

**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**

11 September 2020

2020/21 MONTH 4 MONITORING REPORT

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

Reason for this Report

1. To provide the Glamorgan Archives Joint Committee with details of actual expenditure and income as at the 31st July 2020 (Month 4), against the approved 2020/21 Budget and projections for the full year outturn position.

Background

2. Members approved the 2020/21 budget in December 2019.
3. The budget is funded from local authority revenue contributions, apportioned on the relative populations.
4. The current General Reserve balance is £174,385.

Table 1: Projected Outturn 2020/21 (at Month 4)

	Budget £	Actual to date £	Projection £	Variance £
<u>Expenditure</u>				
Employee Related	526,242	179,318	540,010	13,768
Premises Related	276,897	209,756	293,909	17,012
Transport Related	900	71	487	(413)
Supplies & Services	23,232	6,209	19,569	(3,663)
Support Services	28,591	29,915	32,165	3,574
GROSS EXPENDITURE	855,861	425,269	886,139	30,278
<u>Income</u>				
Income	(151,861)	(13,301)	(121,347)	30,514
Contribution from Reserves	(50,000)	0	(50,000)	0
NET EXPENDITURE	654,000	411,967	714,792	60,792

Glamorgan Records Office: Overspend £60,792 Projected

5. The position at month 4 suggests that although gross expenditure is as expected for this time of year and in line with 2019/20, the closure of the building due to Covid-19 means the income projection is circa £30,500 less than budgeted.

Employee Budget: (£526,242 budget, £13,768 overspend)

6. The employee budget is based on 18 FTE staff, two of which are funded through grant income or external contributions. The 2020/21 pay award has now been finalised at 2.75% which is higher than originally anticipated (2.5%), therefore increasing the projected outturn. Similarly, pension contributions have also increased because of the pay award, although the level of contribution has not changed and remains at 20.7% as of April 2020.
7. The table below provides detail on how much employee expenditure is funded by grants and external contributions:

	Budget £	Actual £	Projected £	Variance £
<u>Employees</u>				
Employee Expenditure	526,242	179,318	540,010	13,768
Employee Income - Grants	(25,553)	(7,071)	(26,069)	(516)
Employee Income - DWP	(9,413)		(9,413)	0
Employees Total	491,276	172,247	504,528	13,252

Premises Related Budget: (£276,897 budget, £17,012 overspend)

8. Due to a statutory requirement to re-gas fire extinguishers across the building at an expected cost of £26,000, there is projected overspend of over £13,000 within repairs, alterations and maintenance. This maintenance work is overdue and is a necessity to ensure the safety of the building.
9. Maintenance contracts include an unbudgeted additional fee for the box making machine (£1,400) and therefore have an overspend of circa £2,000.
10. Additional cleaning costs associated with reopening the building in line with new Government guidelines have been incurred, although it is not anticipated that this particular budget will be exceeded. It is possible that these additional costs will be recovered through a Museums, Archives and Libraries Division (MALD) grant, in place to assist with reopening as a result of Covid-19.

Transport Budget: (£900 budget, £413 underspend)

11. Due to the current Covid-19 pandemic and associated disruption to working practice, it is projected that there will be less need for travel throughout the year.

Whilst the building has now reopened to staff, the overall move to virtual meetings suggests that there will be less travel required.

Supplies & Services Budget: (£23,232 budget, £3,663 underspend)

12. This is largely due to reduced spend on conservation (£3,000), catering sundries (£2,000) and central telephone charges (£1,070) as a result of the building being closed and services on hold. The savings however are offset by a reduction in associated income.
13. The reopening of the building to both staff and the public following Government guidelines is likely to incur unbudgeted spend in terms of personal, protective equipment (PPE) and cleaning materials such as hand sanitising stations. Whilst there has been no significant spend to date, a projection has been made for when the building starts to reopen over the coming months. This will be reviewed throughout the year.

