

Broads Authority

27 September 2019

Agenda item number 9

Financial performance and direction

Report by Chief Financial Officer

Summary

This report provides a strategic overview of current key financial issues and items for decision.

Recommendation

- i. That the income and expenditure figures are noted.
 - ii. That members support the creation of a new earmarked reserve, as set out in paragraph 3.2, for the UK Communications Team Funding.
 - iii. That the virements in paragraph 3.4 are approved.
 - iv. That the increased reserve expenditure in paragraph 5.3 is approved.
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Contents

1.	Introduction	2
2.	Overview of actual income and expenditure	2
3.	Latest available budget (LAB)	3
4.	Overview of forecast outturn 2019/20	4
5.	Reserves	5
6.	Conclusion	6
	Appendix 1	7
	Consolidated income and expenditure charts to 31 July 2019	7
	Appendix 2	9
	Financial Monitor: Consolidated Income and Expenditure 2019/20	9

1. Introduction

1.1. This report covers the Consolidated Income and Expenditure from 1 April to 31 July 2019.

2. Overview of actual income and expenditure

Table 1

Actual consolidated income and expenditure by directorate to 31 July 2019

Directorate	Profiled Latest Available Budget £	Actual Income and Expenditure £	Actual Variance £
Income	(4,806,782)	(4,893,870)	+87,088
Operations	1,581,770	1,464,101	+117,669
Strategic Services	556,867	493,239	+63,628
Chief Executive	573,556	554,993	+18,563
Projects, Corporate Items and Contributions from Earmarked Reserves	(102,603)	(53,571)	- 49,032
Net (Surplus) / Deficit	(2,197,192)	(2,435,108)	+237,916

2.1. Core navigation income is above the profiled budget at the end of month four. The overall position as at 31 July 2019 is a favourable variance of £237,916 or a 10.83% difference from the profiled latest available budget (LAB). This is principally due to:

- An overall favourable variance of £84,475 within toll income:
 - Hire Craft Tolls is £73,866 above the profiled budget.
 - Private Craft Tolls is £9,737 above the profiled budget.
- A favourable variance within Operations relating to:
 - Water Management is under the profiled budget by £13,663 due to a timing difference following changes in method for some dredging jobs.
 - Land Management is under the profiled budget by £43,198 due to income being ahead from the Rural Payments Agency,
 - Practical Maintenance is over the profiled budget by £13,072 due to the purchase of channel markers for Breydon Water being brought forward.
 - Ranger Services is under the profiled budget by £24,973 due to timing differences on launch repairs and maintenance.

- Premises is under the profiled budget by £17,179 due to a timing difference on the contract for design of the concrete crane pad being issued. This is offset by the corresponding Premises reserve variance.
- Project Funding is under the profiled budget by £21,758 due to the uncertain nature of when projects will be submitted.
- A favourable variance within Strategic Services relating to:
 - Development Management is under the profiled budget by £28,749 due to the Local Plan Inspection coming in less than expected. This is offset by the corresponding Planning, Delivery Grant reserve variance.
 - Human Resources is under the profiled budget by £10,631 due to timing differences on staff training.
 - Communications is under the profiled budget by £27,935 due to timing differences.
- A favourable variance within Chief Executive relating to:
 - Legal is under the profiled budget by £18,741 due to savings on salaries.
 - Asset Management is over the profiled budget by £12,418 due to delayed income; this has now been received in August.

2.2. The charts at Appendix 1 provide a visual overview of actual income and expenditure compared with both the original budget and the LAB.

3. Latest available budget (LAB)

3.1. The Authority's income and expenditure is monitored against the latest available budget (LAB) for 2019/20. The LAB is based on the original budget for the year, with adjustments for known and approved budget changes such as carry-forwards and budget virements. Full details of movements from the original budget are set out in Appendix 2.

