

## ITEM 5: SASIG ACCOUNT & THE FUTURE OF SASIG

### Recommendations

- A That the 2012-13 SASIG account out-turn report be approved (**Annex A**, pg.43).
- B That a 2013-14 SASIG Budget be approved (**Annex B**, pg.45), on the following basis:
- 1 That 2013/14 subscriptions meet the imminent funding gap (**see Table 2, Annex B**, pg.45).
  - 2 That an active Task Group drawn from the SASIG membership be set up to:
    - (i) market SASIG and increase the size of the SASIG membership; and
    - (ii) support project approval for funding bids (financial approval, technical expertise and incorporation of partners).
  - 3 That account summaries be supplied to the Chairman and Vice Chairmen in order for adjusting action to be taken as appropriate.  
This is required to support a flexible and rapidly responsive business model during the transition phase towards the new funding model, requiring clear direction on a regular monthly basis.
- C In the absence of increased subscriptions from the existing membership this year, that the SASIG Chairman and Vice-Chairmen advise of necessary action.

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## Executive Summary

- 1 SASIG faces some key pressures over the coming year. Income from the existing membership, at the current subscription levels, will not sustain the group for the duration of 2013/14, even with a reduced office team and making full use of monies in the holding account.
- 2 This shortfall should be addressed by pursuing the options set out below. Each option has associated considerations, and all are subject to the required resources being in place.

<b>Actual</b>	<b>£</b>
2013/14 Income	67,410
2013/14 Operating costs	88,050
Shortfall	- 20,640
Option – Use holding sum	+ 14,027
<b>Projected</b>	<b>£</b>
Option – Raise subscription levels	+ 9,000
Option – Increase size of membership	+ 10,000
Option – Supply consultancy	+ 10,000
Option - Maximise networking speciality	+ 5-10,000
Option – Win European funding	+ 100-250,000

- 3 In order to survive SASIG clearly needs to secure further funding. In the immediate future, this falls to the existing membership to supply.
- 4 The group also needs to derive and apply a sustainable funding model, considering the medium- and long-term forecasts of Local Authority funding. This requires a fundamental change in the nature of the group's work and what it delivers. The asset available in the form of expertise and active support across the membership must be capitalised upon.
- 5 SASIG's value derives from its information provision, networking and representation services. The first two of these are marketable services and have thus been included in the projected options for future income. The third must remain at the core of the group.
- 6 Addressing the current situation needs to be managed in a way that protects the group's reputation, not only to protect the viability of SASIG's activities in the short-term but also to retain a saleable product. New Authorities are not going to join an organisation they see has no future.
- 7 The membership must take this on board in their promotion of the group.
- 8 The next few years constitute a crucial time for aviation and the development of aviation policy, and thus a vital time for SASIG to continue its work. The existing membership must decide the nature of the service that they wish to receive, and help fund the supply of that service.

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## Income from Local Authorities

9 Although increasing the number of Local Authorities in membership is one route through which to address the immediate pressure of this year's funding gap, over time the group needs to evolve away from sole reliance on this unsustainable financial model. Hence, the efforts being made to win European funding, the securing of payment for provision of networking services, and development of a protocol for supply of consultancy services.

