

SOUTH EAST ENGLAND COUNCILS

EXECUTIVE

Date: December 2019

Subject: 2020/21 Budget and Subscriptions



Report of: David Covill, Director South East England Councils

Recommendation:

The Executive is asked to agree:

- i) a 1% increase in subscriptions for 2020/21
- ii) the 2020/21 Budget set out in section 3 of this report.

1 Introduction

- 1.1 This report sets the financial context and proposes a 2020/21 budget with a 1% increase in subscriptions and a projected use of reserves of £38,263.
- 1.2 The Budget report is accompanied by a separate 2020/21 Business Plan which will be presented to the all-Member meeting in January 2020.

2 Membership and Financial Context

- 2.1 South East England Councils is funded by its member authorities through an annual subscription, supplemented by the use of reserves. In recent years the use of reserves has averaged over £50,000 per annum.
- 2.2 Part of the reason for the use of reserves has been a reduction in membership and thus subscription income. This is set to continue as two local authorities (Kent CC and Arun DC) submitted resignations during 2018/19 which are due to take effect on 31 March 2020 and will reduce subscription income by £22,608. Local Government reorganisation in Buckinghamshire will have a further impact if the new Unitary authority does not join (Aylesbury Vale DC, Chilton DC, South Bucks DC and Wycombe DC are all members and together contribute £6,956).
- 2.3 In setting a budget it is prudent to assume that the resignations will take effect and the Buckinghamshire income will not be retained, although Members and officers are seeking to influence these decisions for strategic as well as financial reasons. In total this will mean a loss of £29,564 (at 2019/20 levels). Similarly, whilst Members and officers are seeking to attract non-members to join, it would not be advisable to budget for additional income.

3 Proposed 2020/21 budget

a) Main budget assumptions

- 3.1 Staffing. The proposed budget assumes a reduction in staffing costs with effect from June 2020. Members will be consulted on options during 2020.
- 3.2 Projects – The revised 2019/20 budget for projects and consultancy of £10,000 has been reduced to £3,000 for 2020/21. As well as the financial saving, the rationale is to give priority to keeping abreast of Government announcements and the large amount of information and studies published by other parties in order to identify an appropriate South East perspective to use in national debate and responses to Government consultations. Similarly, information and expertise from within member authorities provides a strong evidence base in making the case for the South East. Commissioning new work will therefore not be a core activity of South East England Councils in 2020/21. A budget of £3,000 provides some capacity and it would be possible to commission further work if the Executive wished to make the appropriate supplementary budgetary allocation during the year
- 3.3 Shared Services. The budget includes expenditure and income in respect of costs incurred by South East England Councils and then recharged to the South East Strategic Partnership for Migration and the South East Strategic Leaders. As well as achieving some efficiencies, this helps maintain a link between the organisations. The recharge to the Migration Partnership in respect of the Director's management responsibilities will be reviewed as part of revised arrangements post June 2020.
- 3.4 Subscriptions. Subscriptions were increased by 2% for 2019/20 having been frozen since 2011. With the revised membership base, each 1% increase in subscriptions in 2020/21 will raise £1,304. It is proposed to raise subscriptions by 1% to achieve modest growth in the income base whilst keeping the increase below inflation in recognition of the financial pressures facing member authorities. Subscriptions are calculated in accordance with a formula in use since South East England Councils was established which takes account of tier of authority and population. Current and proposed subscriptions rates for each member authority are set out in the Appendix.
- 3.5 Reserves. The proposed budget is based on a use of reserves of £38,263 which is below the use of reserves in the 2019/20 budget, despite the loss of subscription income. Planned underspendings in the current year mean that reserves are projected to be over £430,000 at 31 March 2020.

b) South East England Councils 2020/21 Budget

	Revised 2019/20 Budget	Proposed 2020/21 Budget
	£	£
Expenditure		
Staff costs (including travel)	198,200	155,500
Projects – consultancy support & research	10,000	3,000
Meeting costs	12,000	15,000
Rent and office costs	11,100	11,100
IT & Accountancy	12,550	15,210
Insurance	1,400	1,430
Total expenditure	245,250	201,240
Income		
Subscriptions	161,736	131,737
Shared services	25,510	28,240
Investment Interest	2,500	3,000
Total income	189,746	162,977
Use of reserves	55,504	38,263

Notes: Executive on 20 September 2019 agreed a revised 2019/20 to reflect staffing decisions taken subsequent to the setting of the original budget in November 2018.

