

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
EXECUTIVE COMMITTEE**

Date: 20 October 2006

Subject: **Subscriptions 2007-08 and Members' Allowances**

Report of: Chief Executive

Recommendations:

That the Committee recommends to the Assembly that:

1. Local authority subscriptions should be held at their current level with an increase for inflation of 3% for the year 2007-08; and
2. Allowances should be introduced with effect from 1 August 2006 for the chairmen and members of the Regional Housing Board and the Regional Transport Board as follows: chairmen at the same level as Assembly vice-chairs, and members at the same level as Executive Committee and Regional Planning Committee members.

Purpose of the Report:

The Executive Committee needs to recommend to the November Assembly plenary meeting a level of local authority subscriptions for next year.

Following the constitutional review, the Committee is also invited to recommend to the Assembly the payment of allowances to the chairmen and members of the partnership boards, namely the Regional Housing Board and the Regional Transport Board.

Key issues:

- There is likely to be a shortfall in anticipated Government grant of £250k next year.
- Our reserves, although relatively healthy, are less than our estimated contingent liabilities.
- It is important to maintain the value of local authority subscriptions within the Assembly's overall income by increasing them with inflation.
- Members' allowances should be paid to Assembly nominees to the Regional Housing Board and the Regional Transport Board.

1. Background

- 1.1 The Assembly already has an agreed business plan and indicative annual budgets for the three years 2006-9. These will be reviewed and rolled on over the next few months. In the meantime 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.
- 1.2 Hitherto, the financial situation has been tight and the level of Government grant contingent. Subscriptions have therefore been seen as an essential base income for the Assembly, which we have been concerned to sustain. Importantly subscriptions also demonstrate to the Department of Communities and Local Government (DCLG) a degree of buy-in by local authorities alongside their own contribution.
- 1.3 Over the past few years we have broadly maintained the value that subscriptions contribute by increasing them by 2% each year, albeit this has been just below inflation. As a one-off last year however, in view of the pressure on local authority finances, the Assembly agreed not to raise subscriptions at all.

2. Government Grant, Reserves and Liabilities

- 2.1 The DCLG normally sets out three-year indicative budgets for regional assemblies which have been helpful in reducing financial uncertainty. In addition, members will be aware that we have now established a more realistic level of reserves than hitherto by virtue of our success in reclaiming VAT paid by SEERA Ltd over several years.
- 2.2 The overall level of grant for regional assemblies is indicated to rise from £18.8m to £21m next year. Our business plan for 2007-08 was based on the expectation of a pro rata share of that increase - about £250k. However, although at the time of writing we have yet to receive confirmation, we have been informed that our grant is instead likely to be pegged at its current level, since it has historically been proportionately higher than other assemblies in view of the size and complexity of our regional planning function. We are therefore likely to face a £250k shortfall on our planned budget for 2007-08.
- 2.3 Beyond next year the Comprehensive Spending Review 2007 prevents the DCLG from committing to indicative grant levels for assemblies. Our assumptions for the third year of our business plan (2008-09) are therefore very speculative.
- 2.4 Our reserves at the start of this financial year were £592k. 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 tend to increase with time and the Board has asked for these to be kept under regular review. Contingent liabilities at present are estimated to be at least £676k. In addition, the accounting requirements arising from

FRS17 may well affect the calculation of reserves in future, as they did, to a significant degree, in the accounts for last year.

3. Next Year's Subscriptions

- 3.1 Local authority subscriptions bring in some £700k a year out of a total budget of some £4m. The principle of broadly maintaining the value of the contribution that subscriptions make to the Assembly has been supported strongly by members in the past.
- 3.2 It is accordingly proposed, particularly in light of the anticipated shortfall of DCLG grant of £250k, that the value of local authority subscriptions should be maintained this year and that an inflation-related increase of 3% is recommended to the Assembly. This will increase the total subscription income by £20,466.

4. Members' Allowances

- 4.1 As part and parcel of the constitutional review the Leadership Group has considered, and consulted their party and partner groups on, the issue of allowances for Assembly nominees serving on the two partnership boards that are now within the Assembly's remit.
- 4.2 The Leadership Group recommends that the chairman of each board, who constitutionally will always be an Assembly member, should receive an allowance equivalent to that paid to an Assembly vice-chair. At present this is £4,255 per annum. Other Assembly nominees which, if the constitutional changes are agreed, will number five on each board, should receive the same allowance as members of the Executive and Regional Planning Committees. At present this is £610 per annum. These allowances should run from 1 August 2006. The additional costs will be managed within the existing budget.

Paul Bevan
Chief Executive

8 October 2006

Tel: 01483 555225

Email: paulbevan@southeast-ra.gov.uk