

Financial Performance and Direction
Report by Head of Finance

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

Recommendation:

Section 2-6

(i) That the income and expenditure figures be noted.

Section 7

(ii) That the standing list for the piling contractors (7.10) and fen contractors (7.17) be approved.

1 Introduction

1.1 This report covers three items, the Consolidated Income and Expenditure from 1 April 2015 – 31 March 2016, the standing list for piling contractors and the standing list for fen contractors.

2 Overview of Actual Income and Expenditure

Table 1 – Actual Consolidated I&E by Directorate to 31 March 2016

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(6,240,632)	(6,214,345)	- 26,287
Operations	3,685,051	3,529,588	+ 155,463
Planning and Resources	2,714,427	2,436,722	+ 277,705
Chief Executive	440,040	503,140	- 63,100
Projects, Corporate Items and Contributions from Earmarked Reserves	(662,970)	(402,467)	- 260,503
Net (Surplus) / Deficit	(64,084)	(147,363)	+ 83,279

2.1 Core navigation income and interest continued to remain behind budget until the end of the year but was within £2,569 of the forecast. Interest performed slightly better than previously expected. The remaining variances that have continued until the end of the year are due to:

- A favourable variance within Operations budgets relating to:
 - Equipment, Vehicle and Vessels is under budget by £46,152 due to savings on the Wherry tender and the last 10% not being due until 2016/17. In addition there is also savings on fuel and vehicle leases.
 - Land Management is under budget by £16,016 due to success in achieving additional income.
 - Practical Maintenance is under budget by £48,839 mainly due to the cancellation of the Cockshoot boardwalk repairs which was to be funded from reserves.
 - Asset Management is under budget by £11,563 due to savings on property consultancy fees.
- A favourable variance within Planning and Resources budgets relating to:
 - Development Management is under budget by £102,735 due to additional income being received for Section 106 agreements and Generation Park works.
 - Strategy and Projects is under budget by £28,162 due to additional income being received for the Catchment Partnership for the Slow the Flow project and the Local Plan expenditure being transferred to 2016/17.
 - Project Funding is under budget by £22,454 due to a staff vacancy that has been covered by a contractor.
 - Communications is under budget by £19,560 due to additional income being received and the delayed branding expenditure.
 - Visitor Centres and Yacht Stations is under budget by £30,428 due to additional income being received.
 - ICT is under budget by £38,871 due to delayed DMS project which has been transferred to 2016/17. In addition there has also been savings on the photocopier leases.
 - Premises is under budget by £19,785 due to savings within facilities Management and the deferred lease initiative.
- An adverse variance within Chief Executive budgets relating to:
 - Legal budget is above budget by £63,100 due to additional legal costs.
- An adverse variance within Projects, Corporate Items and Contributions from Earmarked reserves. This relates entirely to expenditure from Earmarked reserves:
 - Planning Delivery Grant reserve is under budget by £88,171 due to the delays on the DMS expenditure, the Local and Broads Plan expenditure. The balance on these will be transferred to 2016/17 contribution from reserves.
 - Property reserve is under budget by £36,195 due to the cancelled expenditure on Cockshoot boardwalk.
 - Plant, Vessels and Equipment reserve is under budget due to delayed billing for the 3rd Wherry and the delayed letting of the launch tender. This variance has been further increased due to the Wherry contract coming in under the original budget. This has resulted in an overall variance of £71,978. These items have been transferred to 2016/17 contribution from reserves.

- The Section 106 agreement reserve did not have a budget set as it is difficult to predict when these agreements will arise, this has resulted in a variance of £59,155.

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 was being monitored against the latest available budget (LAB) in 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. This has remained the same since the report to you on 18 March 2016 (a consolidated surplus of £64,084).

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 the budget lines for which they are responsible. The following adjustments in the table below have been made since the last update provided on the January 2016 figures.