3.2. Following the creation of the UK Communications team, the consolidated income and expenditure has increased for 2019/20, but the overall effect on the LAB is nil. All 15 National Parks and National Park Partnerships (NPP) have made up-front contributions of £105,000, with expenditure in 2019/20 expected to be £79,103. This will create a surplus at year end of £25,897, which will be put into a new earmarked reserve. The creation of a new earmarked reserve is consistent with other partnership work such as Catchment, CANAPE and HLF where the income and expenditure is ring fenced for a particular activity. This balance will then be used to fund activities from 2020/21 onwards alongside additional contributions from the National Parks and NPP.

- 3.3. Virements (budget transfers) between budgets can be authorised by Directors and the Chief Executive up to £19,999. Where they exceed this amount, member approval is required.
- 3.4. Following the mini restructure in May 2019 there are three virements, totalling £85,801, which require member approval. Two of these relate to salary budgets transferred between Directorates and one relates to transfer of contractor/ consultancy within a Directorate. While the effect of these transfers is nil on the consolidated LAB, there will be a small impact on increasing the navigation deficit LAB by £9,671. However, this will be fully offset by the forecast adjustment listed in Table 3. The virements that require member approval are:
- Transfer from Strategy and Project Salaries to Construction and Maintenance Salaries of £28,167 for the transfer of responsibilities to the Environment and Design Team.
 - Transfer from Strategy and Project Salaries to Governance Salaries of £35,634 to fund the new Head of Governance role.
 - Transfer from Strategy and Projects to Development Management budget of £22,000. This budget is used for Landscape architect consultancy services which is mainly utilised by Development Management team.

Table 2

Adjustments to consolidated LAB

Item	Authorisation Reference	Amount £
Original budget 2019/20 – deficit	Broads Authority 1/02/19 Agenda item number 12	44,381
Approved budget carry-forwards	Broads Authority 17/05/19 Agenda item number 12	15,094
LAB as at 31 July 2019	n/a	59,475

4. Overview of forecast outturn 2019/20

- 4.1. Budget holders have been asked to comment on the expected income and expenditure at the end of the financial year in respect of all budget lines for which they are responsible. A summary of these adjustments is given in Table 3.

Table 3

Adjustments to forecast outturn

Item	Amount £
Forecast outturn deficit as per LAB	59,475
Decrease to Hire Craft Toll income	11,161
Increase to Private Craft Toll income	(8,909)

Item	Amount £
Decrease to Waterways and Recreation following restructure and vacancy	(13,370)
Forecast outturn deficit as at 31 July 2019	48,357

5. Reserves

- 5.1. As with previous years, the Authority's contributions to the reserves have all been made in full at the end of quarter one. This has resulted in the reserves showing increased balances at the end of July. This will reduce as planned purchases take place throughout the year.
- 5.2. Following the budget being set in January, officers have been examining how to make the vehicle fleet greener and purchasing electric vehicles. This financial year sees the scheduled replacement of a van and two smart cars. While the budget anticipated their replacement on a like-for-like basis, it did not make allowance for the increased up-front capital costs if electric vehicles were purchased.
- 5.3. Analysis undertaken demonstrates that, while there is an increased up-front cost in purchasing electric vehicles, over a ten-year life the running costs, in particular fuel, would be lower. Officers would like to increase the fleet by one extra van, to be located at Yare House, to remove the need for hiring an extra van during water plant surveying. All of these purchases would be funded from the Plant, Vessels and Equipment Reserve and would not impact the LAB. Additional reserve expenditure in total would be £32,675. This is made up as follows:
- 5.3.1. Existing diesel van replacement £5,550
 - 5.3.2. Additional electric van £17,625
 - 5.3.3. Replacement of diesel smart cars with Renault Zoes £9,500
- 5.4. £863,776 of the current reserve balance below relates to Navigation reserves.