## Historical analysis

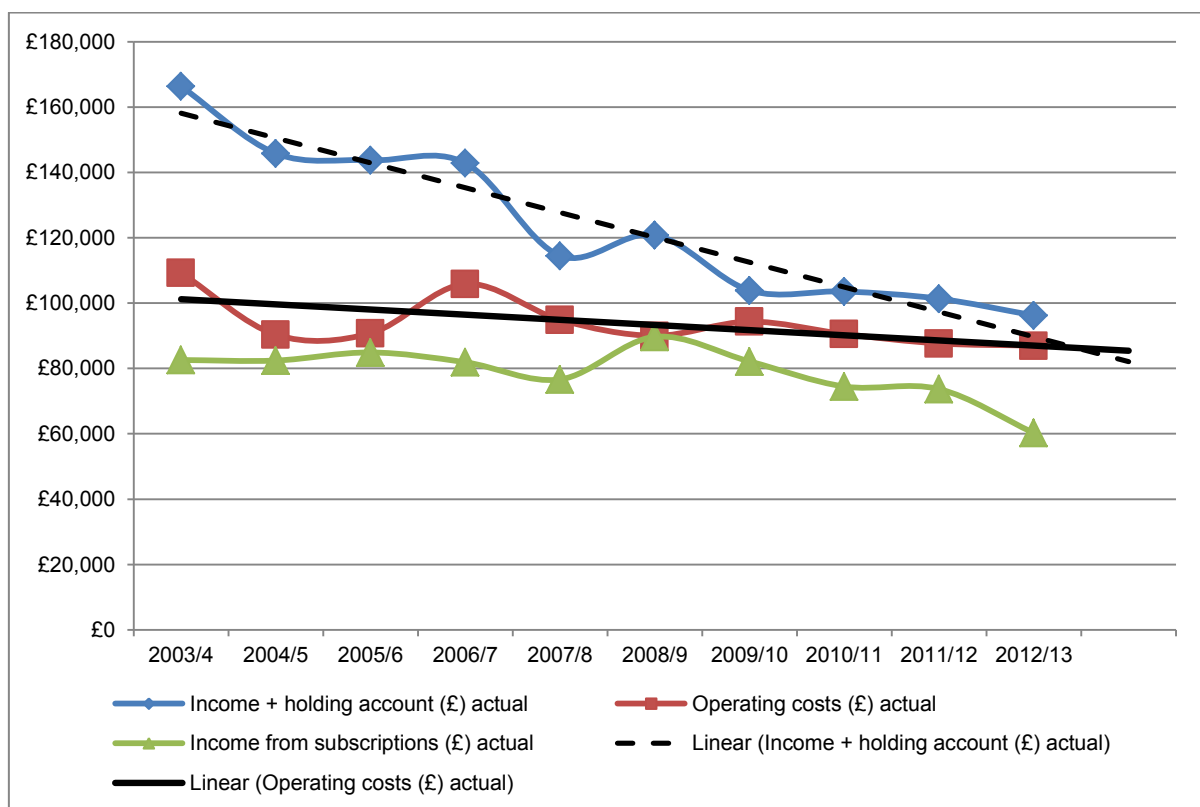
10 Chart1 shows the historical pattern of income versus operating costs for SASIG since 2003/4.

11 The group's reliance on monies in the inherited holding account is clearly illustrated, with income exceeding operating costs every year bar one. The chart also illustrates the comparatively stable level of operating costs over this period.

12 However, what the Chart also shows is the predicted deficit between income and operating costs over the coming financial year.

13 We do not have the option of persisting with the current business model, and must agree a new model that provides a viable, stable financial future for the group.

