

Sutton Coldfield Parish Council
Interim Parish Council Meeting
15th March 2016

Agenda Item-14
Budget Narrative

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| This paper provides members with a narrative on the draft Budget Assumptions |
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1. The budget spread sheet is attached and this narrative should be read in conjunction with it.
2. In establishing a budget for a new council we need to recognise that there is considerable uncertainty at the outset which we need to accommodate. The council has not yet formulated its agreed strategy or developed any policy so it is difficult to state at this stage definitively where all expenditures will be made. Normally budgets are put together during a process which takes two or three months, and looks at current expenditure plans built on the foundation of to the Councils long term strategy. That process has not yet taken pace so it will be necessary to set an initial budget to set up and establish the council and then have a further budget discussion once the elected Council is in place and has had the opportunity to consider its strategic priorities.
3. There are however a number of areas of expenditure which are common to all councils and which represent the underlying cost of operating. These costs areas will tend to be repeated from year to year and are the basic management and administration costs for the council. They will have service outcomes associated with them and will generate community benefit but they are not linked directly with providing such outcomes and are incurred primarily as a result of the existence of the council.
4. Within this budget these costs are as follows; -

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|--|---------|
| Interim Clerk (6 Months) | £30,000 |
| Permanent Clerk (6 Months) | £50,000 |
| Administrative Staff | £70,000 |
| Additional Start up Resource | £20,000 |
| Staff Expenses normal | £1,500 |
| NALC/WALC | £3,902 |
| SLCC | £1,000 |
| All Risks Insurance | £7,500 |
| Audit | £5,000 |
| Postage | £2,000 |
| Office Supplies | £8,000 |
| Meeting Room hire | £2,000 |
| Office Accommodation | £15,000 |
| Utilities | £10,500 |
| Office Fit out | £5,000 |
| Newsletters | £5,000 |
| Chairman's/Mayors Allowance/ Transport | £15,000 |
| Members allowances | £24,000 |

| | |
|------------------|-----------------|
| Members expenses | £1,200 |
| Contingency | £60,000 |
| | £336,602 |

5. Not included in the above lists are two elements which may be regarded as underlying costs but which will not necessarily re-occur each year. The first is election costs for which there is currently a budget requirement of £125,000. While in any year there may be costs for holding occasional by- elections the full election costs will not reoccur until 2018 and then thereafter in 2022. The second is a budget of £200,000 to build the Council's reserves. Councils need to hold reserves to cater for exceptional events or expenditure or to meet significant unplanned expenditures. It is generally accepted that Councils should aim to hold reserves of about a third of annual turnover. A figure of £200,000 has been included within this budget as a contribution to reserves building over three years. Thereafter this line item would not be required.
6. The total figure therefore for underlying costs is £661,602, which includes the recurring costs, the election costs and reserves.
7. As a new council there are a number of one off costs that will occur in the first year but will not reoccur thereafter. These may be said to be the costs associated with setting up the Council. Within the draft budget these costs are as follows: -

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|-----------------------------|----------------|
| Recruitment Advertising | £4,000 |
| Recruitment Psychometrics | £2,500 |
| Other recruitment costs | £500 |
| Interim Staff Expenses | £3,500 |
| Summer School | £20,000 |
| Financial Management System | £8,000 |
| IT Equipment | £7,000 |
| Meeting Room Equipment | £5,000 |
| Office Furniture | £2,500 |
| Branding | £5,000 |
| Website | £4,000 |
| | £62,000 |

9. While no policy decisions have yet been made there has been a small amounts of money allocated in the current year to providing specific service outcomes for the community. These are based on anticipated requirements that the Council can confirm at its first meeting. These are as follows; -

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|------------------------------|----------------|
| Town Hall Feasibility | £10,000 |
| Legal Services for Town Hall | £15,000 |
| Florals | £20,000 |
| Festive Lights | £30,000 |
| Civic Events | £10,000 |
| | £85,000 |