Table 4

Consolidated earmarked reserves

Reserve name	Balance at 1 April 2019 £	In-year movements £	Current reserve balance £
Property	(569,960)	(71,962)	(641,922)
Plant, Vessels and Equipment	(275,291)	(112,483)	(387,774)
Premises	(195,398)	(78,500)	(273,898)
Planning Delivery Grant	(269,393)	54,311	(215,082)
Upper Thurne Enhancement	(120,453)	(18,068)	(138,521)

Reserve name	Balance at 1 April 2019 £	In-year movements £	Current reserve balance £
Section 106	(103,430)	0	(103,430)
HLF	(89,739)	194,339	104,600
Catchment Partnership	(89,021)	(17,264)	(106,285)
CANAPE	(79,309)	20,255	(59,054)
Computer Software	(11,481)	(10,000)	(21,481)
Total	(1,803,475)	(39,372)	(1,842,847)

6. Conclusion

- 6.1. If members approve the virements as set out in paragraph 3.4, the forecast outturn position for the year suggests a deficit of £27,186 for the national park side and £21,171 on navigation. This will result in an overall consolidated deficit of £48,357. This would indicate a general fund reserve balance of approximately £1,037,000 and a navigation reserve balance of approximately £405,000 at the end of 2019/20 before any transfers for interest. This will mean that the navigation reserve will be above the recommended level of 10% of net expenditure during 2019/20.

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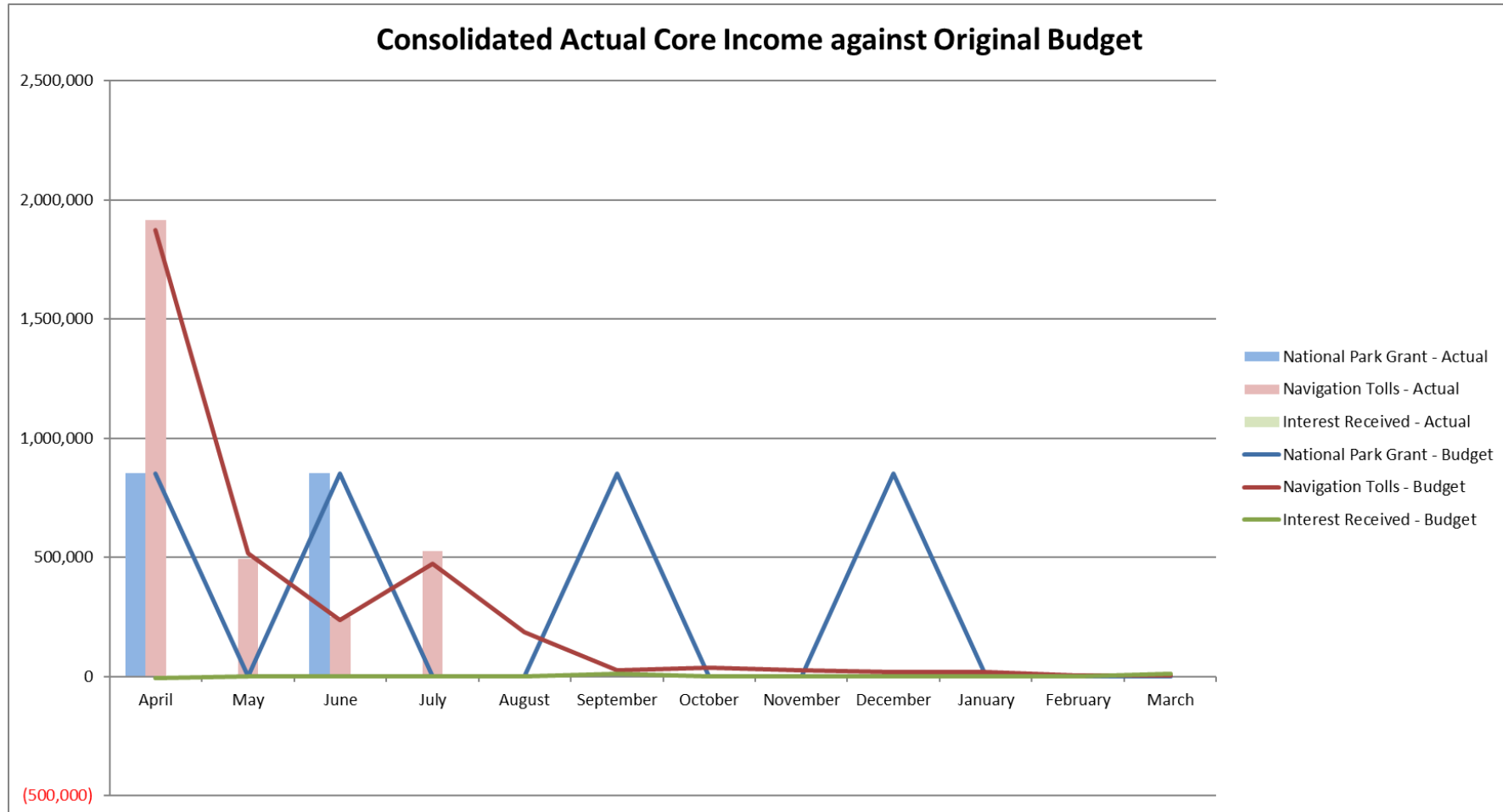
Date of report: 11 September 2019

