

**SOUTH EAST ENGLAND COUNCILS
EXECUTIVE COMMITTEE MEETING**



Date: 22 March 2016

Subject: **SEEC budget and future subscription options**

Report of: Heather Bolton, SEEC Director

Recommendations:

SEEC Executive members are asked to:

- i) Note SEEC's estimated budget out-turn for 2015-16
- ii) Consider a subscriptions freeze for 2016-17 and endorse creation of a small task & finish group to review options for updating SEEC subscriptions next year
- iii) Confirm the budget for 2016-17.

1. Financial situation 2015-16

- 1.1 In 2015-16 SEEC initially set a core budget of £265,700, the same as the previous year. The Executive later agreed to increase this to a maximum of £299,000 to fund a new part-time SEEC Communications Officer, recruited in January. The current forecast undercuts the revised budget by some £19,000 as this year includes only part-year costs for the new post.
- 1.2 Section 3 below summarises the financial forecast as at 29 February 2016. Final figures will be produced after the end of the financial year. In addition to new staff costs, there are higher-than-forecast project costs but these extra project costs are covered by extra income. The main change relates to a fully-funded commission and project management fee for SEEC and partners to extend their anti-slavery training films for national public sector audiences.
- 1.3 Cost sharing with SESL has continued, for example through a shared admin/ policy post, sharing a majority of meeting dates/ venues and an agreement to share costs on research into infrastructure funding. SEEC also continues to offset costs by sharing admin costs with the South East Strategic Partnership for Migration to deliver good value for money for both organisations.
- 1.5 As in previous years, SEEC will draw on reserves inherited from the former SEERA Ltd to balance the budget. In 2015-16, we expect to use £45,000-£50,000, similar to last year's £50,755 draw down. Around £600,000 is expected to remain in reserves at the year end.

2. Subscriptions

- 2.1 SEEC member subscriptions have been frozen since 2011-12. In January 2016 SEEC Treasurer David Monk asked for options to be set out for reviewing the formula for calculating SEEC subscriptions and possibly increasing subscriptions to partially reflect price rises since 2011. He has suggested this could also be an opportunity to reconsider whether subscriptions should fund day-to-day operations, with reserves directed into project work.
- 2.2 SEEC's Chairman has proposed freezing subscriptions again in 2016-17 but creating a task & finish group to make recommendations on future subscriptions and member retention/ recruitment. He suggests a group of 3-6, chaired by Cllr Monk, with councillors from all tiers. Recommendations for change would need to be endorsed by a SEEC All-Member meeting.
- 2.3 Since SEEC began in 2009, subscriptions have been calculated using a base rate, currently £1,705. Districts pay the base rate; unitary councils pay one base rate for each 50,000 population; county councils pay one base rate for each district within their boundaries.
- 2.4 There are multiple options for a new subscription formula, each with several variations depending on the amount to be raised and the increments set between subscription bands. Main options for the underlying formula include:
 - a) keeping the current formula
 - b) moving to a flat rate by type of council
 - c) moving to population bandings
 - d) a hybrid system taking account of population bandings and type of council.

2.5 Annex A (for SEEC members only) sets out some initial illustrations for each of these four options to give members a flavour of how a new formula could work. Further illustrations using different funding levels and increments between bands can be prepared as required by a task & finish group.

3. Budget 2016-17

3.1 An outline budget for 2016-17 is set out below, alongside current estimated out-turn for 2015-16. The budget is based on a continuation of existing joint working arrangements with SESL. If this changes the budget may need to be reviewed.

3.2 In 2015-16 SEEC created a number of opportunities to raise revenue, increasing both shared services income and project contributions above budgeted amounts. We will aim to do the same in the coming year while also exploring potential to reduce costs wherever possible.

SEEC outline budget 2016-17

Forecast income

| | |
|------------------------------|-----------------|
| Subscriptions | 168,800 |
| Shared services | 19,500 |
| Event/ project contributions | 3,500 |
| Interest | 3,000 |
| Estimated income | £194,800 |

Estimated expenditure

| | |
|--|-----------------|
| Staffing (<i>inc NI & pension</i>) | 230,000* |
| Projects/ research/events | 20,000 |
| Regular meeting costs | 13,000 |
| Rent | 7,875 |
| Travel | 2,300 |
| Insurance | 1,400 |
| Professional fees | 2,700 |
| IT/website | 8,000 |
| Admin/office costs | 4,725 |
| Estimated expenditure | £290,000 |

Maximum draw on reserves: £95,200

* Includes full year staff costs for new Communications Officer in 2016-17

SEEC estimated out-turn 2015-16

(estimate at 29 February 2016)

Income

| | |
|-----------------------------|----------------|
| Subscriptions | 177,320 |
| Shared services | 18,000 |
| Event/project contributions | 35,000 |
| Interest | 3,600 |
| Total | 233,920 |

Expenditure

| | |
|--|-----------------|
| Staffing (<i>inc NI & pension</i>) | 205,000 |
| Projects/ research/ events | 39,000 |
| Regular meeting costs | 10,000 |
| Rent | 7,877 |
| Travel | 2,100 |
| Insurance | 1,325 |
| Professional fees | 2,550 |
| IT/website | 8,000 |
| Admin/office costs | 4,200 |
| Total | £280,052 |

Revised budget 2015-16 £299,000

Expected draw on reserves: £46,132