

# Joint Archives Board

## 16 January 2023

### Budget 2023/24 and Service Reserves

#### For Decision

**Portfolio Holder:** Cllr L Beddow, Culture, Communities and Customer 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:

It is recommended that the Board:

- (i) Acknowledges the JAS budget pressure for 2023/24 of an additional £44,000 noting both councils' budget strategy statements in section 4 and approves the suggested uplift.
- (ii) Agrees a position in respect of the service reserve. Officer recommendation is for Option 2 – retention of £50,000 of the current reserve (**section 6**).

**Reason for Recommendation:** To meet the reporting and decision-making requirements of the Inter-Authority Agreement on Archives, 2022

#### 1. Executive Summary

At the last business meeting of the Joint Archives Advisory Board (14 November 2022), the Board discussed the options for the JAS's budget in the financial year 2023/24. These were:

- (i) An inflationary uplift of £44,000 apportioned between the two funding councils
- (ii) A service review whose minimum saving would need to be £44,000.

Since the last meeting of the Joint Archives Advisory Board (14 November 2022), central government has published the local government finance settlement for 2023/24 (on 19<sup>th</sup> December 2022). There are no new implications arising that affect the proposed JAS budget for 2023/24. The financial implications for 2023/24 therefore remain as they were and are repeated below.

## 2. Financial Implications

The proposal for 2023/24 is for a net expenditure budget of £613.1k, in comparison to the current year (2022/23) JAS budget of £568.9k, an increase of £44.2k or 7.7%. The reasons for the increase (pay costs and energy inflation) are discussed below.

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 are unchanged, with BCP Council at 396,989 (51.11%) and 379,791 for Dorset Council (48.89%), with funding contributions based on these percentages for each council. These are as follows:

- The 2022/2023 BCP council contribution is £290.7k in the current year. If the increase in net budget for 2023/24 is agreed by the Board, the BCP contribution would increase to £313.3k, an increase of £22.5k.
- The 2022/2023 DC council contribution is £278.2k in the current year. If the increase in net budget for 2023/24 is agreed by the Board the DC contribution would increase to £299.9k, an increase of £21.7k.

## 3. Well-being and Health Implications

None

## 4. Environmental 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 over a long period of standstill budgets. The demands on the budget, explored below, require that inflationary costs are met either via an additional financial injection from partner councils or by identifying where to reduce staffing levels and service levels. The longer-term challenge for the service will be how to fund the revenue

cost of 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 2023/24

Appendix 2: JAS reserves March 2022

## **9. Background Papers**

None

## 1. Background

- 1.1 At its meeting in November 2022, the Board discussed a provisional budget for the JAS in the financial year 2023/24. In order to maintain the current service level an uplift of £44,200 would be required. The Board requested that a further consideration of the JAS's budget was undertaken once the local government financial settlement had taken place. In addition, the Board requested a short options appraisal in relation to the JAS's financial reserve. This is provided in **section 6**.
- 1.2 The current (2022/23) budget apportionments for the two councils are as detailed below:

Bournemouth, Christchurch and Poole Council	£290,748
Dorset Council	£278,152
<b>Total</b>	<b>£568,900</b>

- 1.2 The JAS has had standstill budgets for **seven** of the previous **nine** financial years. In real terms using RPI, this represents a reduction of budget of circa 26% since 2012 during that 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).

## 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. CIPFA benchmarking services no longer operates, although it is likely that a version of this statistical comparator function will be taken on by The National Archives. In previous years, the service was consistently the cheapest service across the South-West and Hampshire in terms of net expenditure per 1000 population.
- 2.2 The JAS has worked hard to manage its costs and has managed through a combination of electricity generation via solar PV panels and a shift to passive strongroom management to reduce its overall energy costs by around 65%. Additional solar arrays have been fitted to the roof of DHC in 2022 funded through government renewable energy grants.
- 2.2 The staff establishment stands at 11.67 full time equivalent posts. 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 repository preservation environment. Further capital investment will be required moving forwards to maintain a viable service. 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 2022 the service has continued to experience reductions in its income derived from room hire, photographic permits and parking. 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.

### **3. Current year financial position**

- 3.1 The current forecast for 2022/23 is for the Joint Archives Service to have very minimal variance from the budget as set at the start of year. However, this headline position masks variances and uncertainty within the detailed budget lines as set out below.
- 3.2 The national pay award was budgeted at 2.5% and was agreed on 2 November as a cash uplift of £1,925 per post. This added an unbudgeted cost of circa £22k to the outturn.
- 3.3 The JAS budgets include expenditure lines for gas and electricity used at the Dorset History Centre. Dramatic increases in utility costs have been well documented in recent times. As of October, DC prices have increased significantly (although not reported here due to commercial sensitivity). The effect of any capping scheme from central government cannot be known with certainty due to very recent changes in central government, nonetheless, it is expected that JAS utility costs will be several thousand pounds higher than last year.
- 3.4 However, vacancies have created savings in the salaries budget, which are expected to broadly offset the overspends set out above.

- 3.5 Any underspend or overspend at year will be added to, or deducted from, the reserve, as appropriate.

