

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
PLENARY MEETING**

Date: 1 March 2006

Subject: **Assembly Business Plan and Budget 2006-09**

Report of: Chief Executive

Recommendations:

The Executive Committee recommends that the Assembly:

1. agrees the Assembly budget for 2006-07;
 2. endorses the Assembly's business plan for the forthcoming three years, 2006-09;
 3. notes the indicative budgets for 2007-08 and 2008-09; and
 4. notes that the Executive Committee has asked the Leadership Group to report back on contributions made by the Assembly to third parties.
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1. Purpose of the Report

- 1.1 For the Assembly to agree the budget for the forthcoming year attached to this report as Appendix 1, which is sufficient to deliver the first year of the three-year business plan attached at Appendix 2. The Assembly is invited to endorse the business plan and note the indicative budgets for years 2 and 3.
- 1.2 The budget and business plan were discussed and agreed by the Executive Committee on 20 January 2006. The business plan had to be submitted to the Office of the Deputy Prime Minister by 14 February 2006 as the basis for the Government's grant to the Assembly.

2. Business Plan

- 2.1 Last year simplified arrangements were introduced for the submission of delivery plans and the payment of grant. Assembly business plans have a common structure and a three-year planning horizon, with the greatest detail set out for the first of the three years covered. We have accordingly prepared a plan for 2006-09 on this basis, and this is attached herewith at Appendix 2.

- 2.2 The work programme and targets in the plan reflect the proposed budgets for the three years 2006-09, the first year of which is based both on the level of Government grant for 2006-07, as notified to us by the ODPM in December, and the level of local authority subscriptions agreed by the Assembly in November.

3. Budget

- 3.1 Members will be aware that Government funding now makes up the lion's share of the Assembly budget. We have been notified by the ODPM that the level of our grant for 2006-07 will be £3.4m, which represents an increase of £120,000 (+3.7%) on the current year's grant. This is an eighth share of the increase for all assemblies negotiated with the Government by the English Region's Network to at least partially reflect assemblies' additional responsibilities; these include conformity work in respect of regional spatial strategies as well as developing regional funding advice through, e.g., transport and housing boards.
- 3.2 These additional activities were not fully anticipated this time last year, when the current business plan was prepared. Since we were expecting then that our ODPM grant for this year would reduce, the Government's decision to maintain the value of the grant is welcome, particularly since in this region these additional responsibilities coincide in 2006-07 with the Examination in Public of the South East Plan; this is expected to be very testing and highly resource intensive.
- 3.3 The ODPM have promised a further shared increase in regional assembly funding for 2007-08, as envisaged in the Comprehensive Spending Review 2004. The indicative budget for 2007-08 reflects this increase, while local authority subscriptions are once again held at current levels. The indicative figures for the following year, 2008-09, assume that Government grant remains static and that our subscriptions policy returns to setting annual increases, of say 3%, to prevent the value of members' contributions being overly eroded by inflation.
- 3.4 The financial table attached as Appendix I shows, from the left: this year's most recent forecast outturn and this year's budget, for comparison purposes, followed by the proposed budget for 2006-07 (in bold), and, to the right, the indicative budgets for 2007-08 and 2008-09.
- 3.5 The following comments explain the main variations between the current and forthcoming years. Changes in presentation between the 2005-06 and 2006-07 budgets have also been made in order to improve fit and transparency.

Income

- Regional intelligence projects

We have been shown to be pessimistic in our assumptions in previous years, and therefore have increased our anticipated income for jointly commissioned work to £50,000.

Expenditure

- Payroll

This provides for the Assembly's additional responsibilities in relation to South East Plan conformity and anticipates full staffing for the Regional Housing Board.

- Regional intelligence

We aim to continue a full programme of research work in order to maintain the evidence base for the South East Plan at the EIP.

- Monitoring

A separate budget line has been introduced recognising the Assembly's statutory requirements for plan monitoring; this includes additional investment in Geographical Information Systems.

- Contributions to third parties

Again, a new budget line in order explicitly to identify the financial support we have agreed in the past, and expect to wish to continue to make, to causes such as the Climate Change Partnership, the Social Inclusion Partnership, and the PURPLE network, either on an ongoing or one-off basis. The Executive Committee agreed that the Leadership Group should monitor such payments for impact and value for money, and report back routinely to the Committee accordingly.

- South East Plan implementation

This budget line was included last year, albeit as zero, in anticipation of our responsibilities to promote the Plan's delivery once its preparation was complete. Provision is made for the forthcoming year not only to promote policy implementation through best practice, publications and events, but also to contribute to project development through the Regional Transport Board, for example.

- Advocacy

This new budget line, to be funded solely from local authority subscriptions, reflects the increasing importance of properly resourcing the South East's representations to Government on investment; this year in particular it will enable us to ensure that our case is made strongly and effectively at the South East Plan EIP.

- Regional Housing and Transport Boards

These have been integrated into the functional budget lines for payroll, meetings, etc.

- Communications and publications

As always, these budgets have been compiled from a zero base to provide for the actual expenses expected in 2006-07. The budgets for the current year of course reflect the exceptional costs of consultation on and publication of the South East Plan.

- Europe

These costs have always wholly represented contributions to joint posts with SEEDA, and have now been integrated into a new budget line for joint staffing.

- Accommodation

Following SEERA Ltd's settlement with HM Customs and Excise this provision can now be made net of VAT.

- Joint staffing

This brings together the funding for staff employed 'at arms length', in partner organisations such as RAISE and SEEDA. It includes the Assembly Partners Support Unit, European officers, and a new research support post attached to the South East England Intelligence Network (SEE-iN).

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