Table 2 – Adjustments to Forecast Outturn

Item	£
Forecast outturn surplus per LAB	(64,084)
Adjustments to forecast outturn reported 18/03/16	(5,059)
Increase to Toll income	(3,137)
Increase to Dredging expenditure for additional hire costs	1,500
Increase to Fen Management expenditure for additional hire costs	1,500
Increase to Premises expenditure for unoccupied costs at Ludham	8,287
Decrease to Operations Management Administration due to savings and additional income	(6,177)
Increase to Development Management income for additional planning applications	(5,000)
Increase to Yacht Station income	(3,550)
Decrease to ICT expenditure for lease savings	(8,500)
Decrease to Resources Management Administration expenditure	(5,000)
Decrease to Governance expenditure due to savings on printing	(2,400)
Forecast outturn surplus as at 31 March 2016	(91,620)

4.2 This represents a variance of £55,743 against the actual. The main reason for the difference between the forecast outturn and the actual is due to small cumulative additional savings, items not included above, such as Yare House and Asset Management, and income exceeding forecast predictions. It is possible that this variance can be further reduced subject to any carry forwards requests. An update on these will provided during the meeting.

5 Reserves

5.1 The table below takes account of the year end adjustments of interest and the closure of the PRIMSA reserve with the balance transferred to the Plant, Vessels and Equipment reserve. This is available this year for the first time at this meeting because the Authority is trialling a fast close of the Accounts.

Table 3 – Consolidated Earmarked Reserves

	Balance at 1 April 2015	In-year movements	Current reserve balance
	£	£	£
Property	(586,757)	226,154	(360,603)
Plant, Vessels and Equipment	(240,790)	(61,435)	(302,225)
Premises	(169,930)	(31,745)	(201,675)
Planning Delivery Grant	(353,676)	62,812	(290,864)
Mobile Phone Upgrade	(469)	469	-
Upper Thurne Enhancement	(53,285)	(3,267)	(56,552)
Section 106	(16,652)	(59,816)	(76,468)
PRISMA	(171,869)	171,869	-
Heritage Lottery Fund	-	(55,956)	(55,956)
Total	(1,593,427)	249,085	(1,344,343)

5.2 £665,324 of the current reserve balance relates to navigation reserves.

6 Summary

6.1 The figures above will be the basis of the Statement of Accounts and include the year end stock adjustments. The surplus on the national park side is £84,797 and £62,566 on navigation, resulting in a consolidated surplus of £147,363. After the year end adjustment for interest to the earmarked reserves the general fund reserve is £1,035,375 and the navigation reserve is £333,949. This means that the navigation reserve sits slightly below the recommended 10% at 9.8% of net expenditure at the end of 2015/16.

7 Standing Tender List for Piling Contractors and Fen Management

Overview

- 7.1. This section of the report outlines the process through which contractors have been invited and assessed for inclusion on a standing list of contractors for both the piling contractors and fen management.
- 7.2. Section 15 of the Authority's 'Standing Orders relating to Contacts' sets out a procedure for Selective Tendering from a standing list of approved contractors. This Standing Order applies where the Authority or appropriate committee has decided that invitations to tender for a contract are to be limited to those persons or bodies whose names are included in a list compiled and maintained for that purpose.

Selection Process

- 7.3. In accordance with Standing Order 15, an advert for expressions of interest for inclusion on a standing list was published in the Eastern Daily Press. In addition the piling advert was also included on the Broads Authority website and on the Government's contract finder website. Both sets of interested parties were required to complete a questionnaire.

Piling Contractors

- 7.4. In 2013 the Broads Authority agreed to the establishment of a standing list of piling contractors. The benefits of continuing to operate a standing list include:
- Increased time efficiency (open tendering requires publication of a tender advert for a minimum of 28 days)
 - Reduced costs (a published tender advert typically costs £500)
 - Assurance of contractor competency and health and safety management
- 7.5. The Committee also approved nine contractors for inclusion which were recommended following a prequalification process. Over the last three years the standing list has been used for a number of projects which the Authority had to outsource, including replacing channel markers, Turntide Jetty reconstruction, Hardley Flood weir.
- 7.6. The Authority expects to budget £450,000 over the next three years for piling work. The focus of which will be on 24hr mooring re-piling. The existing standing list has now expired. Typical single contract values are expected to be between £50,000 and £150,000. However contractors on the Standing List may be used for piling works of up to a maximum single contract value of £300,000.

