Item 6

West of Scotland Archaeology Service

Joint Committee

Report by WoSAS Manager

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WoSAS Reserves Policy Annual Review 2026/27

Purpose of Report:

To advise Members of the proposed level of financial reserves considered appropriate for the Service to hold, following this year's Annual Review of the WoSAS Reserves Policy.

Recommendations:

Members are asked:

- That this report be noted;
- That the Committee approve the retention of the level of financial reserve proposed for 2026/27 in accordance with the WoSAS Reserves Policy.

1. BACKGROUND

1.1 At the Committee’s meeting on 17 March 2016, the adoption of a Reserves Policy in line with recommendations from Audit Scotland was approved, and it was agreed that the adopted policy should be subject to annual review.

2. WoSAS RESERVES POLICY

2.1 The adopted Reserves Policy for the West of Scotland Archaeology Service is closely linked to the Service Financial programme, and takes into account:

- The expenditure and income projections for future years, and the predicted size of any surplus or deficit.
- The risks associated with income sources, including the level of income and the existing and future number of sources.
- The economic climate and political policy background which may determine the outlook of the member Councils and their ability to fund the Service.
- The level of financial liabilities and other costs going forward.

2.2 The adopted policy states:

“The West of Scotland Archaeology Service will use its best endeavours to build and retain sufficient financial reserves in its accounts to offset its liabilities. The Service will report the level of its reserves and its estimated liabilities annually to the Joint Committee, together with any proposed remedial action.”

3. ANNUAL REVIEW OF THE RESERVES POLICY FOR 2026/27

3.1 The required annual review of the level of financial reserves appropriate to the needs of the service was undertaken by the manager of the Service in consultation with an Account Manager in Glasgow City Council representing the host authority.

3.2 The financial reserves held by WoSAS at the end of the 2025/26 financial year were £153,196. Due to increases in costs, and with income expected to remain at comparable levels to previous years, it is estimated that the level of financial reserves will decrease to £105,548 by the end of the 2026/27 financial year.

3.3 Reviewing the budgetary projections, financial risks and liabilities, and the prevailing economic climate, it was determined that an appropriate financial reserve should be able to address the financial costs of any foreseeable "worst case scenario" that might affect the service. In addition, a second scenario was considered, identifying the level of reserves required to bear the deficits forecasted over the next two financial years. Such scenarios were modeled using the following assumptions:

- That it is possible under the terms of the current WoSAS Minute of Agreement that if a final consensus cannot be reached on a revised sustainable service delivery model, all current member Councils might decide to dissolve the Joint Service with immediate effect, and that the Service staff would therefore revert to roles within Glasgow City Council.
- That the Glasgow City Council "no compulsory redundancies" policy continues in effect.
- That on average, redeployment of staff to new roles within Glasgow City Council takes approximately six months.
- That some categories of costs and income, such as employee costs and the interest generated from reserve balances, are subject to inflation and other movements.

No other threats or risks were judged to be substantive enough to warrant inclusion in the calculations for the period under review.

3.4 The "worst case scenario" indicates that an appropriate level of reserve for the Service would include a sum equivalent to no less than six months' salaries and on-costs for the current staff of the Service to reimburse the host authority for the costs of any transitional arrangements should the Service be dissolved. The review also indicates that the reserves' level should allow for a possible future draw-down to offset the short-term budgetary impacts of increased staffing costs due to national pay awards out with the range previously experienced, and which may occur before any Service restructuring which may follow the conclusion of the ongoing review of service provision. Taking account of the proposed financial projections for the 2026/27 financial year, an indicative reserve level of £125,000 was identified.

3.5 The second scenario, taking account of projected deficits over the next two years, indicated a required reserve level of £114,000. While the reserve levels are fairly comparable under both scenarios, it was deemed prudent to opt for the higher amount and consequently a minimum reserve level of £125,000 is recommended for 2026/27.

3.6 If the retention of the proposed level of financial reserves is approved, and incorporating the approved budget for financial year 2026/27 is agreed, then the combined financial projections would indicate that action within the terms of the WoSAS Reserves Policy will be required to increase the level of reserves.

3.7 However, in recent years the Service has shown a trend of underspending against the budget. Therefore, expenditure and income will be closely monitored throughout the year to identify if any action is required to meet the proposed level of reserves.

3.8 Work is still ongoing around the review of the service and the future operating model. As part of this work further consideration of the use of and requirement for reserves will be addressed.

4 POLICY AND RESOURCE IMPLICATIONS

Resource Implications:

Financial:	Retention of the proposed level of reserves in line with the approved Reserves Policy will ensure financial security and stability for the period covered.
Legal:	None.
Personnel:	None.
Procurement:	None.

Business Plan Objectives:

Maintain and update the HER:	Will continue to be sustained by retention of the proposed level of financial reserves.
Provide DM advice to Planning Officers:	Will continue to be sustained by retention of the proposed level of financial reserves.
Provide forward planning advice to councils:	Will continue to be sustained by retention of the proposed level of financial reserves.
Facilitate sustainable development:	Will continue to be sustained by retention of the proposed level of financial reserves.
Represent the interests of councils in consultations:	Will continue to be sustained by retention of the proposed level of financial reserves.
Provide HER information to researchers and public:	Will continue to be sustained by retention of the proposed level of financial reserves.

5 RECOMMENDATIONS

5.1 Members are asked:

- That this report be noted;

- That the Committee approve the retention of the level of financial reserve proposed for 2026/27 in accordance with the WoSAS Reserves Policy.

HMcB
11 September 2026