Appendix 1 – Consolidated actual income and expenditure charts to 31 July 2019

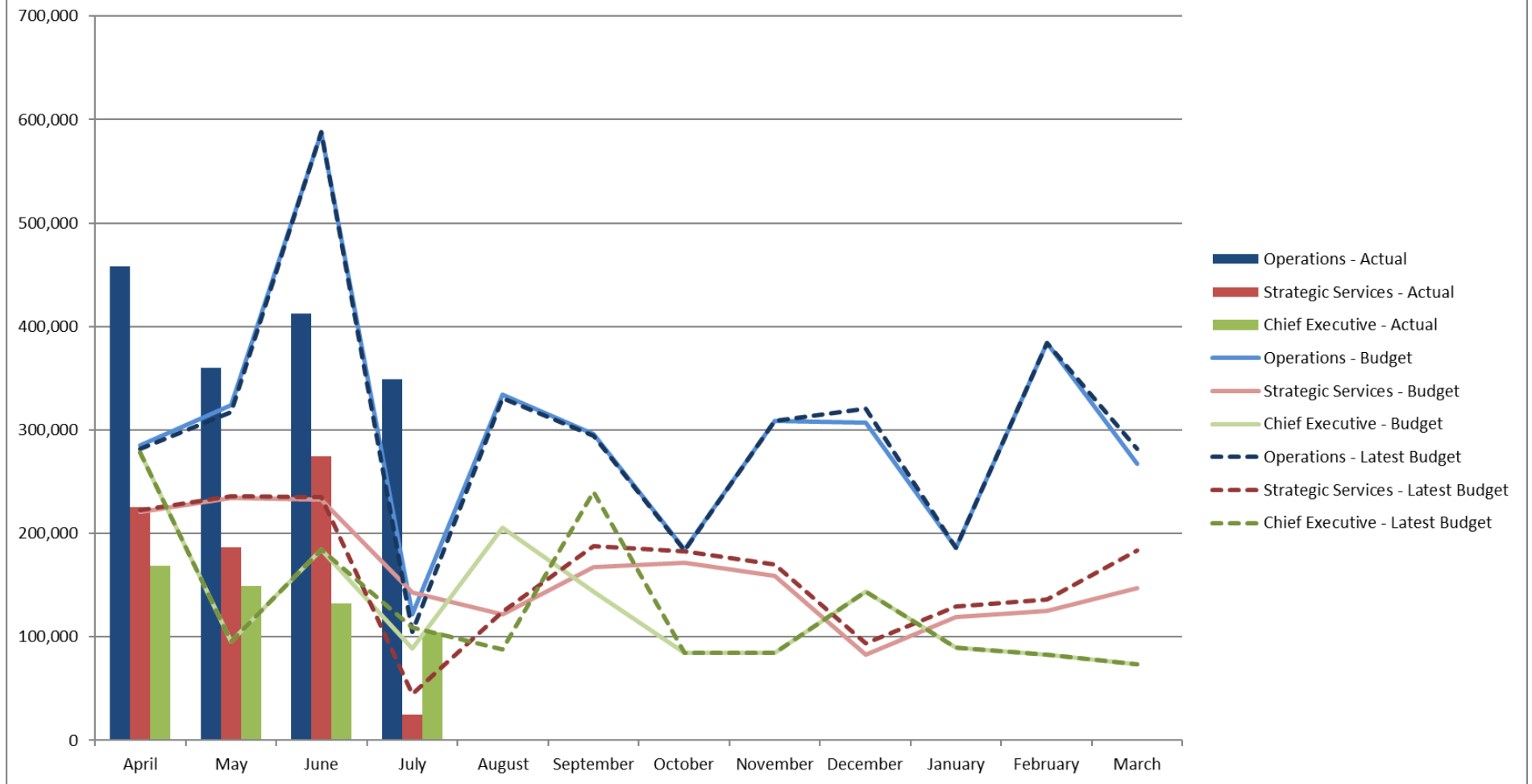
Appendix 2 – Financial monitor: Consolidated income and expenditure 2019/20

