



## FULL MEETING

THURSDAY 13 MARCH 2008

### REVISED ESTIMATES 2007/08, BUDGET 2008/09 and THREE YEAR PLAN 2008 - 2011 (Agenda Item 4)

#### REVISED ESTIMATES 2007/08

The latest revised estimate for 2007/08 shows an improved position with a forecast deficit of £12,205 compared to the original estimate of a deficit of £36,299. The notable positive variations are as follows:

- 1) Reduced salaries and associated costs of £8,091, this is after providing £19,000 for the premature retirement of a staff member which has been met by vacancy management and due to a contribution from the Progress through Partnership (PtP) project for administration support;
- 2) Travelling and Subsistence costs are £6,853 below that forecast in the original budget;
- 3) The joint underspend on Office Accommodation and Office Supplies amounts to £6,585;
- 4) Employers' expenses which account for expenses incurred by member authorities are also £4,848 below the original budget;
- 5) Membership subscriptions are £13,339 ahead of the original budget; and
- 6) Increased interest received of £27,120. This can be attributed to higher cash balances than originally anticipated for funding on the PtP project, as well as an increase in interest rates.

The first four of these savings have been reflected in the 2008/09 Budget and the Three Year Plan to 31 March 2011, ensuring that the benefits will accrue to SEE in future periods. Furthermore, the increase in membership subscriptions is a reflection of SEE's success in broadening membership across the region.

There are only two notable unfavourable variations to report, being:

- 1) Two new projects were approved in 2007/08, £20,000 start up costs for the Temporary Employment Agency and £14,000 for the Shared Job Facility. These are one-off costs and the Temporary Employment Agency is anticipated to contribute to income from 2008/09; and
- 2) Expenditure over budget of £4,500 on Staff Training as compared to an original budget of £7,500.

The latter item should be viewed as an investment for future years. We have budgeted £12,000 for future years, ensuring that staff receive adequate training, as well as avoiding overspends in future period by allocating adequate resources at the start of each financial year.

After accounting for the deficit in the year the forecast closing balance on the Reserves is £816,298 at 31<sup>st</sup> March 2008.

Full details of the projected outturn can be seen in Appendix 1 to this report.

### **PROPOSED BUDGET 2008/09**

The proposed budget for 2008/09 has been attached within Appendix 2 to this report. The budget has been prepared with the previously agreed level of member subscription of 100% for LGE and 50% for IDeA.

The following key assumptions have been made in calculating the budget for the forthcoming financial year:

1. Salaries will increase by 2.5%;
2. Subscription income will increase by 2.5%
3. Expenditure items to which South East Employers are contractually obliged will increase by 2.5%; and
4. All other expenditure items will remain constant with the prior year, with inflationary increases being offset by efficiency gains.
5. Average interest receivable on balances will be 5.5%.

### **THREE YEAR PLAN 2008 TO 2011**

Appendix 2 also includes estimates for income and expenditure for the two years subsequent to 2008/09. These can be viewed alongside the 2008/09 budget, allowing Committee to compare the figures for each of the years. The combined figures for the three financial years will underpin SEE's Financial Strategy, which shall be presented in July, when the financial statements for the 2007/08 financial year have been audited and signed.

In preparing estimates for the 2009/10 and 2010/11 financial years, we have applied the same assumptions as those used in preparing the 2008/09 budget. We have also included a further assumption in that training income has been assumed to grow at an annual rate of 10%. This is consistent with SEE's intention to develop other sources of revenue, which would permit a reduction in membership subscriptions in future years.

Further project funding similar to PtP may be available from 2008/09 onwards which South East Employers will be striving to secure. We have assumed zero income from this source in the projections.

The salary budget reflects increments for most staff (which would only be payable subject to appropriate performance at annual appraisal) and the additional costs of increased employers' pension and national insurance contributions. It also takes into account the restructure of the Employment Services team. The accommodation costs have been calculated on the basis of expected costs for Newfrith House. However, the launch of the quarterly newsletter from January 2008 will have an impact on postage and printing expenditure.

### **Recommendations**

- i) Members note the projected outturn for the 2007/08 financial year;
- ii) Members approve the budget for the 2008/09 financial year;
- iii) Members note the income and expenditure estimates for 2009/10 and 2010/11 financial years.

**Alexis Garlick**  
Treasurer

**Jennifer McNeill**  
Regional Director

**February 2008**