7.7 The following contractors expressed an interest in inclusion on the Standing List:

1. Miles Waterscapes
2. Land and Water Services
3. Amis Piling and Dredging
4. D & R Marine
5. BAM Nuttall
6. Drake Towage
7. Olympic Ltd.
8. Topbond
9. G T Rochester Plant
10. McLaughlin and Harvey
11. AGA Bioengineering Systems Ltd

Seven of these contractors were included on the previous standing list.

7.8 Each of these contractors was then sent a questionnaire which covered the following areas:

- Company details
- Project experience
- Work capability
- Sub-contracting
- Health & Safety
- Insurances

7.9 Each submitted questionnaire was reviewed with the purpose of checking that the details provided met the approval criteria stated in the questionnaire.

Recommendations

7.10 Eight of the eleven contractors who expressed an interest submitted a completed questionnaire with all the information required and fulfilled the criteria for approval. These contractors are:

- (i) Miles Waterscapes
- (ii) Land and Water Services
- (iii) Amis Piling and Dredging
- (iv) Drake Towage
- (v) Olympic Ltd.
- (vi) Topbond
- (vii) G T Rochester Plant
- (viii) AGA Bioengineering Systems Ltd

Six of these eight contractors are either already established within the Broads or have undertaken work for the Broads Authority in the past. The exceptions are Topbond and AGA Bioengineering Systems, who have not yet undertaken piling work within the Broads, but have demonstrated good capability and experience of waterside piling elsewhere.

It is recommended that the Authority approves all eight contractors for inclusion on the Standing List.

Three contractors, who expressed an interest did not return the questionnaire and therefore are not included in the above recommended list.

Fen Management Contracts

- 7.11 Since 2001, the Authority has worked with local reed and sedge cutters to facilitate the continuation of this heritage industry (Action Plan for the Reed and Sedge Cutting Industry, 2012₁). One of the ways in which the Authority has provided support is to offer small-scale fen management work to reed and sedge cutters, at the time of year when commercial reed and sedge cannot be harvested.
- 7.12 This small-scale contract work typically includes scrub clearance and conservation mowing of non-commercial fen on Broads Authority land and / or sites where the Authority is the managing agent. Such contract work aids the Authority in achieving its management obligations.
- 7.13 The contract work is divided and awarded equally to all interested cutters who can demonstrate appropriate equipment and health and safety standards. A standard day rate for payment is agreed between the Authority and the Broads Reed and Sedge Cutters Association (BRASCA). This rate is assessed annually to ensure the rate represents good value for the Authority, compared to that charged by other similar commercial wetland management contractors, and also to take account of any inflationary change.
- 7.14 The benefits of compiling this list are as follows:
- All local reed and sedge cutters who actively harvest these products commercially, and wish to apply for small-scale contract work are given an equal opportunity to do so.
 - Information relating to equipment certification and insurance can be gathered, held and updated centrally.
 - Contractor competency and health and safety management can be assessed through a formal process.
- 7.15 The following contractors expressed an interest in inclusion in the Standing List, all of whom had successfully joined Standing List in 2013:
1. Chris Henshaw
 2. William Burgess
 3. Robert Fransham
 4. David Fransham
 5. Rowan Nichols
 6. Paul Eldridge
 7. Jeremy Nicholls
 8. Lawrence Watts

9. Bev Blades
10. Marcus Satchel
11. Michael Nichols

Recommendation

- 7.16 All of these contractors were asked to complete a form confirming existing details and asked to submit up to date certificates. Each submitted form was reviewed for the purpose of checking that the details provided met the stated approval criteria.
- 7.17 All eleven contractors comprehensively provided all the information required and fulfilled the criteria for approval. It is therefore recommended that the Authority approves these contractors for inclusion on the standing list as set out in recommendation (ii) above.

