are identified and can be addressed. It will identify key budgets and assumptions for future years and will be used to support business planning.
3. Through forecasting and projecting future income and expenditure, realistic budgets can be set that will both ensure service continuity and ensure that a minimum reserve balance is maintained to allow for unforeseen or unexpected circumstances.

Glamorgan Archives Budget

4. Until 2021/22 an incremental budget was set each year, using the previous year's budget as the basis for building the next. Expenditure and income were reviewed each year and adjusted accordingly to account for any expected changes such as inflation, pay awards and future commitments.
5. In 2022/23 a zero based budget was introduced alongside a four year MTFP, which considered the sustainability of utilising general reserve drawdowns to fund a deficit position every year and proposed a realistic budget with incremental changes to the Local Authority contributions.
6. That Medium Term Financial Plan was the starting point for subsequent annual budgets, alongside outturn projections, and it is now being updated to capture the next 4 years from 2024/25 to 2027/28.

Employee Budget

7. The employee budget is based on 14 FTE staff and the 2023/24 pay award has now been finalised at £1,925 per FTE.
8. Moving forward, projections have been based on a 3% increase in 2024/25 followed by a 2% increase year on year. Where staff have yet to reach the top of a pay grade, these incremental increases have also been built in, as necessary.

Premises Related Budget

9. This budget is in place to maintain the building, alongside all other utilities and cleaning contracts.
10. Now that the building is over ten years old, it is important to ensure that a budget is in place both for ongoing maintenance and for any unforeseen circumstances that may arise. The budget line for repairs, alterations and maintenance remains at £30,000 over the medium term to ensure that any such costs can be addressed.
11. Most costs within the premises budget, including security, grounds maintenance, fire protection and office cleaning, show an average increase of 3% over the medium term, in line with general inflation.
12. The Archives building had its rateable value increase in 2023/24 for the National Non Domestic Rates by 0.7%. There is no plan for the rateable value to change in the medium term, therefore an increase of 1% has been included for inflation.
13. Utility costs for electricity and gas show an increased dramatically in recent years. They are expected to drop over the medium term, but not return to pre-pandemic levels. A reduction of 25% has been included for 2024/25, followed by an additional 10% decrease in 2025/26. Following this, utilities are expected to increase by 5% year on year.

Transport Budget

14. This budget is in place for any transport and travel expenses that may be incurred by staff and includes both public transport and car travel. This budget has seen a decrease year on year in line with reduced travel requirement on staff.

Supplies & Services Budget

15. The supplies and services budget mirrors the assumptions made in other areas, with an average of 3.0% increase across the medium term.
16. There is a £3,000 budget being implemented from 2024/25, continuing over the medium term, for the purchase of replacement laptops and other electrical hardware.
17. The budget for box making supplies will increase in 2024/25 to realign with the actual usage in 2023/24. Following the increase, this budget line will inflate on the same basis as other areas.

Support Services Budget

18. This budget covers staff recharges from within Cardiff Council for work undertaken in connection with the Glamorgan Archives and includes statutory functions such as finance, payroll, human resources and ICT.
19. Over the medium term, these costs have been increased in line with staff salaries to cover estimated pay awards. There is also an increase of £4,500 in both 2024/25 and 2027/28 to accommodate the internal audit scheduled.

Income Budget

20. The pursuit to secure grant income will continue over the medium term, and a budget of £10,000 has been included across the four years to reflect the probable receipt of some funding for services that can be provided within existing resource.
21. Income from commercial activities including search fees, publication sales and photocopying is projected to increase by an average of 3.0% each year in line with inflation.
22. The Hire of Specialist Rooms budget from 2024/25 captures the income from various bodies, including Cardiff Museum and Cardiff Registrars. Both parties are renting space for the storage of records and/or meeting rooms from which to conduct business.

Local Authority Contributions and General Reserve Balance

23. It is therefore recognised that further use of reserves should be minimal, and contributions must be increased to meet the rising costs of expenditure and to enable the Archives service to continue. It is proposed that contributions increase by 1.1% in 2024/25 and then by a further 0%, 1.6% and 1.6% in 25/26, 26/27 and 27/28 as shown in the table below.

Table 1: Proposed Local Authority Contributions

Local Authority	%	2023/24	2024/25	2025/26	2026/27	2027/28
		Current	1.1%	-	1.6%	1.6%
Bridgend	14	125,898	127,400	127,400	129,500	131,600
Cardiff	32	287,767	291,200	291,200	296,000	300,800
Merthyr Tydfil	6	53,956	54,600	54,600	55,500	56,400
Rhondda Cynon Taf	25	224,818	227,500	227,500	231,250	235,000
Caerphilly	11	98,920	100,100	100,100	101,750	103,400
Vale of Glamorgan	12	107,913	109,200	109,200	111,000	112,800
	100	899,2730	910,000	910,000	925,000	940,000

24. In parallel to this, it is proposed that £1,000 will be drawn down from Reserves in 2024/25 to supplement the increase and a further £4,000 in 2025/26, £3,000 in 2026/27 and £10,500 in 2027/28. This will reduce the balance to £62,086 if the 2023/24 projection is realised.

Table 2: General Reserve Balance

	£
Current Reserve Balance as at 31/03/2023	132,708
Projected Drawdown (as at Month 7)	(52,122)
Balance as at 31/03/2024	80,586
Budgeted Drawdown in 2024/25	(1,000)
Balance at 31/03/2025	79,586
Budgeted Drawdown in 2025/26	(4,000)
Balance as at 31/03/2026	75,586
Budgeted Drawdown in 2026/27	(3,000)
Balance as at 31/03/2027	72,586
Budgeted Drawdown in 2027/28	(10,500)
Balance as at 31/03/2028	62,086

Summary

25. The MTFP captures the current inflationary assumptions for expenditure and income generation. This balances ambitious revenue targets with the increasing maintenance demand required to keep the building operational.

26. The MTFP considers the need for annual reserve drawdowns whilst maintaining a prudent balance that can withstand unbudgeted spend each year without requiring Local Authority intervention. This reserve drawdown, alongside a low annual increase in member contributions will balance the net expenditure.

Financial Implications

27. The General Reserve as at 31st March 2023 stands at £132,708. The budget for 2023/24 determined that £65,000 would be used from reserves to balance the budget. Based on current outturn projections, there will be a need to drawdown £52,122 which will reduce the General Reserve balance to approximately £80,586 without further mitigations.

Legal Implications

28. 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) of the agreement dated the 11th of April 2006; the Committee shall only have the power to spend within the agreed budget within any given year.

RECOMMENDATION

29. It is recommended that Members:
- a) Note the current position of the General Reserve balance and the proposed Medium Term Financial Plan.
 - b) Note that a potential annual or in year increase to Local Authority contributions may be required moving forward upon approval from S151 Officers.

Christopher Lee
Treasurer to the Glamorgan Archives Joint Committee
15 December 2023

Appendices

Appendix 3 – Proposed Medium Term Financial Plan for 2024/25 Onwards