

**Navigation Income and Expenditure:
1 April to 31 December 2015 Actual and 2015/16 Forecast Outturn
Report by Head of Finance**

Summary: This report provides the Committee with details of the actual navigation income and expenditure for the nine month period to 31 December 2015, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2016).

1 Introduction

1.1 This report provides a summary of the Income and Expenditure for the Navigation Budget up until 31 December. It includes any amendments to the Latest Available Budget (LAB), Forecast Outturn (predicted year end position) and the movements on the earmarked reserves.

2 Overview of Actual Income and Expenditure

Table 1 – Actual Navigation I&E by Directorate to 31 December 2015

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(3,012,994)	(2,976,587)	- 36,407
Operations	2,019,395	1,948,272	+ 71,123
Planning and Resources	588,087	569,584	+ 18,503
Chief Executive	114,833	121,185	- 6,352
Projects, Corporate Items and Contributions from Earmarked Reserves	(409,733)	(338,856)	- 70,877
Net (Surplus) / Deficit	(700,412)	(676,402)	- 24,010

2.1 Core navigation income is behind the profiled budget at the end of month nine. The overall position as at 31 December 2015 is an adverse variance of £24,010 or 3.43% difference from the profiled LAB. This is principally due to:

- An overall adverse variance of £33,923 within toll income:
 - Hire Craft Tolls £21,723 below the profiled budget
 - Private Craft Tolls £5,237 above the profiled budget

- An underspend within Operations budgets relating to:
 - Water Management is above the profiled budget by £27,648 due to the Hydrographic survey being completed ahead of profile
 - Practical Maintenance is under profile by £31,511 due to timing differences
 - Ranger Services is under profiled budget by £41,607 due to the delayed letting of the launch tender following changes in procurement legislation. This is partially offset by the salary overspend relating to unbudgeted unsocial hour payments
 - Premises are under profiled budget by £12,087 due to an underspend within repairs and maintenance
- An underspend within Planning and Resources budgets relating to small underspends within all budgets
- An adverse variance within Reserves relating to:
 - The delayed expenditure on Mutford lock repairs (£12,669)
 - The delayed Wherry billing and the delayed letting of the launch contract. This variance will continue due to the Wherry contract coming in under the original budget. This has resulted in an overall variance of £58,208. The variance on these is due to continue to the end of the year as the launch contract will now cross two financial years. The balance will be transferred to 2016/17 contribution from reserves

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

3.1 The Authority's income and expenditure is monitored against the latest available budget (LAB) for 2015/16. 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.

Table 2 – Adjustments to Navigation LAB

	Ref	£
LAB previously reported	Nav 10/12/15 Item 15	(25,709)
Virement from ONW to VES to cover cost of necessary equipment	Director approved	(3,500)
LAB at 31 December 2015		(29,209)

3.2 The LAB therefore provides for a reduced navigation surplus of £29,209 in 2015/16 as at 31 December 2015.

4 Overview of Forecast Outturn 2015/16

- 4.1 Budget holders have been asked to comment on the expected expenditure at the end of the financial year in respect of all budget lines for which they are responsible. It must be emphasised that these forecast outturn figures should be seen as estimates and it is anticipated that they will continue to be refined and clarified through the financial year.
- 4.2 As at the end of December 2015, the forecast outturn indicates:
- The total forecast income is £3,009,687, or £24,493 less than the LAB.
 - Total expenditure is forecast to be £3,016,666.
 - The resulting deficit for the year is forecast to be £6,979.
- 4.3 The forecast outturn expenditure reflects the following changes from the LAB as shown in Table 3. The forecast surplus represents an adverse variance of £36,188 against the LAB.

Table 3 – Adjustments to Forecast Outturn

	£
Forecast outturn surplus per LAB	(29,209)
Adjustments reported 10/12/15	37,227
Increase to Private Craft Income	(2,601)
Decrease to Communication expenditure	(1,500)
Increase to HR expenditure due to changes in staff changes	369
Increase to ICT expenditure due to staff changes	893
Increase in Construction and Maintenance expenditure due to staff changes	1,800
Forecast outturn deficit as at 31 December 2015	6,979

- 4.4 The main reason for the difference between the forecast outturn and the LAB is the approval of the Hickling project and the change in predictions for navigation toll income, which are based on the latest actual income figures. There is an overall decrease of £16,993 in forecast toll income for the year.