Appendix 1

Consolidated income and expenditure charts to 31 July 2019



Consolidated Net Actual Expenditure against Original and Latest Budget



Appendix 2

Financial Monitor: Consolidated Income and Expenditure 2019/20

Table 1

Income

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Income	(6,869,078)	0	(6,869,078)	(6,866,826)	-2,252
National Park Grant	(3,414,078)	0	(3,414,078)	(3,414,078)	0
Hire Craft Tolls	(1,189,000)	0	(1,189,000)	(1,177,839)	-11,161
Private Craft Tolls	(2,175,000)	0	(2,175,000)	(2,183,909)	8,909
Short Visit Tolls	(42,000)	0	(42,000)	(42,000)	0
Other Toll Income	(19,000)	0	(19,000)	(19,000)	0
Interest	(30,000)	0	(30,000)	(30,000)	0

Table 2
Operations

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Operations	4,022,970	(3,500)	4,019,470	4,006,100	13,370
Construction and Maintenance Salaries	1,225,520	0	1,225,520	1,225,520	0
Salaries	1,231,130	0	1,231,130	1,231,130	0
Expenditure	(5,610)	0	(5,610)	(5,610)	0
Equipment, Vehicles & Vessels	454,000	0	454,000	454,000	0
Income	0	0	0	0	0
Expenditure	454,000	0	454,000	454,000	0
Water Management	125,970	0	125,970	125,970	0
Expenditure	125,970	0	125,970	125,970	0
Land Management	(48,440)	0	(48,440)	(48,440)	0
Income	(102,600)	0	(102,600)	(102,600)	0
Expenditure	54,160	0	54,160	54,160	0
Practical Maintenance	485,500	0	485,500	485,500	0
Income	(10,700)	0	(10,700)	(10,700)	0
Expenditure	496,200	0	496,200	496,200	0
Waterways and Recreation Strategy	89,460	(3,500)	85,960	72,590	13,370
Salaries	79,960	(3,500)	76,460	63,090	13,370
Expenditure	9,500	0	9,500	9,500	0
Ranger Services	779,740	0	779,740	779,740	0
Income	(100,000)	0	(100,000)	(100,000)	0
Salaries	701,260	0	701,260	701,260	0
Expenditure	176,880	0	176,880	176,880	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Pension Payments	1,600	0	1,600	1,600	0
Safety	130,000	0	130,000	130,000	0
Income	(3,300)	0	(3,300)	(3,300)	0
Salaries	62,600	0	62,600	62,600	0
Expenditure	70,700	0	70,700	70,700	0
Volunteers	77,340	0	77,340	77,340	0
Salaries	51,740	0	51,740	51,740	0
Expenditure	25,600	0	25,600	25,600	0
Premises	232,910	0	232,910	232,910	0
Income	(1,000)	0	(1,000)	(1,000)	0
Expenditure	233,910	0	233,910	233,910	0
Premises - Head Office	250,640	0	250,640	250,640	0
Income	(240)	0	(240)	(240)	0
Expenditure	250,880	0	250,880	250,880	0
Project Funding	100,000	0	100,000	100,000	0
Expenditure	100,000	0	100,000	100,000	0
Pension Payments	120,330	0	120,330	120,330	0
Operations Management and Administration	115,620	0	115,620	115,620	0
Salaries	4,710	0	4,710	4,710	0