Management of the Standing Lists

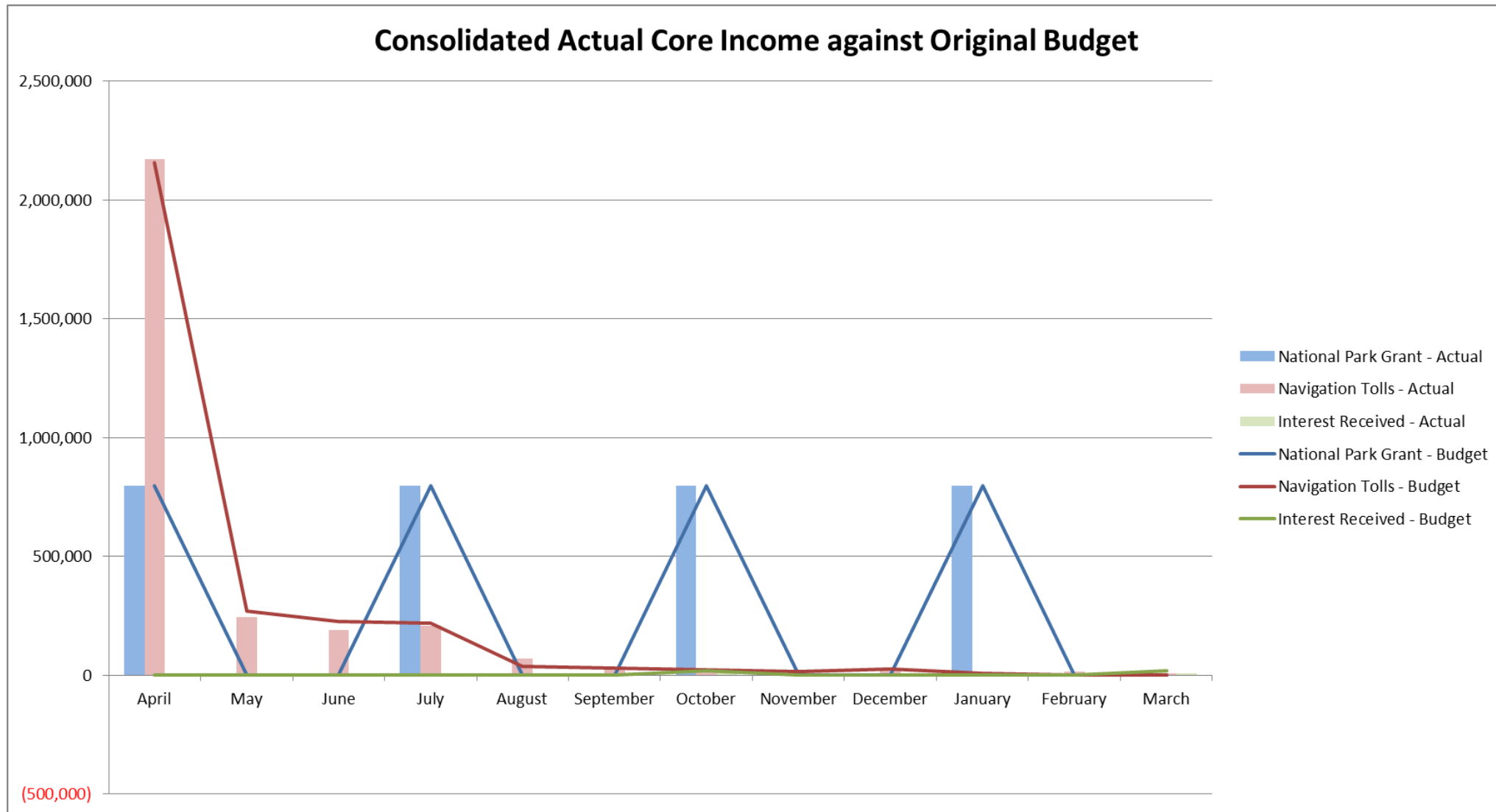
- 7.18 Both Standing Lists will be reviewed at intervals not exceeding three years. Upon each review the following steps will be undertaken:
 - a. All contractors on the Standing List will be contacted at least 4 weeks before the review and asked if they wish to remain on the list.
 - b. All projects executed using the Standing List will be reviewed and any contractor who has not performed adequately (e.g. breach of contract, not meeting the requirements of the specification, method statements or risk assessments) will be removed from the list.
 - c. Contractors not on the list who have expressed an interest in inclusion on the list, may be recommended to the Authority for inclusion on the list upon submission of an adequately completed questionnaire.
- 7.19 Each Standing List will be renewed on a three year basis (the next being April 2019). Upon renewal the full process will be repeated whereby an advert for expressions of interest will be published and all interested contractors will be invited to complete an approval questionnaire. A list of competent contractors will then be put to the Authority for approval.