5 Reserves

Table 4 – Navigation Earmarked Reserves

	Balance at 1 April 2015	In-year movements	Current reserve balance
	£	£	£
Property	(510,132)	186,101	(324,031)
Plant, Vessels			

and Equipment	(202,403)	85,416	(116,988)
Premises	(78,552)	(14,625)	(93,177)
PRISMA	(171,869)	6,671	(165,198)
Total	(962,956)	263,562	(699,394)

5.1 Items funded from the Property reserve include the repairs to Mutford Lock, Turntide Jetty and the Land purchases at Potter Heigham and Acle Marsh. The Plant, Vessels and Equipment reserve has funded the Launch fit out deposit, the 3rd Wherry and the Linkflotes.

6 Summary

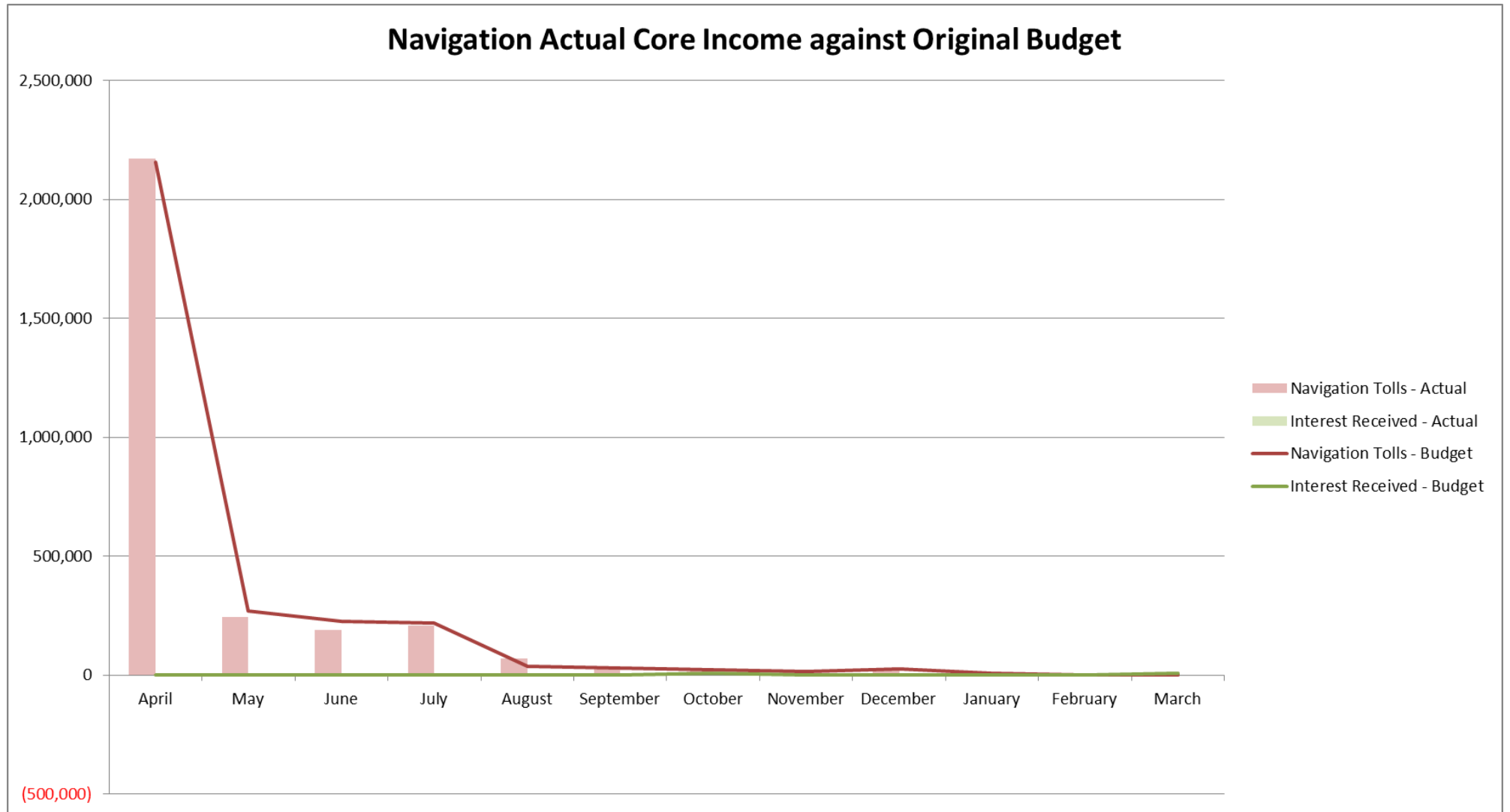
6.1 The current forecast outturn position for the year suggests a deficit within the navigation budget which would result in a navigation reserve balance of approximately £273,159 at the end of 2015/16 (before any year-end adjustments). This would mean the Navigation Reserve would be below the recommended 10% at 9.1%. Year-end transfers of interest to the earmarked reserves will mean that it will fall below 9%. The Financial Strategy looks to start to restoring this by the end of the three year period.