4) Next steps

- 4.1 Members decided to proceed with the appointment of a Director on a one-year contract to provide capacity to review the role of the South East England Councils, the way it is organised and its costs. Members will be consulted on options in 2020. Given that the average use of reserves has been over £50,000 even before the loss of subscription income described in paragraphs 2.2 and 2.3, the current set-up is not sustainable in the medium term

- 4.2 The Executive has in previous years noted the importance of attracting new member authorities. This is in-hand, but recruitment has to be a sustained activity, so it is important that Executive and other Members are active advocates for South East England Councils in their contact with councillors from non-member authorities within local and national networks.

5 Approval Process

- 5.1 The Executive meeting planned for December 2019 was cancelled due to the General Election. Executive Members were therefore asked to vote on the proposals by email. Sixteen Members supported the proposed 2020/21 Budget, and none voted against.

David Covill
Director

South East England Councils Proposed Subscription Rates 2020/21

	Subscriptions	
	2019/20 £	Proposed 2020/21 (1% increase) £
Arun DC	1,739.10	-
Ashford BC	1,739.10	1,756.50
Aylesbury Vale DC	1,739.10	-
Basingstoke & Deane BC	1,739.10	1,756.50
Bracknell Forest Council	5,217.30	5,269.50
Canterbury City Council	1,739.10	1,756.50
Cherwell DC	1,739.10	1,756.50
Chichester DC	1,739.10	1,756.50
Chiltern DC	1,739.10	-
Dartford BC	1,739.10	1,756.50
Dover DC	1,739.10	1,756.50
East Hampshire DC	1,739.10	1,756.50
Eastbourne BC	1,739.10	1,756.50
Eastleigh BC	1,739.10	1,756.50
Elmbridge BC	1,739.10	1,756.50
Epsom & Ewell BC	1,739.10	1,756.50
Folkestone & Hythe DC	1,739.10	1,756.50
Gravesham BC	1,739.10	1,756.50
Guildford BC	1,739.10	1,756.50
Hampshire CC	19,130.10	19,321.40
Hart DC	1,739.10	1,756.50
Hastings BC	1,739.10	1,756.50
Havant BC	1,739.10	1,756.50
Horsham DC	1,739.10	1,756.50
Kent CC	20,869.20	-
Lewes DC	1,739.10	1,756.50
Mid Sussex DC	1,739.10	1,756.50
Mole Valley DC	1,739.10	1,756.50
New Forest DC	1,739.10	1,756.50
Oxford City Council	1,739.10	1,756.50
Reading BC	5,217.30	5,269.50
Reigate & Banstead BC	1,739.10	1,756.50
RB of Windsor & Maidenhead	5,217.30	5,269.50
Runnymede BC	1,739.10	1,756.50
Sevenoaks DC	1,739.10	1,756.50
South Bucks DC	1,739.10	-
Surrey CC	19,130.10	19,321.40
Surrey Heath BC	1,739.10	1,756.50
Swale BC	1,739.10	1,756.50
Tandridge DC	1,739.10	1,756.50
Thanet DC	1,739.10	1,756.50
Tonbridge & Malling BC	1,739.10	1,756.50

Tunbridge Wells BC	1,739.10	1,756.50
Waverley BC	1,739.10	1,756.50
Wealden DC	1,739.10	1,756.50
West Berkshire Council	5,217.30	5,269.50
West Oxfordshire DC	1,739.10	1,756.50
Winchester City Council	1,739.10	1,756.50
Woking BC	1,739.10	1,756.50
Wokingham BC	5,217.30	5,269.50
Wycombe DC	1,739.10	-