Background papers: Broads Authority – Standing Orders Relating to Contracts
[1http://www.broads-authority.gov.uk/broads/live/authority/publications/conservationpublications/Action_Plan_for_the_Reed_and_Sedge_Cutting_IndustryMay_2012.pdf](http://www.broads-authority.gov.uk/broads/live/authority/publications/conservationpublications/Action_Plan_for_the_Reed_and_Sedge_Cutting_IndustryMay_2012.pdf)

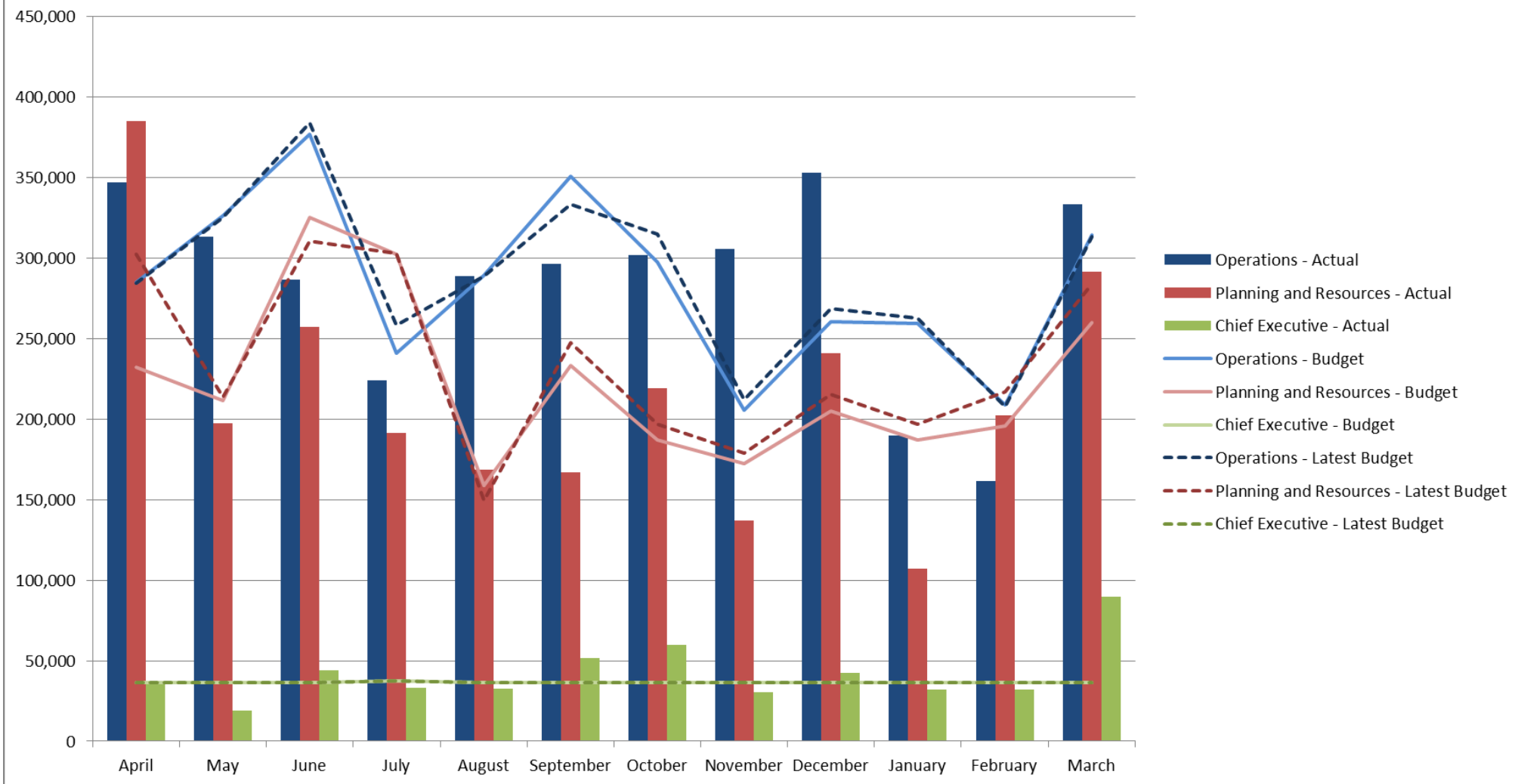
Author: Emma Krelle
Date of report: 26 April 2016

