

Joint Archives Advisory Board

30 March 2022

Budget Monitoring 2021/22 and Budget 2022/23

For Decision

Portfolio Holder: Cllr L Miller, Customer and Community Services
Cllr B Dunlop, Cabinet member for Culture and Vibrant Places, BCP Council

Local Councillor(s): All

Executive Director: J Sellgren, Executive Director of Place

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Report Status: Public

Recommendations:

- (i) Notes the JAS's current financial position.
- (ii) Notes the efforts made by the JAS to reduce costs and to manage its finances to deliver the best outcomes for both funders and users of the service.
- (iii) Approves a budget for the financial year 2022/23.

Reason for Recommendation: To meet the reporting and decision-making requirements of the Joint Archives Agreement, 1997

1. Executive Summary

At the last business meeting of the Joint Archives Advisory Board (5 February 2021), the budget for 2021/22 was confirmed as a cash standstill. This report will update the Board on the JAS's financial position including the impact of Covid-19, the service's relative value for money and the position of its reserve. After seven (out of eight) years of standstill budgets, this report will propose a budget uplift of 3.3% for 2022/23.

2. Financial Implications

The budget proposal (2022/23) is for an overall JAS budget of £568,900, compared to £550,800 for the current (2021/22) year, an increase of £18.1k or almost 3.3%.

The apportionment of costs between Dorset Council and BCP Council is based on the respective population base of the two council areas. At the time of writing, official ONS population figures were 396,989 for BCP council (51.11%) and 379,791 for Dorset Council (48.89%), which would give rise to new funding contributions based on these percentages for each council. These are as follows:

- The 2020/2021 BCP council contribution is £284,400 increasing by £6,348 to £290,748 or presents as a 2.2% increase.
- The 2020/2021 Dorset council contribution is £266,400 increasing by £11,752 to £278,152 or presents as a 4.4% increase.

3. Well-being and Health Implications

None

4. Climate implications

None

5. Other Implications

None

6. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: **MEDIUM**

Residual Risk **MEDIUM**

The JAS has always operated within its budgetary means and will strive to maintain this position. However, after a long period of standstill budgets the service has now reached a point where without an uplift, there will need to be consideration given to staffing levels. The longer-term challenge for the service will be how to fund external storage for archives in the event that additional on-site accommodation cannot be provided via a capital scheme

7. Equalities Impact Assessment

The JAS has completed a full EQIA. Areas for further consideration include working with younger people and with black and ethnic minority groups and religious minorities. Improved digital provision will also assist in providing greater access to collections for people living at some distance from Dorchester.

8. Appendices

Appendix 1: Joint Archives Service Budget Estimate 2022/23
Appendix 2: JAS reserves March 2021

9. Background Papers

None

1. Background

- 1.1 At its meeting in February 2021, the Board agreed the budget for the Joint Archives Service for 2021/22. The budget was a cash standstill based upon the contributions of the two councils at that time. These are set out in the table below and reflect the updated populations of Dorset Council and Bournemouth, Christchurch and Poole Council areas relevant to local government reform in April 2019.

	Budget 2021/22 - partner contributions to revenue budget	
Bournemouth, Christchurch and Poole Council	£284,400	51.63%
Dorset Council	£266,400	48.37%
Total	£550,800	100%

- 1.2 The JAS has had standstill budgets for **seven** of the previous **eight** financial years. In real terms using RPI, this represents a reduction of budget of 22.23% since 2012 during that eight-year period. In addition, a full audit of the service's activities and costs undertaken in 2015 by South West Audit Partnership acknowledged that the service had worked hard to examine and reduce every area of spend on the one hand and to increase income generation wherever possible on the other (e.g. room hire, car parking, leasing space, added value public services).
- 1.3 The proposal for the 2022/23 budget split, based on latest population numbers from the ONS is as follows:

	Budget 2022/23 – proposed partner contributions to revenue budget	
Bournemouth, Christchurch and Poole Council	£290,748	51.11%
Dorset Council	£278,152	48.89%
Total	£568,900	100%

2. Value for Money and Service Capacity

- 2.1 It is difficult to say with precision where the JAS currently stands in terms of value for money relative to other archive services. Dorset Council no longer subscribes to CIPFA's benchmarking services. However, in previous years, the service was consistently the cheapest service across the South-West and Hampshire in terms of net expenditure per 1000 population. There is no obvious reason why this situation should have changed as the net budget has barely changed in eight years given the largely standstill budget position.