10. Below is a summary budget with a narrative against each item.

| Budget Heading | Item | £ | Narrative |
|------------------------------|-----------------------------|----------|---|
| Staffing | Interim Clerk (6 Months) | £30,000 | As per current arrangement |
| | Permanent Clerk (6 Months) | £50,000 | Salary plus overhead LC4 |
| | Administrative Staff | £70,000 | 3 staff planned |
| | Additional Startup Staffing | £20,000 | To cover setup |
| Recruitments | Advertising | £4,000 | Clerk plus admin staff |
| | Psychometrics | £2,500 | Clerk Recruitment testing |
| | Other | £500 | Candidates overnight expenses |
| Other Staff Costs | Staff Expenses | £5,000 | Interim plus normal |
| Subscriptions | NALC/WALC | £3,902 | Subscription fees as publishes |
| | SLCC and Other | £1,000 | Fees |
| Training/Conferences | Summer School | £20,000 | Councillor training and strategy development workshops |
| Insurance | All Risks | £7,500 | Combined Insurance Policy |
| Professional Services | Town Hall Feasibility | £10,000 | In relation To SCART Bid |
| | Legal Services | £15,000 | IN relation To SCART bid |
| | Audit | £5,000 | Annual Audit |
| | Election Costs | £125,000 | Costs Identified by BCC. Could be subject to negotiation. |
| | Financial management System | £8,000 | RBS OMEGA |
| Consumables | Postage | £2,000 | Where required |
| | Office Supplies | £8,000 | Stationery Etc. |
| Equipment | IT Equipment | £7,000 | Initial purchase |
| | Meeting Room Equipment | £5,000 | Initial purchase |
| | Office Furniture | £2,500 | Initial purchase |
| Accommodation | Meeting Room hire | £2,000 | |
| | Office Accommodation | £15,000 | Rental costs |
| | Utilities | £10,500 | Rates and other utilities |
| | Fit out | £5,000 | Initial fit out of rented premises |
| PR and Marketing | Branding | £5,000 | Initial design work |
| | Newsletters | £5,000 | Creation and Distribution |
| | Website | £4,000 | Initial Development |
| Members Costs | | | |

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|---------------------------------|-----------------------------|--------------------|------------------------------------|
| | Mayors Allowance/ Transport | £15,000 | |
| | Members allowances | £24,000 | £1000, per member |
| | Members expenses | £1,200 | £50 per member |
| Outdoor Services | | | |
| | Florals | £20,000 | Steering Committee Agreed |
| | Festive Lights | £30,000 | Need to be Procured |
| Civic Events | | £10,000 | Council first year events |
| Contingency | | £60,000 | 5% |
| Contribution to Reserves | | £200,000 | To build £600,000 over three years |
| Total Expenditure | | £808,602.00 | |

11. There remains an unallocated budget for the 2016/2017 financial year of **£1,018,248**.

This represents the initial finance available to provide community service outcomes in addition to the £85,000 mentioned above.

12. Taking a strategic snapshot over a five year period and taking no account of inflation, additional properties in the tax base, or any income generation that the council may chose to undertake the community services budget would evolve as outlined below with a total available in that period of approximately £6.5 Million.

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Five Year |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Precept | £1,823,850 | £1,823,850 | £1,823,850 | £1,823,850 | £1,823,850 | £9,119,250 |
| Central Costs | £336,602 | £336,602 | £336,602 | £336,602 | £336,602 | £1,683,010 |
| Set Up | £62,000 | £0 | £0 | £0 | £0 | £62,000 |
| Elections and Reserves | £325,000 | £200,000 | £325,000 | £0 | £0 | £850,000 |
| | £723,602 | £536,602 | £661,602 | £336,602 | £336,602 | £2,595,010 |
| Community Services Budget | £1,100,248 | £1,287,248 | £1,162,248 | £1,487,248 | £1,487,248 | £6,524,240 |
| Reserves On Hand | £200,000 | £400,000 | £600,000 | £600,000 | £600,000 | |

The Council could chose to allocate this in a number of ways including addressing the areas initially discussed in the Steering Committee away day in November 2015 such as enhancements to the to the street scene and improved street cleansing, environmental improvements, improvements to open public spaces, cultural events, improved influence over planning issues, etc. If the proposals made in connection with the Town Hall are accepted then funding will need to be allocated to that cause

13. **It is recommended** that the Council initially adopts the proposed interim budget to provide for the establishment of the Council .

14. **It is further recommended** the Council considers its additional spending priorities for the current year and for the strategic period, during a process to be held as part of the proposed summer school in June and July of this year when elected members can define long terms goals and identify spending targets. This might be supported by a community consultation at the Annual Meeting of Electors in June. This expenditure should be considered in conjunction with any asset transfer discussions that may take place at that time.

Nick Randle OBE FILCM -Interim Parish Clerk