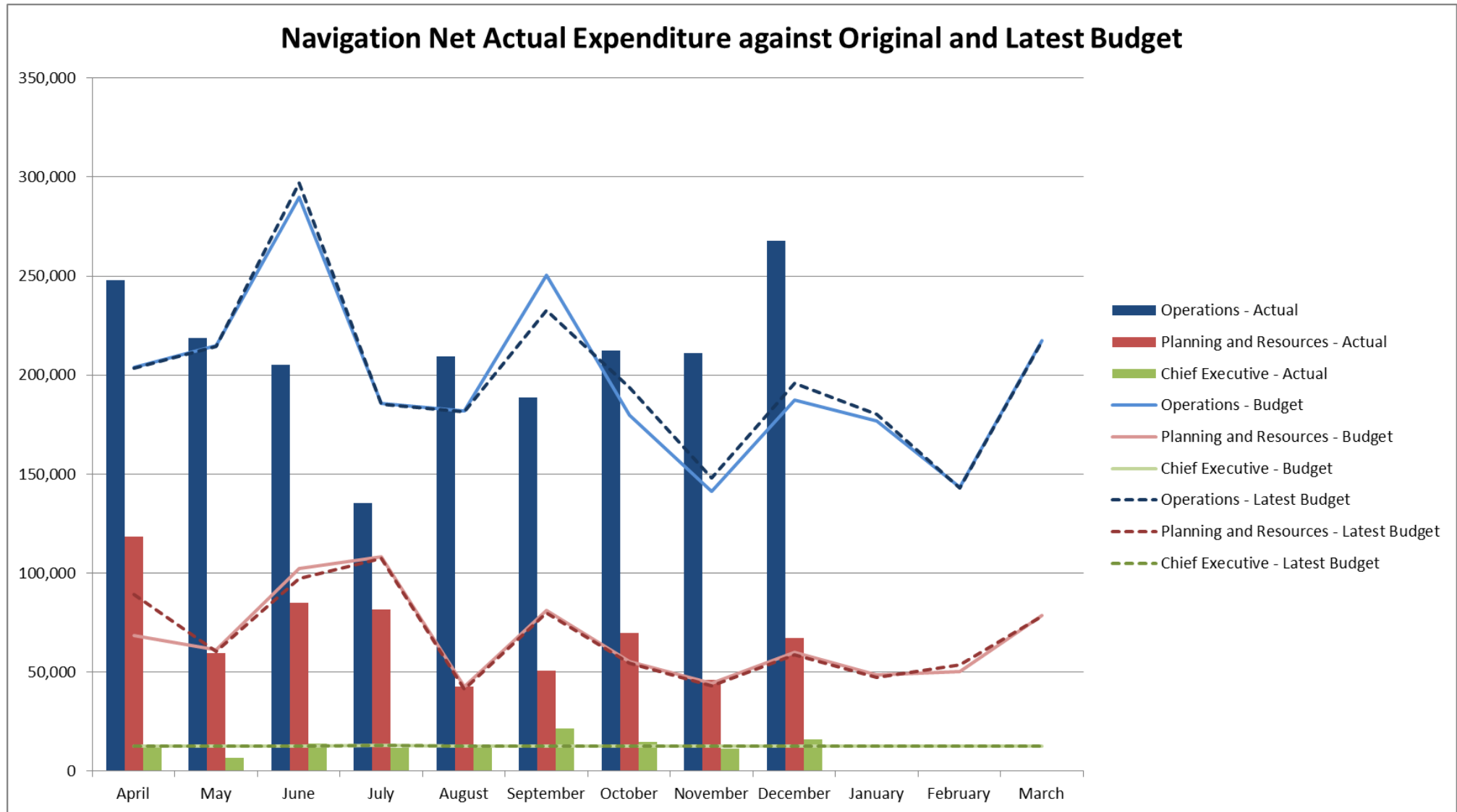
Background Papers: Nil

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Broads Plan Objectives: None

Appendices: APPENDIX 1 – Navigation Actual Income and Expenditure Charts to 31 December 2015
APPENDIX 2 – Financial Monitor: Navigation Income and Expenditure 2015/16





To 31 December 2015

Budget Holder

(All)