- 2.2 The JAS has worked hard to manage its costs and has since 2020/21 managed through a combination of solar PV panels and a shift to passive strongroom management to reduce its overall energy costs by around 65%.
- 2.2 The staff establishment stands at 11.67 full time equivalent posts. During 2021, some limited additional capacity was provided through an externally funded project (Frink) and a digital preservation traineeship. The National Archives described the 2011 structure proposal as “very close to the minimum for a viable service”. TNA’s November 2021 accreditation feedback noted that “*the Panel were also impressed by the considerable achievements of the service relative to budget and staffing capacity*”. The JAS has been operating at a relatively low staffing capacity for some years but has been able to appoint staff to externally funded project posts as well as generate large quantities of volunteer capacity. The service has demonstrated its ability to innovate, generate (external) income and maintain customer satisfaction and quality of service.
- 2.3 In addition to its revenue contribution, Dorset Council has to date met all capital and improvement costs associated with the Dorset History Centre. This has amounted to more than £747,000 over the course of the last ten complete financial years. Most recently, the service has received £200,000 investment to create a largely passive preservation environment. Additional capital expenditure on the fabric and energy efficiency standards in the building totalling tens of thousands will take place in the financial year 2022/23. Further capital investment will be required moving forwards to maintain a viable service and the principle for capital funding will need to be reviewed (see Service Plan Monitoring report). The JAS benefits from the leasing of space within the DHC building to two other services. This contributes £23,000 per annum to the archive service budget. Prior to Local Government Reorganisation, Dorset County Council invested £77,500 in solar panel (photovoltaic - PV) installation. The depreciation cost on the value of the DHC building is in excess of £100,000 per year.
- 2.4 Like all public services, the March 2020 coronavirus pandemic hugely impacted the JAS. In terms of income, throughout 2021 the service continued to experience major reductions in its room hire, photographic permits and parking totalling around £7,000. Remote orders for digital copies remained strong as people worked from home, although the service’s ability to deal with them was limited by staff absence from the building.
- 2.5 Since 2010, the JAS has acquired nearly £765,000 in external grant aid to fund cataloguing and public engagement projects. Other funding applications are under consideration.

4. Budget Strategies of the Two Funding Councils

- 4.1 **Bournemouth, Christchurch and Poole Council:** BCP Council’s Medium Term Financial Plan (MTFP) and 2022/23 budget setting process remains challenging with large scale funding gaps to close from the increase in demand for services and growing inflationary pressures, with the pandemic still having a significant impact on both. Uncertainty continues from the delay in the local government fair funding reforms and the council not yet receiving multi-year funding settlements. The local cost of implementing the government’s 10-year vision to improve adult

social care is also a significant unknown. Against this background, financial planning is an evolving process and the MTFP is regularly refreshed over a 5-year planning horizon to establish the size of the funding gaps each year and reflect the outcome from strategies developed to close them. These strategies include detailed base budget reviews as well as undertaking an ambitious programme of transformation to unlock significant savings and improve services through new corporate structures and more efficient ways of working.

4.2 Dorset Council: New financial strategy

During 2021/22, as part of the response to the challenge of complex financial management during the pandemic, the Cabinet agreed a new financial management strategy statement. The previous strategy had been written as a short-term policy prior to LGR and was really only intended to see the organisation through the first year or so as a new council. However, the pandemic caused a pause in many areas of work, including on the financial strategy, meaning its approval was not given by Cabinet until 8 November 2021. The [strategy](#) brings together many aspects of the Council's business including financial management, commercialism, procurement, treasury, investments and reserves and is a document which underpins all financial management, including this budget strategy. It is essential reading alongside this report and will be updated annually as part of the budget preparation work.