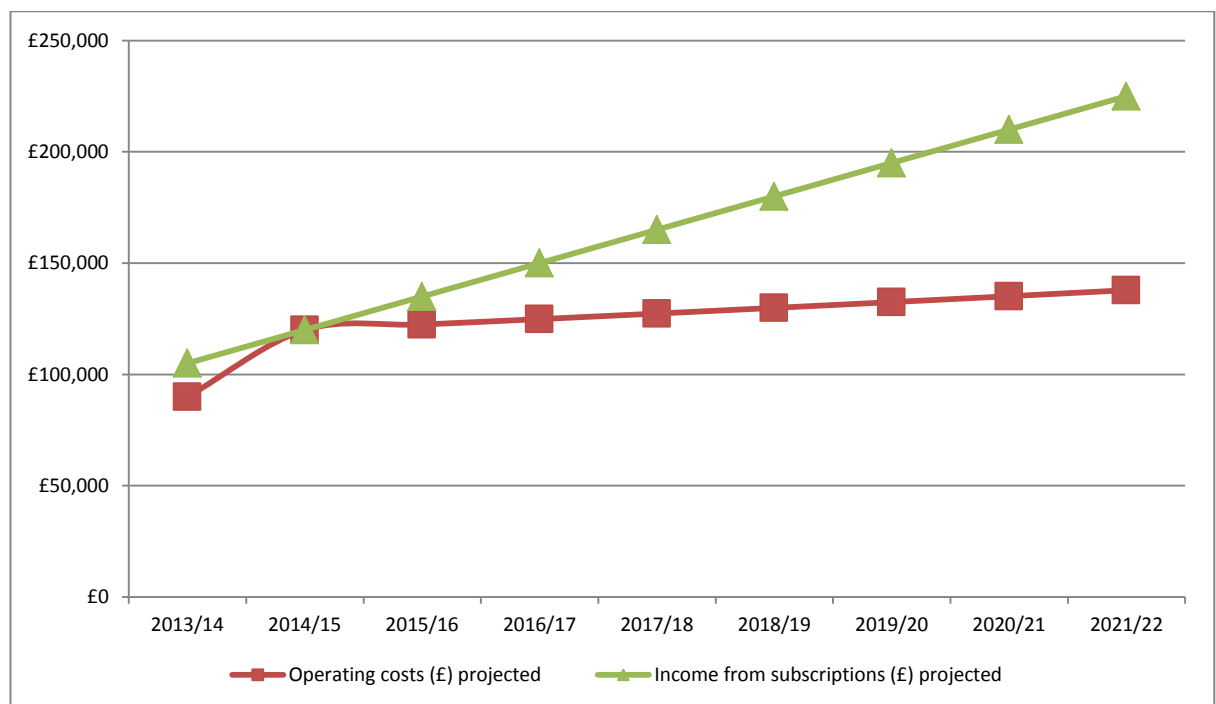
**Chart 1: Income and operating costs (figures and trend) for SASIG, 2003/4 – 2012/13**



## Potential future business model

- 14 Chart 2 illustrates a suggested future business model. In this model, the need for income to grow above operating costs is projected. The model suggests that the group needs to grow over the next 4 financial years by increasing the number of member Authorities to provide a level of core funding.
- 15 An assessment has been made of the geographical relationship between Local Authorities and airports across England & Wales, which in combination with the peak of SASIG membership in the early 2000's, yields an upper target of 70 Authorities. The Chart indicates the point at which income from this upper membership target will plateau.
- 16 Income for the new model is based on a stepped increase in the size of membership each year and an average share of the projected total operating costs.
- 17 For 2014/15 & onwards, operating costs are based on this core figure plus an annual inflationary rise of 2%.

**Chart 2. Projected future SASIG income based on proposed business model**



## Raise subscription levels (projected)

- 18 Inflation ceased being applied to SASIG membership subscriptions in 2010/11. Had subscriptions kept pace with inflation they would be 14% higher now than they are.
- 19 Application of the cumulative inflationary increases since 2010/11, yields additional income of £9,000. This increase would be sufficient to secure operations, albeit on a limited basis, for the duration of 2013/14.

## **Increase size of membership**

- 20 A stepped increase in the number of Authorities in membership is being developed with the aim of achieving the peak of 70 Authorities in 7 year's time.
- 21 The SASIG office shall supply to the SASIG membership a promotional presentation about SASIG for their use with attracting additional Authorities.
- 22 It is proposed that Local Authorities joining SASIG in the current financial year do so under the same fee structure as proposed for the existing membership. This should be at the rate for a full year, with a discount being offered for 2014/15 membership.

## **Supply consultancy**

- 23 This projected income stream can be pursued as and when there is sufficient resource in the SASIG office team. It is anticipated that this income stream will be most actively pursued in 2014/15, as the base 2013/14 budget does not make provision for the resource to supply this service.

