

**REGIONAL MANAGEMENT BOARD - 15 FEBRUARY 2006
ITEM FOR DECISION****BUDGET 2007/8 February 2007****PURPOSE OF REPORT**

To consider the recommendations of the Finance Sub-Group as to the Region's budget for the financial year 2007/8.

PROPOSED ACTION**The Finance Sub-Group RECOMMENDS**

- 1 That the Board **ADOPTS**, amended as appropriate, the summary budget, set out in Appendix 1, for the financial year 2007/8, supported by the detail set out in Appendices 2 to 7, the latter as adjusted by the Finance Sub-Group.
- 2 That the Board **AGREES** that the rate of affiliation fees and travelling expenses paid to volunteers remain unchanged (*see paragraphs 19 and 20 below*).

SUPPORTING INFORMATION

- 1 The Finance Sub-Group met at Bisham Abbey National Sports Centre on 31 January 2007, to consider, with the support and guidance of the Regional Director, the budget submissions by the discipline sub-groups, some sub-regions and the professional staff.
- 2 The Sub-Group is most grateful to the discipline managers for the work they have undertaken, with their groups, to present budget submissions in the format requested, and to time. This has facilitated the work of the Sub-Group in recommending a budget.
- 3 Following consideration of the submissions, and previous relevant decisions of the Board, the Sub-Group drafted the budget summarised in Appendix 1 hereto.

Current Year Out-turn

- 4 The approved accounts for 2005/6 show that, at 31 March 2006, the Region held balances of £85.7k. The budget set for the current year envisaged expenditure exceeding income by £7k. It became clear during the year that the Region would underspend against budget, and some further items of expenditure were added to the budget. In addition, the Swimming Group has produced a much bigger surplus, by some £16k at this stage, than was envisaged in the budget. However, the decision of the Board in October 2006, to reduce the affiliation fees for 2007, effectively reduced potential income from such fees by about £4.7k. Despite better performance against budget during the second half of the year, especially in the field of Development, the Finance Sub-Group believes that, rather than a

deficit being incurred, a surplus will be generated. The Sub-Group thinks that this could be as much as £15k.

- 5 Therefore, the Sub-Group argues that, at 31 March 2007, the Region will be £22k “better off” than originally anticipated, when the budget was set for the current year. The Sub-Group has framed the recommended budget against that background.

Balances

- 6 The Sub-Group took the view, when drafting the budget for the current financial year that a prudential level of balances, for the purposes of the accounts at year-end, would be no lower than £60k. The Sub-Group remains of this view, as it recognises that the actual cash balances may run much lower at any given time: income, particularly in, say, the Development arena, is received after the expenditure has been incurred.
- 7 It is interesting to note that the average balance at the bank, at the end of the months September to December 2006 inclusive, was £56.8K.

Budget for 2007/8

- 8 A summary draft budget for 2007/8 is attached as Appendix 1, to which are attached some explanatory notes, together with further detailed budgets as Appendices 2 to 7 covering discipline groups and Development.
- 9 Some presentational changes have been made. “Cost of Democracy” has been restyled “Governance”. The ASA Development grant has been taken from income, and has been netted off the Development budget. This is consistent with the treatment of discipline activity, and reflects that the grant is paid pro rata to expenditure.

Treatment of Submissions

- 10 The Sub-Group recommends the funding of all discipline groups, as submitted, except in respect of Swimming and Synchro (see below). The Sub-Group also recommends the Development bid, framed by the professional staff, and endorsed by the Development Sub-Group at its meeting on 7 February 2007.
- 11 The variations are as follows:
 - **Swimming.** The Sub-Group has deleted the income for ASA grants for training camps, as it understands that such grant will not be paid in 2007/8. However, the Sub-Group recommends funding of £10k to develop the Swim 21/performance hubs/networks during 2007/8. The Board should also be aware that the ASA Board is considering, at its meeting on 9 February 2007, whether to continue with grant for regional competitions.
 - **Synchro.** Although the budgetary provision is as submitted, the Sub-Group takes the view that this contains £300, being the Region’s proportion of a “synchro contingency fund” which was accumulated in the days of the former SCASA, and swept into the final disaggregation of the District’s assets.