Support Services Budget: (£28,591 budget, £3,574 overspend)

14. Despite underspends in areas such as accountancy and procurement, ICT and translation recharges have exceeded original budgets resulting in an overspend.

Income Budget: (£151,861 budget, £30,514 under achieved)

15. Room hire income includes both the use of meeting rooms and storage facilities within the building and is projected to generate circa £26,000 less than budgeted. This is a direct result of Covid-19 as all room bookings since March have been cancelled. Despite the building reopening to staff, it is unlikely that meeting space will be required for the remainder of the year. This too has impacted upon the sale of food and is in line with reduced expenditure.
16. The building closure has also impacted upon commercial activities including course and search fees, publication sales and donations. Projected conservation income has been reduced in line with expenditure but includes a National Manuscript Conservation Trust grant (£2,000) and a grant from Glamorgan Cricket Club (£2,008) expected later in the year.
17. The use of 'Zoom' for virtual appointments to assist customers is an income generating tool initiated during lockdown which is due to start in September and it is hoped that this service will help to generate income over the coming months whilst the building remains under restrictive operation.
18. Sundry income is expected to exceed budget by circa £13,000 as a result of a New Burdens Grant (£34,257.81) to be received in year. This relates to accessions taken in by the Archives in 2019/20. It also includes external funding to cover the costs of an employee.

Local Authority Contributions

19. Based on the projected outturn for 2020/21 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. Invoices for the first half of 2020/21 have been raised in line with budget.
20. Should there be an overspend at the end of the year as projected; this will need to be covered through an additional drawdown from the General Reserve.

Covid-19

21. The Glamorgan Archives, like most organisations, has been greatly impacted upon by the outbreak of the Covid-19 virus. The doors of the building were closed on 19th March 2020 and whilst staff have started a phased return, the building remains closed to the public whilst circumstances and working practices are continually monitored.
22. Whilst expenditure has been largely unaffected, there has been a considerable impact on income because of the closure of the building. Room booking cancellations have resulted in significant lost income and closure to the public means that Archive services such as searches, publication sales and conservation work have all ceased. There may be further impacts of lost income realised next financial year when any potential grants received in relation to accessions are reduced because of the closure of the building.
23. As the lead body, Cardiff Council are continuing to record and monitor the financial impact of Covid-19 in case there is an opportunity to claim for such losses. Until such an opportunity, any further impacts will need to be managed within existing budgets and the position will continue to be assessed as part of the 2020/21 monitoring process.

Month 4 Summary

24. Projected expenditure for 2020/21 indicates an overspend against approved budgets of £60,792 which, if realised, will result in the need for an additional draw down from the reserve. The budget already assumes a £50,000 drawdown for the year and whilst this can be met from the reserve, this will have a significant affect upon the level of reserves, taking them below a prudent level.
25. Month 7 will provide an updated indication of the projected outturn including updates on feasible mitigations such as reductions in expenditure and submission of claims for lost income. This will be looked at in parallel with the development of the future year's budget and Medium Term Financial Plan, including the level of expenditure that is affordable, local authority contributions and the level of reserves to be held to allow the Joint Committee to mitigate unforeseen risks.

26. The development of a Medium Term Financial Plan is in progress in light of this situation and this will help to steer the 2021/22 budget that will be set in December. It will also assist with determining future local authority contributions needed to balance the budget and maintain a sufficient level of reserves.

Financial Implications

27. As stated in the main body of the report, there is an overspend projected at year end of £60,792.
28. The General Reserve as at 31st March 2020 stands at £174,385. The budget for 2020/21 determined that £50,000 would be used from reserves to balance the budget. Based on the month 4 position, the General Reserve balance will decrease to £63,593 without further mitigations.

Legal Implications

29. 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

30. It is recommended that Members:
- a) Note the projected full year outturn position for 2020/21 as detailed in this report.

Christopher Lee
Treasurer to the Glamorgan Archives Joint Committee
11 September 2020

Appendices

Appendix 1 - Month 4 Monitoring Position 2020/21