

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY  
EXECUTIVE COMMITTEE**

Date: 15 December 2006

Subject: **Half-year Financial Report**

Report of: Finance and Administration Director

**Recommendation:**

That the Committee notes the report.

**Purpose of the Report:**

This report updates the Committee on the financial position of the Assembly at 30 September 2006.

**Key Issues:**

- Income for the half-year totals £2,527.1k, which is £27.4k higher than budget.
- Expenditure for the half-year totals £1,823.9k, which is £255.7k less than budget.
- Reserves at 30 September are £1,295.2k compared to £592k at 1 April; this reflects the receipt of all subscription income for the year in the first quarter (£682.1k) and some underspending in the first six months.
- The forecast for 2006-07 is for an underspend of £103.2k at the year end, with £34.8k more income and £68.4k less expenditure than budget.

## **1. Income**

- 1.1 Bank interest is £18.4k higher than budget for the first half of the year and is forecast to be £25k above budget at the year end. Publications income is £9.3k higher than budget at the half-year as a result of sales of the South East Plan.

## **2. Expenditure**

- 2.1 Payroll: payroll costs are £37k less than budget at 30 September and are forecast to be £35k less than budget at the year end. This is mainly due to delays in filling vacant posts.
- 2.2 Recruitment: recruitment costs are £12.1k higher than budget at the half-year and are forecast to be £12k over budget at the year end due to increased activity.
- 2.3 Training: following last year's reorganisation, a training programme is underway involving all Assembly staff. The forecast spend at the year end is therefore £15k over budget.
- 2.4 Regional Intelligence: spend on the regional intelligence programme (policy, implementation, monitoring and advocacy) is £147k less than budget for the first six months as there was some delay in commissioning projects. Many projects have now been commissioned and will be completed by the financial year end. However, the forecast is for an underspend of £98.8k due to a number of projects being delayed into next financial year.
- 2.5 Contributions to third parties: the forecast is for a £19.2k overspend at the year end. The total includes support for growth area boards, biodiversity and climate change forums and European projects, as well as RTB project contributions. A one-off payment this year was approved to the UK Youth Parliament.
- 2.6 Communications and Publications: the underspend on communications and publications - £53k and £51.6k respectively - is due to a number of activities being moved into the second half of the financial year, particularly publications relating to research projects. The forecast is for an underspend of £20k on publications at the year end, as a few projects are likely to be delayed into next year.
- 2.7 Scrutiny costs: the phasing of the select committees means that costs are £11.7k below budget in the first half of the year.
- 2.8 Depreciation: depreciation is forecast to be £11.4k overspent at the year end. Additional depreciation has been charged this year relating to office refurbishment work carried out in March 2006 and final adjustments to the fixed assets register as a result of VAT and prior-year adjustments. Both these occurred after the budget had been prepared.

- 2.9 IT costs and items under £1,000: a policy to capitalise items over £1,000 (rather than £500 historically) was introduced after the budget for 2006/07 had been prepared, so only £5k was included for small items. The purchase of new laptops, other items of IT and office furniture for additional staff amounting to £27.6k means that there is a £22.6k overspend after six months. The full year forecast is for an overspend of £27k.
- 2.10 Office and other costs: costs such as postage, meetings, printing and stationery and telephone are reasonably close to budget after six months, with any differences due to the timing of activity.

### **3. Reserves**

- 3.1 The opening reserves of £592k are lower than the budget figure of £810.6k due to an adjustment in the 2005-06 statutory accounts relating to pension assets and liabilities. This follows the adoption of accounting standard FRS17 for the first time at 31 March 2006.
- 3.2 Reserves at 30 September are £1,295.2k in line with historically high levels at the half-year end. This is due to all subscription income being received in the first quarter (£682.2k) and an underspend on a number of budget lines as detailed above.

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