## **Maximise upon SASIG's networking speciality**

- 24 Income (£4,000) has been secured from Transport for London (TfL) for SASIG having supplied its networking speciality to TfL in support of the Mayor of London's Regional Engagement Aviation Workshops.
- 25 This is also being used as a promotional vehicle for attracting new member Authorities.

## **European funding**

- 26 Following the approval given at the SASIG Meeting on 1 March 2013 of seeking income from European funding, the SASIG office team has worked with Strategy & Commissioning Manager - Europe, Vincent O'Connell, Surrey County Council, on identifying appropriate grants and pursuing bids accordingly.
- 27 Discussions to date with the SASIG membership clearly illustrates there is support for the project proposal that the SASIG office has put together.
- 28 A proposal for income from the European Regional Development Fund (ERDF) is being pursued. The likely scale of income from this fund is £100-250,000.
- 29 This process needs to be supported within each SASIG Council in terms of commenting on and agreeing the project plan, liaising with relevant stakeholders with regard to their involvement.
- 30 This will involve the membership supplying staff time during both the project set up stages and throughout the life of the project over an 18-month period.

## **Assumptions**

- 31 ASSUMPTION: SASIG remains a Local Authority representative group.







**Table 1 - SASIG Account – 2012/13 Year-end Out-turn Report**

|                                                      |                  |
|------------------------------------------------------|------------------|
| <b>Balance held (as at 31.03.2012; £)</b>            | <b>34,375.81</b> |
| <b>INCOME</b>                                        |                  |
|                                                      | <b>£</b>         |
| Membership subscriptions                             | 64,990.00        |
| Interest on balances                                 | 0.00             |
| Aviation Community Taskforce (LB Hounslow)           | 1,628.98         |
| <b>TOTAL INCOME</b>                                  | <b>66,618.98</b> |
| <b>OPERATING COSTS</b>                               |                  |
|                                                      | <b>£</b>         |
| <b>Staff Salaries</b>                                |                  |
| Director                                             | 52,259.04        |
| Policy Officer                                       | 5,855.38         |
| Information Officer                                  | 18,031.41        |
| <b>Sub-total</b>                                     | <b>76,145.83</b> |
| <b>Supplies and Services</b>                         |                  |
| DeHavilland Information Services Ltd.                | 6,300.00         |
| Meeting rooms                                        | 2,288.60         |
| Printing, publications and publicity                 | 525.04           |
| Telephone                                            | 155.17           |
| Hospitality                                          | 65.89            |
| Stationery & equipment                               | 0.00             |
| <b>Sub-total</b>                                     | <b>9,334.70</b>  |
| <b>Travel</b>                                        | <b>812.44</b>    |
| <b>Conferences</b>                                   | <b>674.10</b>    |
| <b>TOTAL OPERATING COSTS</b>                         | <b>86,967.07</b> |
| <b>Income - operating costs (in-year balance; £)</b> | <b>20,348.09</b> |
| <b>Balance held (as at 31.03.2012; £)</b>            | <b>14,027.72</b> |

## Commentary

### Holding account (as at 31.03.2012)

- 1 The sum held in the holding account at the end of 2011/12 was £34,375.81.

### Income

- 2 Total income for the year was £66,618.98, consisting of £64,990.00 from membership subscriptions and £1,628.98 from Secretariat services supplied in support of LB Hounslow working to set up an Aviation Community Taskforce.

## Operating costs

- 3 Of the total £86,967.07 operating costs, £76,145.03 provided salary payments for a full-time Director (all year), a part-time Policy Officer (April – end of September 2012), and a full-time Information Officer (April 2012 – early January 2013).
- 4 Operating costs of £525.04 on ‘printing, publications and publicity’ covered SASIG’s [postal box facility and delivery service, and the SASIG campaign microsite on [www.politics.co.uk](http://www.politics.co.uk).
- 5 ‘Meeting rooms’ operating costs of £2,288.60 was for catering at 3 full SASIG meetings and refreshments at 3 Chairman’s Advisory Group (CAG) meetings.
- 6 £65.89 spent on ‘Hospitality’ is accounted for in the main by a farewell and thank you lunch for the SASIG Intern, Milan Thapa, who was with SASIG in Summer 2012.
- 7 The SASIG Blackberry resulted in operating costs of £155.17 under ‘Telephones’.
- 8 Parliamentary information was again supplied by DeHavilland Information Services Ltd.: ‘DeHavilland’ operating costs of £6,300.00.
- 9 ‘Travel’ operating costs of £812.44 provided for the office team’s travel to the 3 group meetings over the year, one meeting with the SASIG Chairman, and travel for three central London conferences.