Communications

- 12 At the Board training event, on 28 January 2007, it was clear that improving communications to and from the Region was a priority for Members. In recognition of that, the Sub-Group proposes to more than double the budgetary provision in this field. The Communications Group met on 6 February 2007, and any suggestions it has will be reported at the meeting.
- 13 The Finance Sub-Group was advised of the estimated cost of implementing the proposals, already reported to the Board, of the Sub-Group working on the Commercial Action Plan. It was suggested that this might cost c£4.7k, itemised as follows:
- branding - staff/volunteer polo-shirt/tangibles = £500 - £800
 - templates - £400
 - website - possibly up to £2,000?
 - media and public relations - £1,500
- 14 The Sub-Group felt that, for the purposes of this exercise, and recognising the potential deficit inherent in the draft Budget, these costs, if they arise, should be contained within the overall provision for communications, bearing in mind that most, if not all, of the proposals are in the communications' arena.

Bids for Funding from Sub-Regions

- 15 3 sub-regions - Hampshire, Kent and Sussex - submitted bids for funding for development activities. While the Sub-Group was impressed with the content of the bids, and the enthusiasm for taking the sport forward, which those sub-regions have demonstrated, it was unable to recommend any specific budgetary provision to support the proposed activities. The Sub-Group suggests instead that the Development Sub-Group, with the professional staff, examine the proposals, with a view to supporting those projects, which will help the Region achieve its key performance indicators (KPIs). The Sub-Group recommends that any funding comes from the proposed budgetary provision for Development.

External Funding

- 16 The Sub-Group has taken the view that funding from sources external to the sport should only be reflected in the budget where that funding has been confirmed. Therefore, only the management fee for Everyday Swim is shown, under Income: this funding will be paid until 31 December 2008, and the full-year effect is shown.
- 17 Members will know of the Board's desire to secure external funding, and the steps being taken to achieve this. In the main, such funding is likely to be directed towards additional projects, rather than the maintenance of the Region's core business. The substantial bid to Sport England, under the title "Club and Coach Fund", is a case in point. Were the funding to be awarded, it would have no significant impact on the draft budget before the Board, because it is directed, in the main, towards additional projects or activities. That said, it is possible that, if the Region's application is successful, some of the funding could be used for the Swim 21 performance hubs/networks, and some bursaries, which might lead to the release of prospectively earmarked funds for other purposes.

- 18 Nevertheless, the benefit of attracting external investment into the sport/activity in the Region is that the administering body will, in most cases, accept that part of grant or funding may be used to defray administrative expenditure, as in Everyday Swim.

Affiliation Fees

- 19 The Sub-Group considered whether to recommend adjustments to the affiliation fees for 2008. It decided that, given the substantial increase in fees for 2007, it would be unwise, politically, to seek to raise them again for 2008, and would, in any event, be difficult to justify. That said, the Sub-Group believes that the Board must keep the matter under review, particularly when setting the budget for 2008/9.

Travelling Expenses

- 20 The Sub-Group also examined the mileage rate presently paid by the Region to volunteers travelling on the Region's business, given the decision of the ASA Board, during 2006, to increase the allowance paid by the ASA to 40p per mile. The Sub-Group has framed the draft budget on the basis of the retention of its existing rate, 25p per mile, for 2007/8.