Table 3
Strategic Services

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Strategic Services	1,602,425	22,094	1,624,519	1,596,444	28,075
Development Management	425,615	1,335	426,950	398,875	28,075
Income	(100,000)	0	(100,000)	(100,000)	0
Salaries	403,790	0	403,790	403,790	0
Expenditure	117,425	1,335	118,760	90,685	28,075
Pension Payments	4,400	0	4,400	4,400	0
Strategy and Projects Salaries	350,035	7,000	357,035	357,035	0
Income	(20,470)	0	(20,470)	(20,470)	0
Salaries	247,290	3,500	250,790	250,790	0
Expenditure	123,215	3,500	126,715	126,715	0
Strategy and Projects	5,000	0	5,000	5,000	0
Expenditure	5,000	0	5,000	5,000	0
Biodiversity Strategy	7,670	0	7,670	7,670	0
Expenditure	7,670	0	7,670	7,670	0
Human Resources	134,720	15,094	149,814	149,814	0
Salaries	76,420	0	76,420	76,420	0
Expenditure	58,300	15,094	73,394	73,394	0
Communications	324,245	0	324,245	324,245	0
Income	0	(99,600)	(99,600)	(99,600)	0
Salaries	240,530	52,250	292,780	292,780	0
Expenditure	83,715	47,350	131,065	131,065	0
Visitor Centres and Yacht Stations	244,260	0	244,260	244,260	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Income	(245,100)	0	(245,100)	(245,100)	0
Salaries	351,260	0	351,260	351,260	0
Expenditure	138,100	0	138,100	138,100	0
Strategic Services Management and Administration	110,880	(1,335)	109,545	109,545	0
Salaries	107,270	0	107,270	107,270	0
Expenditure	3,610	(1,335)	2,275	2,275	0

Table 4
Chief Executive

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Chief Executive	1,415,254	0	1,415,254	1,415,254	0
Legal	116,430	0	116,430	116,430	0
Income	0	0	0	0	0
Salaries	51,430	0	51,430	51,430	0
Expenditure	65,000	0	65,000	65,000	0
Governance	233,445	0	233,445	233,445	0
Income	0	0	0	0	0
Salaries	113,480	0	113,480	113,480	0
Expenditure	119,965	0	119,965	119,965	0
Chief Executive	118,830	0	118,830	118,830	0
Salaries	114,330	0	114,330	114,330	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	4,500	0	4,500	4,500	0
Asset Management	113,944	0	113,944	113,944	0
Income	(25,540)	0	(25,540)	(25,540)	0
Salaries	46,890	0	46,890	46,890	0
Expenditure	92,594	0	92,594	92,594	0
Finance and Insurance	373,735	0	373,735	373,735	0
Income	0	0	0	0	0
Salaries	161,100	0	161,100	161,100	0
Expenditure	212,635	0	212,635	212,635	0
Collection of Tolls	135,860	0	135,860	135,860	0
Salaries	123,360	0	123,360	123,360	0
Expenditure	12,500	0	12,500	12,500	0
ICT	323,010	0	323,010	323,010	0
Salaries	192,660	0	192,660	192,660	0
Expenditure	130,350	0	130,350	130,350	0

Table 5

Projects and Corporate items

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Projects and Corporate Items	124,918	0	124,918	124,918	0
Partnerships / HLF	28,718	0	28,718	28,718	0
Income	(754,629)	0	(754,629)	(754,629)	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Salaries	180,250	0	180,250	180,250	0
Expenditure	603,097	0	603,097	603,097	0
Corporate Items	96,200	0	96,200	96,200	0
Expenditure	3,200	0	3,200	3,200	0
Pension Payments	93,000	0	93,000	93,000	0

Table 6

Contributions from earmarked reserves

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Contributions from Earmarked Reserves	(252,108)	(3,500)	(255,608)	(227,533)	-28,075
Earmarked Reserves	(252,108)	(3,500)	(255,608)	(227,533)	-28,075
Expenditure	(252,108)	(3,500)	(255,608)	(227,533)	-28,075

Table 7

Net (Surplus) / Deficit

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Grand Total	44,381	15,094	59,475	48,357	11,118