Row Labels	Values				
	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income	(3,034,180)		(3,034,180)	(3,009,687)	- 24,493
National Park Grant	0		0	0	+ 0
Income	0		0	0	+ 0
Hire Craft Tolls	(1,090,525)		(1,090,525)	(1,068,689)	- 21,836
Income	(1,090,525)		(1,090,525)	(1,068,689)	- 21,836
Private Craft Tolls	(1,869,042)		(1,869,042)	(1,873,885)	+ 4,843
Income	(1,869,042)		(1,869,042)	(1,873,885)	+ 4,843
Short Visit Tolls	(38,363)		(38,363)	(38,363)	+ 0
Income	(38,363)		(38,363)	(38,363)	+ 0
Other Toll Income	(18,750)		(18,750)	(18,750)	+ 0
Income	(18,750)		(18,750)	(18,750)	+ 0
Interest	(17,500)		(17,500)	(10,000)	- 7,500
Income	(17,500)		(17,500)	(10,000)	- 7,500
Operations	2,433,190	142,165	2,575,355	2,531,503	+ 43,852
Construction and Maintenance Salaries	628,981		628,981	630,781	- 1,800
Salaries	628,981		628,981	630,781	- 1,800
Expenditure			0		+ 0
Equipment, Vehicles & Vessels	455,975	7,995	463,970	440,135	+ 23,836
Income			0		+ 0
Expenditure	455,975	7,995	463,970	440,135	+ 23,836
Water Management	167,500	56,950	224,450	224,450	+ 0
Income			0		+ 0
Expenditure	167,500	56,950	224,450	224,450	+ 0
Land Management	0		0	0	+ 0
Income	0		0	0	+ 0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Expenditure	0		0	0	+ 0
Practical Maintenance	395,200	77,220	472,420	472,420	+ 0
Income	(7,000)		(7,000)	(7,000)	+ 0
Expenditure	402,200	77,220	479,420	479,420	+ 0
Ranger Services	498,946		498,946	477,129	+ 21,817
Income	(21,000)		(21,000)	(21,000)	+ 0
Salaries	347,346		347,346	347,346	+ 0
Expenditure	172,600		172,600	150,783	+ 21,817
Pension Payments			0		+ 0
Safety	60,326		60,326	60,326	+ 0
Income	(9,000)		(9,000)	(9,000)	+ 0
Salaries	40,771		40,771	40,771	+ 0
Expenditure	28,555		28,555	28,555	+ 0
Asset Management	68,489		68,489	68,489	+ 0
Income	(450)		(450)	(450)	+ 0
Salaries	17,564		17,564	17,564	+ 0
Expenditure	51,375		51,375	51,375	+ 0
Premises	86,357		86,357	86,357	+ 0
Income	(853)		(853)	(853)	+ 0
Expenditure	87,211		87,211	87,211	+ 0
Operations Management and Administration	71,417		71,417	71,417	+ 0
Income			0		+ 0
Salaries	64,417		64,417	64,417	+ 0
Expenditure	7,000		7,000	7,000	+ 0
Planning and Resources	741,285	9,900	751,185	755,711	- 4,526
Development Management	0	0	0	0	+ 0
Income	0		0	0	+ 0
Salaries	0		0	0	+ 0
Expenditure	0	0	0	0	+ 0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Pension Payments			0		+ 0
Strategy and Projects Salaries	18,439	0	18,439	18,439	+ 0
Income	0	0	0	0	+ 0
Salaries	18,439	0	18,439	18,439	+ 0
Expenditure	0	0	0	0	+ 0
Biodiversity Strategy	0	0	0	0	+ 0
Income	0		0	0	+ 0
Expenditure	0	0	0	0	+ 0
Strategy and Projects	3,265	0	3,265	3,265	+ 0