Staff Costs

- 21 Members will know that the salaries, employers' on-costs and expenses for Regional Directors, Regional Development Officers and regional administrative staff are paid directly by the ASA. The Board was advised, at its meeting in November 2006, that it was anticipated that the ASA would continue to meet this expenditure for 2007/8, although the funding might be cash limited.
- 22 This will be discussed by the ASA Board at its meeting on 9 February 2007, with a recommendation that establishment costs for the above mentioned posts, and agreed administrative and office infrastructure, continue to be met by the ASA. It is also recommended that the support be set at the 2006/7 funding levels for 2007/8. No growth will be built into funding, so regions will be liable for any inflationary costs.
- 23 The cost of the Regional Education Officer is met by the Institute of Swimming.
- 24 The Sub-Group considered whether to include provision in the draft budget to meet any staff-funding shortfall. It decided against recommending a specific provision, although the Board needs to recognise that, if the cash limiting is enforced, the Region will have to pay for the implementation of any pay awards which occur in 2007/8, or, indeed, changes in employers' National Insurance contributions. Any such costs would, therefore, fall to be met from reserves.
- 25 The Sub-Group considers that it will be essential to include provision for such inflationary costs in the budget for 2008/9, because the proposal to the ASA Board is that the 2006/7 cash limited figure will continue into that year, and 2009/10.

General

- 26 Subject to imminent decisions by the ASA Board, the Sub-Group commends the draft budget to the Board. The Sub-Group considers that the budget

demonstrates a significant commitment to develop the sport, in that it includes provision

- to support the retention of partnership swimming development officers
- to develop/extend the Swim 21 networks in speed swimming
- for a strengthened development programme
- meeting the aspirations of all the discipline groups.

27 However, despite the increase in affiliation fees in 2007, this budget can only be achieved by using balances or reserves, to the sum of £36.1k. While the proposals will not take the Region below what the Sub-Group considers to be a prudential level of reserves, reducing balances in this way is a one-off exercise. It could be argued, therefore, that the budget is not sustainable, and that argument would be difficult to refute.

28 On the other hand, the budget seeks to demonstrate to the membership at large that the Region is prepared to spend its accumulated wealth on the sport, and such a stance might encourage, for instance, the sub-regions, many of who are known to be cash-rich, to invest more heavily in the development and infrastructure of the sport.

Finance Sub-Group
07.02.07

SUMMARY BUDGET 2007/8

INCOME

	Budget 2006/7 £000	Budget 2007/8 £000	Notes
Affiliation fees	38.0	85.4	A
ASA Administration grant	6.5	6.5	B
Bank interest	2.5	0.5	C
ASA Development grant	20.0		
Every day Swim management fee		3.6	
TOTAL	67.0	96.0	

EXPENDITURE

	Budget 2006/7 £000	Budget 2007/8 £000	Notes
Governance	3.5	5.5	D
Payments to sub regional bodies	9.0	9.6	E
Active Sports run-off	4.0	0	F
Communications	2.3	5.0	
IT fund	2.5	1.0	G
Swimming (net)	(9.5)	4.0	H
Diving (net)	3.1	3.1	I
Water polo (net)	1.7	3.8	
Open Water (net)	0.15	0.5	
Synchronised swimming (net)	3.1	5.1	
Officials (net)	1.0	2.0	
Disabilities (net)	1.0	4.0	
	0.5	0.5	I
Trophies			
	2.0		J
External funding			
		35.0	K
Partnership Development Officers			
		1.0	L
Miscellaneous			
		52.0	
Development Plan (net)			
Disciplines	10.85		
Courses	30.937		
CPD	2.812		
LTAD	3.0		
Team managers	1.8		
Other	2.668		
TOTAL	76.35	132.1	

NOTES

- A Full year effect of affiliation fees agreed by Board, October 2006
- B At its meeting on 9 February 2007, the ASA Board will consider whether to continue regional administration grants
- C The Finance Sub-Group has requested the Regional Director to explore the possibility of investing some of the Region's reserves in higher interest-bearing accounts
- D Cost of ACM, Board and other meetings, accountancy, delegates to ASA Council: no provision made in current year's budget for accountancy (£1.4k)
- E 6 x £1600, agreed by Board, June 2006
- F Active Sports is now dead
- G Provision for IT replacement, but at a lower level than 2006/7: some equipment purchased against ASA funding yet to be allocated
- H This includes the submission from the Masters' Group
- I Agreed by Board for 2006/7, October 2006. Cost of medals assumed to be included in discipline budgets
- J Agreed by Board, October 2006
- K Agreed by Board, October 2006
- L Covers President's expenses, Annual Dinner