

HAMPSHIRE AND ISLE OF WIGHT LOCAL GOVERNMENT ASSOCIATION

25 January 2008

SUBSCRIPTIONS AND BUDGET FOR THE ASSOCIATION 2008/2009

Joint report by the Treasurer and the Lead Chief Executive for Association Business

RECOMMENDATIONS

- (1) That the budget for 2008/2009 be approved; and
 - (2) That the Association's membership subscription unit be increased by just under 5% to £2,200 from June 2008.
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BACKGROUND

1. The Association's year is from 1 June to 31 May. This enables Member Local Authorities to appoint their representatives after the elections. However, Member Authorities need to set their budgets now, so it is the Association's policy to set its budget for next year, and agree subscriptions, in January.
2. Member Authorities pay in accordance with their voting rights. Hampshire County Council has four votes and so pays four units of subscription. Unitary Authorities pay three. Police and Fire Authorities and District Councils pay two units. The National Park Authority pays one. The Associations of Local Councils pay £1 per parish a year. The current subscriptions and income are shown in the table below:-

Subscriptions for 2007/2008

(Subscription unit = £2,100)

	£
County Council (4 units)	8,400
Unitary Council (3 units)	6,300
District Council (2 units)	4,200
Police/Fire and Rescue Authority (2 units)	4,200
National Park Authority (1 unit)	2,100
Associations of Local Councils	255

FINANCIAL POSITION OF THE ASSOCIATION 2007/2008

3. The Annex shows the Association's expenditure last year, the budget and expected out-turn for this year, and the budget proposed for next year.
4. The Association started the current year with an accumulating reserve of £25,136 and we aimed to reduce reserves. However staff costs have risen by more than the forecast as the result of an independent pay review of the Director's salary approved by the Chief Executive's Group on behalf of the Association. This year's estimate includes arrears dating from 2006/07.

PROJECTIONS FOR 2008/2009

5. Cost pressures on the Association have been mitigated this year by drawing on reserves. The salary review referred to in paragraph 4 has increased these cost pressures. In order to “stand still” next year we need to increase subscription income by more than 10%. However the revised governance arrangements for Hampshire currently being introduced will require a review of the way the Association works.
6. The Chief Executives’ Group proposes to review financial requirements in the light of this review - with a report to Members during the coming year. Without finding other sources of income or reducing costs, subscriptions will need to rise significantly next year. It is recommended that the situation be considered in the light of the proposed review.

SUBSCRIPTIONS FOR 2008/2009

7. It is proposed that the subscription unit be increased by just under 5% from £2,100 to £2,200 from June 2008. The proposed subscriptions are set out below:

Proposed Subscriptions for 2008/2009

(Subscription unit = £2,200)

	£
County Council (4 units)	8,800
Unitary Council (3 units)	6,600
District Council (2 units)	4,400
Police/Fire and Rescue Authority (2 units)	4,400
National Park Authority (1 unit)	2,200
Associations of Local Councils (estimate)	255

8. The Association has a good record of holding down costs to Member Authorities and attracting grant to the area. The subscriptions unit in 1997 was £2,400. Now, 11 years later, it is proposed at £2,200.

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DAVE YATES

Lead Chief Executive for Association Business

Date: 8 January 2008

Annex: 1

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