#### **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: financial position for current year and outlook**

As at quarter 2, Dorset Council is reporting a forecast overspend of circa £8m. A significant element of this overspend relates to general economic conditions, with pressure on wages, third party contractual obligations and direct purchases such as vehicle fuel all significantly higher than the budgeted position due to the national inflation situation. Many of these items are expected to continue to impact on the 2023/24 position in addition to pre-existing pressures in areas such as Adult Services and SEND within Children's Services. As such, services are expected to (as a minimum) absorb any in year financial pressures or growth, as there are expected to be insufficient funds for the corporate centre to allow growth beyond allowing for pay award and some minimal non-pay inflation.

#### **5. Budget 2023/24**

5.1 At the time of writing, there is much uncertainty which prevents setting a budget with complete certainty of costs:

- The 2023/24 pay award is not confirmed and any assumption could be considered as more risky than usual given the wider economic climate.
- For non-pay, general inflation is high with varying predictions for 2023/24
- The picture for utility costs is unclear

5.3 Nonetheless, the JAB will need to consider the 2023/24 budget proposal in light of the assumptions that we are using at the time of writing. The proposed budget is shown at Appendix 1.

5.4 It can be seen there is minimal allowance for inflationary growth other than pay and utility costs. There is also a corporate approach across DC that all fees and charges are increased by at least 5%.

- 5.5 The service will continue to examine all areas of spend, to minimise costs and to generate income wherever possible.
- 5.6 The budget shortfall can be met either through an appropriately apportioned uplift from the two funding councils or a service review leading to staffing reductions.

## 6. Reserves

- 6.1 The attached Appendix shows recent movements in the reserve and the current balance, which is just over £143k after commitments for initial consultancy work on the Dorset History Centre extension/redevelopment.
- 6.2 The reserve is held by DC but is jointly owned by both DC and BCP, with ownership being in accordance with the population percentages set out earlier. At its November meeting the Board requested a short options appraisal related to the reserve. This is provided below:
  - 6.2.1 **Option 1: Maintain the reserve at £20,000** and return the balance of £123,046 to the partner councils: £62,877 (51.1%) to BCP and £60,189 (48.9%) to DC.
  - 6.2.2 **Option 2: Maintain the reserve at £50,000** and return the balance of £93,046 to the partner councils: £47,547 (51.1%) to BCP and £45,499 (48.9%) to DC.
  - 6.2.3 **Option 3: Maintain the reserve at £100,000** and return the balance of £43,046 to the partner councils: £21,997 (51.1%) to BCP and £21,049 (48.9%) to DC.
  - 6.2.4 **Option 4: Maintain the full reserve currently at £143,000** and do not return any funds to partner councils at this stage.
- 6.3 When considering the options above, the JAB is asked to consider the relative levels of reserve in relation to the size of the overall operational budget and in particular the levels of risk and uncertainty in the current wider economic climate e.g. in relation to the pay award, general inflation costs and utility costs.
- 6.4 It is also the case that should the JAS's NLHF capital project application progress to the second (Development) phase it is certain that additional consultancy support will be required to help shape and build the case for funding. If the reserve is maintained then it will provide a vital resource to draw upon which will support and enable the project without further requests for project funding being necessary. Given the level of inflationary pressure and the potential demands of the capital project it is likely that much of the current reserve if it is retained by the JAS will be called upon to support the service.

## 7. Conclusion

- 7.1 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 critical decision is required of the Board.

- 7.2 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 and in particular how it addresses its long-term strategic future. 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 2023

## Appendix 1

	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	<b>Budget 2021/22</b>	<b>Budget 2022/23</b>	<b>Proposed Budget 2023/24</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Internal Charges (Expenditure)	80,900	53,300	59,900	62,300	62,300
Pay Related Costs	378,300	435,100	418,300	439,200	477,600
Premises Related Costs	142,300	139,300	139,700	141,800	146,700
Transport Related Costs	2,700	2,500	2,000	1,500	1,600
Supplies & Services	23,100	15,200	20,000*	26,000	29,600
Fees & Charges	-31,800	-48,400	-42,200	-56,800	-59,600
Internal Charges (Income)	-44,700	-46,200	-46,900	-45,100	-45,100
<b>Net Budget</b>	<b>550,800</b>	<b>550,800</b>	<b>550,800</b>	<b>568,900</b>	<b>613,100</b>

**JAS Reserves at 31 March  
2022**

<b><u>2021/22 RESERVES</u></b>	<b>GENERAL</b>	<b>REPAIRS &amp; MTCE</b>	<b>DONATIONS</b>	<b>PROJECTS</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>B/fwd as at 31/3/2021</u></b>					
Uncommitted	178,809	14,896			193,705
Committed			43,280	26,784	70,064
<b><u>Movement in Year</u></b>					
Revenue Surplus 2021/22	9,237			15,497.00	
Revenue Deficits 2021/22		-4,094		-20,190	
Donations Received					
<b>Reserve Balance</b>	<b>188,046</b>	<b>10,802</b>	<b>43,280.00</b>	<b>22,091.00</b>	<b>264,219.00</b>
<b><u>Less Commitments</u></b>					
Donations (ring-fenced)			-43,280		
Projects				-22,091	
Repairs & Maintenance		-10,802			
Capital Projects	-45,000				
<b>UNCOMMITTED RESERVES</b>	<b>143,046</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>143,046</b>

**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.