

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
PLENARY MEETING**

Date: 17 October 2008

Subject: **Subscriptions 2009-10**

Report of: Interim Managing Director

Recommendation:

The Assembly is recommended that local authority subscriptions should remain at their current level for the year 2009-10.

Purpose of the Report:

The Assembly needs to decide an indicative level of local authority subscriptions for next year in order to assist councils in their budget planning.

Key Issues:

- Although the Assembly still has important business to conclude, our business plan anticipates a reduction in budget for 2009-10 of 17.5%.
- However, with the anticipated wind-up of the Assembly it is essential that our reserves are maintained in anticipation of future liabilities.
- Local authority subscriptions to the Assembly were reduced by 10% last year and Government grant by 6.7%. The Government has indicated that assemblies should expect a further reduction of 10% in grant for 2009-10.
- One county council and two district councils have given notice to quit the Assembly from the end of this financial year, reducing subscription income by 6%.

1. Background

- 1.1 The level of local authority subscriptions for the forthcoming year is normally agreed at the November meeting of the Assembly in order to assist council budgeting. The final Assembly budget for the forthcoming year is then agreed at the March meeting. On this occasion the November plenary meeting has been brought forward to October.
- 1.2 The Assembly has an agreed business plan and indicative annual budgets for the three years 2007-10. The business plan and budget for 2009-10 will be reviewed over the next few months and brought to the March 2009 meeting of the Assembly for approval. Notwithstanding the Sub-National Review the Assembly has an important programme of work to deliver up to 2010. This includes developing advice to Government on regional budgets of some £1.5bn a year, completing partial reviews of the South East Plan, work related to implementation and monitoring of the Plan, and updating our evidence base in preparation for a first full review of the Plan.
- 1.3 Our business plan anticipates a tapering budget as we approach March 2010. In particular staff costs have been cut by streamlining the senior management team and closing a number of other posts. The budget for the current year is 7.7% lower than last year's; for next year we are working on an indicative budget that is a further 17.5% less.
- 1.4 Local authority subscriptions were reduced by 10% last year. Subscriptions are an essential base income for the Assembly, which we have always been concerned to sustain. Government grant to the Assembly was reduced for this year and is expected to fall again in 2009-10 by 10%.

2. Reserves and Liabilities

- 2.1 Our cash reserves by the end of this financial year are anticipated to be £1.1m. However against these the Board of SEERA Ltd has been concerned to identify our contingent liabilities including redundancy and lease obligations. Liabilities in respect of redundancy will change with time and the Board has asked for these to be kept under regular review. In the worst case scenario contingent liabilities at present are estimated to be around £950k excluding any future pension liabilities. In the current year we are transferring £300k to reserves in order to help cover these liabilities and we plan to do so again in 2009-10.

3. SEERA Ltd

- 3.1 With the changes in the articles of SEERA Ltd the Board has considered what fees, if any, to levy on local authorities for membership of the company in the future. The Board is minded to agree that for 2009-10, while the Assembly remains operational, local authorities subscribing to the Assembly should also be afforded membership of SEERA Ltd.

4. Next Year's Subscriptions

- 4.1 Local authority subscriptions were reduced by 10% last year and pegged for the two previous years, so their contribution to the Assembly's budget has declined markedly in real terms since 2005. Currently they bring in some £614k a year out of a total budget of some £4.5m.
- 4.2 However three local authorities (West Sussex, Adur and Worthing) have given notice to quit the Assembly from March 2009, reducing our subscription income by £36,592. In view of this, together with the 10% reduction in Government grant and the need to augment reserves, the Assembly is recommended to hold subscriptions at their current levels (as attached).

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