5. Budget 2022/23 and JAS Reserves

- 5.1 It is proposed that the JAS revenue budget for 2022/23 will, if approved, be £568,900 an increase of £18,100 or almost 3.3%

	Budget 2022/23 – proposed partner contributions to revenue budget	
Bournemouth, Christchurch and Poole Council	£290,748	51.11%
Dorset Council	£278,152	48.89%
Total	£568,900	100%

- 5.2 Pressures on the service budget for 2022/23 include:

- Increments for staff where applicable plus the 2021/22 pay increase (assumed at 1.75%)
- The pay increase for all local government employees 2022/23 (assumed at 2.25%)
- Specific uplift for gas and electricity charges
- Uncertainty on commercial/customer-driven income streams due to Covid

- 5.3 The General Reserves and Repair and Maintenance Reserves as at 31 March 2021 were £192,297 and £14,896 respectively.

- 5.4 The Board agreed at its July 2014 meeting to commit the JAS's reserves to any potential capital project, should an application be made to the Heritage Fund. Reserves are therefore being held for that exact purpose subject to a potential re-submission to the Lottery in the future (see accompanying Service Plan Monitoring report).
- 5.5 The service will continue to examine all areas of spend, to minimise costs and to generate income wherever possible.

6. Conclusion

- 6.1 The JAS provides excellent value for money, generates significant income and delivers high quality work and projects. Understanding the future funding scenario for the service is critical to its ability to best plan its future and to assess and prioritise its functions. In order to maintain this level of service and to address the inflationary pressures faced by all services, a small uplift in budget would seem appropriate.
- 6.2 The board's support and guidance in terms of the JAS's future funding in relation to the expectations placed upon it will be critical in how the service develops over the forthcoming years. There are clear opportunities to improve the JAS and DHC through external funding but these are contingent upon having a stable core of professional staff to manage and lead the service. The JAS will continue to strive to provide excellent value for money combined with high quality service for the funding councils, the public and the collections it manages.

John Sellgren

Executive Director for Place

Aidan Dunn

Executive Director for Corporate Development

January 2022

Appendix 1

	Budget 2019/20	Budget 2020/21	Budget 2021/22	Proposed Budget 2022/23
	£	£	£	£
Internal Charges (Expenditure)	80,900	53,300	59,900	62,300
Pay Related Costs	378,300	435,100	418,300	439,200
Premises Related Costs	142,300	139,300	139,700	141,800
Transport Related Costs	2,700	2,500	2,000	1,500
Supplies & Services	23,100	15,200	20,000*	26,000
Fees & Charges	-31,800	-48,400	-42,200	-56,800
Internal Charges (Income)	-44,700	-46,200	-46,900	-45,100
Net Budget	550,800	550,800	550,800	568,900

*£6,000 (not shown here) additional budget for Preservica software. Funded solely by Dorset Council in 2021/22.

Appendix 2

JAS Reserves at 31 March 2021

<u>2020/21 RESERVES</u>	GENERAL	REPAIRS & MTCE	DONATIONS	PROJECTS	Total
	£	£	£	£	£
<u>B/fwd as at 31/03/2020</u>					
Uncommitted	162,194	14,896			177,090
Committed			43,245	19,542	62,787
<u>Movement in Year</u>					
Revenue Surplus 2020/21	32,453.48			658.55	33,112.03
Revenue Deficits 2020/21	-2,350			-6,905	-9,255
Donations Received			35		35
Reserve Balance	192,297	14,896	43,280	13,296	263,769
<u>Less Commitments</u>					
Donations (ring-fenced)			-43,280		-43,280
Projects				-13,296	-13,296
UNCOMMITTED RESERVES	192,297	14,896	0	0	207,193

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.