

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
EXECUTIVE COMMITTEE**

Date: 13 June 2008

Subject: **Full Year Financial Report 2007/08**

Report of: Finance and Administration Director

Recommendation:

That the Committee notes the financial update.

Purpose of Report:

This report updates the Committee on the Assembly's financial position as at 31 March 2008. A summary spreadsheet is attached (Annex 1) and a commentary follows.

Key points to note are:

- The statutory accounts for 2007/08 are currently being finalised and audited and will be presented to the Executive Committee at the AGM of SEERA Ltd on 12 September.
- Income for the year totals £4,746.6k, which is £188.3k higher than budget.
- Expenditure for the year totals £4,370.1k, which is £188.2k less than budget.
- It has been agreed that £211k of unspent CLG funding can be carried forward into 2008/09.
- Subject to final audit adjustments, £165.6k of unspent subscription funding is being transferred to reserves towards potential wind-up costs. This is very close to the figure of £176.1k which was forecast at the last Executive meeting.
- Reserves at 31 March 2008 were £943.5k compared to £777.9k at 1 April 2007. Adjustments have yet to be made relating to pension assets and liabilities as per FRS17.

1. Income

- 1.1 As cash reserves have been higher than anticipated during the year bank interest is £48k higher than budget.
- 1.2 In order to comply with new accounting standards, income and costs for projects such as SEERAWP and DEFRA have been identified separately, rather than being netted off. Therefore additional income and expenditure lines have been added for these projects, whilst the costs relating to European project income are included in travel, and contributions received relating to a communications project are included in 'other income'.

2. Expenditure

- 2.1 Payroll: costs are £68k higher than budget for the year. This overspend includes the cost of arrangements to address recruitment difficulties as a result of the SNR.
- 2.2 Training: during this year all Assembly staff have been involved in a comprehensive training programme which was agreed and started during 2006/07. This includes management training, personal development, continuing professional development and practical skills training such as IT. Consequently the training budget is overspent by £46.7k at the year end.
- 2.3 Research costs: spend on the research programme (planning and policy research, implementation, monitoring and contributions to third parties) is £20.2k higher than budget for the full year, whilst revenue received as contributions towards research projects is £48k higher than budget, resulting in a net underspend of £27.8k. We have permission from CLG to carry forward £10k relating to a monitoring project which we were unable to complete this financial year as a result of data delays.
- 2.4 Communications and advocacy: there is an underspend of £68.4k following a review of these activities post-SNR. This forms part of the unspent subscription income which is being transferred to reserves.
- 2.5 Publications and consultations: the underspend of £214.5k at the year end is due to the postponement of the public consultation on the South East Plan partial reviews on gypsy and traveller accommodation and minerals, together with the technical work scheduled for the publication of the Government's changes to the Plan, which is now further delayed. We have permission from CLG to carry forward £201k so we are able to carry out this work in 2008/09.
- 2.6 Scrutiny: the scrutiny programme was changed during the year, which resulted in costs being £14.9k below budget at the year end.
- 2.7 Depreciation: costs are £19.2k below budget at the year end as a significant proportion of the Assembly's fixed assets are now fully written down and there have been very few new purchases during this financial year.

- 2.8 Travel: costs are £25.3k higher than budget. This is partly due to an increased number of collaborative projects in mainland Europe. However, these costs can be offset against income from European projects of £12.3k. Travel costs relating to ERN activity and partner support (following the move in-house of this function) are also included.
- 2.9 Meetings: there has been an increased number of meetings held this year including workshops and SNR related meetings. Plenary costs were higher than budgeted due to increased security requirements. The overspend of £21.3k includes costs relating to partner support following the move in-house of this function.
- 2.10 IT costs and items under £1,000: following the SNR announcement last July we have purchased very little new IT and other equipment, leading to an underspend of £15.6k.
- 2.11 Joint appointments: following the move in-house of partner support, savings have been made amounting to £77.1k this financial year. These savings are partly offset by overspends on travel and meetings. This forms a significant part of the unspent subscription income which is being transferred to reserves.

3. Reserves

- 3.1 The opening reserves of £777.9k are higher than the budget figure of £695.2k due to an adjustment in the 2006/07 statutory accounts relating to pension assets and liabilities required under accounting standard FRS17.
- 3.2 The reserves at 31 March are £943.5k prior to any audit and pension adjustments. This figure includes £165.6k of subscription income which is being transferred to reserves as we try to build up sufficient funds to cover contingent liabilities which may arise in 2010 when the Assembly closes and staff are transferred.

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