Income	0	0	0	0	+ 0
Salaries	3,265	0	3,265	3,265	+ 0
Expenditure	0	0	0	0	+ 0
Waterways and Recreation Strategy	43,160		43,160	48,293	- 5,133
Salaries	34,160		34,160	34,160	+ 0
Expenditure	9,000		9,000	14,133	- 5,133
Project Funding	3,740		3,740	3,740	+ 0
Income	0		0	0	+ 0
Salaries	3,740		3,740	3,740	+ 0
Expenditure	0		0	0	+ 0
Pension Payments			0		+ 0
Partnerships / HLF	0		0	0	+ 0
Income			0		+ 0
Expenditure	0		0	0	+ 0
Volunteers	25,868		25,868	25,868	+ 0
Income	(400)		(400)	(400)	+ 0
Salaries	17,468		17,468	17,468	+ 0
Expenditure	8,800		8,800	8,800	+ 0
Finance and Insurance	158,151		158,151	158,151	+ 0
Income			0		+ 0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Salaries	64,151		64,151	64,151	+ 0
Expenditure	94,000		94,000	94,000	+ 0
Communications	62,048	0	62,048	60,548	+ 1,500
Income			0		+ 0
Salaries	50,048		50,048	50,048	+ 0
Expenditure	12,000	0	12,000	10,500	+ 1,500
Visitor Centres and Yacht Stations	74,220		74,220	74,220	+ 0
Income	(56,250)		(56,250)	(56,250)	+ 0
Salaries	106,470		106,470	106,470	+ 0
Expenditure	24,000		24,000	24,000	+ 0
Collection of Tolls	116,740		116,740	116,740	+ 0
Salaries	104,040		104,040	104,040	+ 0
Expenditure	12,700		12,700	12,700	+ 0
ICT	87,245	9,900	97,145	98,038	- 893
Salaries	43,784		43,784	44,677	- 893
Expenditure	43,461	9,900	53,361	53,361	+ 0
Premises - Head Office	73,819		73,819	73,819	+ 0
Expenditure	73,819		73,819	73,819	+ 0
Planning and Resources Management and Administration	74,589		74,589	74,589	+ 0
Income			0		+ 0
Salaries	39,420		39,420	39,420	+ 0
Expenditure	35,169		35,169	35,169	+ 0
Chief Executive	153,001		153,001	158,370	- 5,369
Human Resources	45,727		45,727	46,096	- 369
Income			0		+ 0
Salaries	21,332		21,332	21,701	- 369
Expenditure	24,395		24,395	24,395	+ 0
Legal	27,596		27,596	32,596	- 5,000
Income			0		+ 0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Salaries	15,596		15,596	15,596	+ 0
Expenditure	12,000		12,000	17,000	- 5,000
Governance	39,531		39,531	39,531	+ 0
Salaries	21,645		21,645	21,645	+ 0
Expenditure	17,886		17,886	17,886	+ 0
Chief Executive	40,147		40,147	40,147	+ 0
Salaries	40,147		40,147	40,147	+ 0
Expenditure			0		+ 0
Projects and Corporate Items	44,800		44,800	44,800	+ 0
PRISMA			0		+ 0
Expenditure			0		+ 0
Corporate Items	44,800		44,800	44,800	+ 0
Pension Payments	44,800		44,800	44,800	+ 0
Contributions from Earmarked Reserves	(393,900)	(125,470)	(519,370)	(473,718)	- 45,652
Earmarked Reserves	(393,900)	(125,470)	(519,370)	(473,718)	- 45,652
Expenditure	(393,900)	(125,470)	(519,370)	(473,718)	- 45,652
Grand Total	(55,804)	26,595	(29,209)	6,979	- 36,188