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Consolidated Actual Income and Expenditure Charts to 31 March 2016
APPENDIX 2: Financial Monitor: Consolidated Income and Expenditure 2015/16



Consolidated Net Actual Expenditure against Original and Latest Budget



To 31 March 2016

Budget Holder (All)

Row Labels	Values				
	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,240,632)		(6,240,632)	(6,211,776)	-28,856
National Park Grant	(3,188,952)		(3,188,952)	(3,188,952)	0
Income	(3,188,952)		(3,188,952)	(3,188,952)	0
Hire Craft Tolls	(1,090,525)		(1,090,525)	(1,068,802)	-21,723
Income	(1,090,525)		(1,090,525)	(1,068,802)	-21,723
Private Craft Tolls	(1,869,042)		(1,869,042)	(1,873,422)	4,380
Income	(1,869,042)		(1,869,042)	(1,873,422)	4,380
Short Visit Tolls	(38,363)		(38,363)	(43,617)	5,254
Income	(38,363)		(38,363)	(43,617)	5,254
Other Toll Income	(18,750)		(18,750)	(16,983)	-1,767
Income	(18,750)		(18,750)	(16,983)	-1,767
Interest	(35,000)		(35,000)	(20,000)	-15,000
Income	(35,000)		(35,000)	(20,000)	-15,000
Operations	3,538,581	146,470	3,685,051	3,567,572	117,479
Construction and Maintenance Salaries	1,088,740		1,088,740	1,097,740	-9,000
Salaries	1,088,740		1,088,740	1,097,740	-9,000
Expenditure			0		0
Equipment, Vehicles & Vessels	631,500	12,300	643,800	590,628	53,172
Income			0		0
Expenditure	631,500	12,300	643,800	590,628	53,172
Water Management	172,500	56,950	229,450	230,950	-1,500
Income			0		0
Expenditure	172,500	56,950	229,450	230,950	-1,500
Land Management	(36,000)		(36,000)	(43,600)	7,600
Income	(90,000)		(90,000)	(102,500)	12,500
Expenditure	54,000		54,000	58,900	-4,900

