

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

**Agenda Item-14
Budget Narrative**

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 the Council's 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; -

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: -

8.

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; -

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			

	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