## Balance in-year

- 10 The annual spend in excess of annual income yielded an in-year balance of minus £20,348.09.

## Holding account (as at 31.03.2012)

- 11 Once again, use of the sum in the holding account covered the overspend, which reduced the monies in the holding account to £14,027.72.

## Out-turn

- 12 The out-turn for 2012/13 being a positive sum is mainly the result of staff turnover yielding an under spend on the salary budget. Periods when the SASIG office team is understaffed incur unavoidable downtime and reduction in productivity.
- 13 Alongside this factor, the routine approach of tightly managing operating costs to make savings where possible has continued to be applied, contributing to the positive out-turn sum.

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**Table 2**

**Proposed membership subscriptions for 2013/14**

Local Authority	Subscription (£)	
	2012/13	2013/14
Broadland DC	790	900
Buckinghamshire CC	4,740	5,500
Canterbury City Council	790	900
Cheshire East Council	1,580	1,800
Cornwall Council	1,000	1,140
Crawley BC	1,580	1,800
Doncaster Metropolitan Borough Council	1,580	1,800
East Herts DC	1,580	1,800
Essex County Council	4,740	5,500
Hampshire CC	1,580	1,800
Hertfordshire CC	4,740	5,500
London Borough of <u>H</u> illingdon	3,160	3,600
London Borough of <u>H</u> ounslow	3,160	3,600
Luton BC	3,160	3,600
Mole Valley DC	1,580	1,800
Reigate & Banstead DC	1,580	1,800
London Borough of <u>R</u> ichmond upon Thames	3,160	3,600
Slough Borough Council	3,160	3,600
Southend on Sea Borough Council	1,580	1,800
Spelthorne Borough Council	1,580	1,800
Surrey County Council	4,740	5,500
Thanet DC	790	900
Uttlesford DC	1,580	1,800
West Mids Joint Commte (Birmingham City Council)	4,740	5,500
Royal Borough of <u>W</u> indsor & Maidenhead	3,160	3,600
Wokingham Borough Council	1,580	1,800
<b>TOTAL</b>	<b>63,410</b>	<b>72,740</b>

Table 3

**Projected full-year 2013-14 SASIG Budget**

(As at 31.05.2013)

**Balance held (as at 31.03.2013; £) 14,027.72**

<b>INCOME</b>	
Membership subscriptions (existing Authorities)	72,740
Regional Aviation Workshops - SASIG & TfL	4,000
Additional Local Authorities	0
Win European funding	0
Consultancy (provision from SASIG office)	0
Selling networking speciality	0
<b>TOTAL INCOME</b>	<b>76,740</b>

<b>EXPENDITURE</b>	
<b>Staff Salaries</b>	
Director - full-time	53,200
Information Officer - full-time	21,300
<b>Sub-total</b>	<b>74,500</b>
<b>Supplies &amp; Publicity</b>	
DeHavilland Information Services Ltd.	6,300
Meeting Rooms	1,500
Printing/Publicity/Publications	1,750
Telephones	300
Hospitality	100
Stationery & Equipment	100
<b>Sub-total</b>	<b>10,050</b>
<b>Conferences, Training &amp; Travel</b>	<b>4,000</b>
<b>TOTAL EXPENDITURE</b>	<b>88,550</b>

**Income minus expenditure (balance in-year) -11,810**

**Projected balance to be held (as at 31.12.2013) 2,218**