

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY  
EXECUTIVE COMMITTEE**

Date: 14 December 2007

Subject: **Half-year Financial Report**

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 30 September 2007. A summary spreadsheet is attached and a commentary follows.

Key points to note are:

- Income to 30 September totals £2,645.8k, which is £35.6k higher than budget.
- Expenditure for the first half year totals £1,764.9k, which is £208.6k less than budget.
- Reserves at 30 September are £1,658.8k compared to £777.9k at 1 April; this reflects the receipt of all subscription income for the year in the first quarter (£682.2k).
- A surplus of £43.2k is forecast at the year end.

## **1. Income**

- 1.1 Bank interest is £17.7k higher than budget for the first half of the year and is forecast to be £25k above budget at the year end. In order to comply with new accounting standards, income and costs for European and other projects (e.g. SEERAWP) are now identified separately, rather than being netted off. Therefore 'other income' can be offset against the overspend on 'other costs', whilst the costs relating to European project income are included in various budget lines including travel.

## **2. Expenditure**

- 2.1 Payroll costs are £43.9k less than budget at 30 September. The forecast overspend of £26.7k includes the cost of arrangements to address recruitment difficulties as a result of the SNR.
- 2.2 Training - during this year all Assembly staff are 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. As a significant part of the programme has already taken place, training costs are £43.3k higher than budget at the half year. An overspend of £30k is forecast at the year end.
- 2.3 Spend on the research programme (planning, policy, implementation and monitoring) is £185.6k less than budget for the first six months as there have been delays in commissioning projects, particularly those relating to implementation. However, the budget has now been allocated to projects and it is anticipated that the research budget will be fully spent by the year end.
- 2.4 It is forecast that the communications and advocacy budget will be fully spent at the year end, although there is a risk that some costs (up to £100k) will not be incurred in this financial year and may need to be carried forward into 2008/09. This is because a significant part of the budget this year is to be spent on the public consultation for the Gypsies, Travellers and Travelling Showpeople partial review of the South East Plan and the review has been delayed.
- 2.5 Depreciation costs are forecast to be £20k below budget at the year end as a significant proportion of the Assembly's fixed assets are now fully written down and very few new purchases are planned in this financial year.
- 2.6 Following the move in-house of Partner Support, savings have been made amounting to £50k in the full year. These savings are partly offset by overspends on travel and meetings.
- 2.7 There are some underspends and overspends within the various office costs at 30 September, but overall they are expected to be close to budget at the year end.

### **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 30 September are £1,658.8k. Reserves tend to be high at this point in the year as all subscription income for the year is received in the first quarter and expenditure is lower in the first half of the year.

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