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Practical Maintenance	459,200	77,220	536,420	500,420	36,000
Income	(7,000)		(7,000)	(8,000)	1,000
Expenditure	466,200	77,220	543,420	508,420	35,000
Ranger Services	736,910		736,910	715,093	21,817
Income	(35,000)		(35,000)	(35,000)	0
Salaries	578,910		578,910	578,910	0
Expenditure	193,000		193,000	171,183	21,817
Pension Payments			0		0
Safety	111,918		111,918	111,918	0
Income	(9,000)		(9,000)	(9,000)	0
Salaries	57,918		57,918	57,918	0
Expenditure	63,000		63,000	63,000	0
Asset Management	108,780		108,780	108,780	0
Income	(1,000)		(1,000)	(1,000)	0
Salaries	39,030		39,030	39,030	0
Expenditure	70,750		70,750	70,750	0
Premises	137,503		137,503	134,290	3,213
Income	(10,667)		(10,667)	(10,667)	0
Expenditure	148,170		148,170	144,957	3,213
Operations Management and Administration	127,530		127,530	121,353	6,177
Income	0		0	(2,177)	2,177
Salaries	115,030		115,030	115,030	0
Expenditure	12,500		12,500	8,500	4,000
Planning and Resources	2,547,090	167,337	2,714,427	2,563,797	150,630
Development Management	241,882	20,000	261,882	228,120	33,762
Income	(60,000)		(60,000)	(92,262)	32,262
Salaries	276,882		276,882	267,382	9,500
Expenditure	25,000	20,000	45,000	53,000	-8,000
Pension Payments			0		0
Strategy and Projects Salaries	194,380	76,000	270,380	241,380	29,000
Income	(32,500)	18,000	(14,500)	(14,500)	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	204,880	0	204,880	204,880	0
Expenditure	22,000	58,000	80,000	51,000	29,000
Biodiversity Strategy	0	2,300	2,300	12,300	-10,000
Income	(10,000)		(10,000)	0	-10,000
Expenditure	10,000	2,300	12,300	12,300	0
Strategy and Projects	69,780	14,037	83,817	82,313	1,504
Income	0	(18,000)	(18,000)	(23,635)	5,635
Salaries	36,280	22,037	58,317	65,448	-7,131
Expenditure	33,500	10,000	43,500	40,500	3,000
Waterways and Recreation Strategy	77,820		77,820	82,953	-5,133
Salaries	68,320		68,320	68,320	0
Expenditure	9,500		9,500	14,633	-5,133
Project Funding	147,060		147,060	121,094	25,966
Income	(19,000)		(19,000)	(19,000)	0
Salaries	41,560		41,560	15,594	25,966
Expenditure	124,500		124,500	124,500	0
Pension Payments			0		0
Partnerships / HLF	50,000		50,000	50,000	0
Income			0		0
Salaries			0		0
Expenditure	50,000		50,000	50,000	0
Volunteers	64,670		64,670	64,670	0
Income	(1,000)		(1,000)	(1,000)	0
Salaries	43,670		43,670	43,670	0
Expenditure	22,000		22,000	22,000	0
Finance and Insurance	330,920		330,920	330,920	0
Income			0		0
Salaries	130,920		130,920	130,920	0
Expenditure	200,000		200,000	200,000	0
Communications	259,830	25,000	284,830	274,330	10,500
Income	0		0	(5,500)	5,500

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	187,830		187,830	187,830	0
Expenditure	72,000	25,000	97,000	92,000	5,000
Visitor Centres and Yacht Stations	240,520		240,520	220,970	19,550
Income	(218,000)		(218,000)	(237,550)	19,550
Salaries	326,520		326,520	326,520	0
Expenditure	132,000		132,000	132,000	0
Collection of Tolls	116,740		116,740	116,740	0
Income			0		0
Salaries	104,040		104,040	104,040	0
Expenditure	12,700		12,700	12,700	0
ICT	289,380	30,000	319,380	288,899	30,481
Salaries	132,680		132,680	135,386	-2,706
Expenditure	156,700	30,000	186,700	153,513	33,187
Premises - Head Office	254,548		254,548	254,548	0
Expenditure	254,548		254,548	254,548	0
Planning and Resources Management and Administration	209,560		209,560	194,560	15,000
Income	0		0	(10,000)	10,000
Salaries	128,360		128,360	128,360	0
Expenditure	81,200		81,200	76,200	5,000
Chief Executive	440,040		440,040	486,081	-46,041
Human Resources	111,530		111,530	112,430	-900
Income			0		0
Salaries	52,030		52,030	52,930	-900
Expenditure	59,500		59,500	59,500	0
Legal	107,260		107,260	154,801	-47,541
Income	0		0	(3,360)	3,360
Salaries	47,260		47,260	36,725	10,535
Expenditure	60,000		60,000	121,436	-61,436
Governance	119,790		119,790	117,390	2,400
Salaries	65,590		65,590	65,590	0
Expenditure	54,200		54,200	51,800	2,400

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Chief Executive	101,460		101,460	101,460	0
Salaries	101,460		101,460	101,460	0
Expenditure			0		0
Projects and Corporate Items	112,000		112,000	112,000	0
PRISMA			0		0
Expenditure			0		0
Corporate Items	112,000		112,000	112,000	0
Pension Payments	112,000		112,000	112,000	0
Contributions from Earmarked Reserves	(536,500)	(238,470)	(774,970)	(609,294)	-165,676
Earmarked Reserves	(536,500)	(238,470)	(774,970)	(609,294)	-165,676
Expenditure	(536,500)	(238,470)	(774,970)	(609,294)	-165,676
Grand Total	(139,421)	75,337	(64,084)	(91,620)	27,536