

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.

Recommendations:

- (i) That the summary of the Statement of Accounts 2013/14 and the revenue account outturn figures be noted.
- (ii) That the carry forward proposals set out in paragraph 4.2, totalling £94,237, be approved, and that this amount be added to the 2014/15 budget as additional expenditure.

1 Introduction

- 1.1 This report provides a summary of the key issues arising out of the Authority's Statement of Accounts for the financial year ended 31 March 2014 and also summarises outturn figures for general and navigation income and expenditure for the year.

2 Summary of Statement of Accounts 2013/14

- 2.1 The timetable for the preparation of the Authority's Statement of Accounts is dictated by the requirements of The Accounts and Audit (England) Regulations 2011. The timetable for the adoption of the 2013/14 accounts is as follows:
- Treasurer and Financial Adviser to sign off the completed accounts by the end of June 2014
 - Financial Scrutiny and Audit Committee to scrutinise the accounts on 8 July 2014, and to recommend them for approval to the Full Authority, subject to any suggested amendments
 - External Audit (Ernst and Young) to undertake and complete the audit of the accounts by the end of September 2014
 - Broads Authority to consider and formally adopt the audited accounts at its meeting on 26 September 2014.
- 2.2 As members will be aware, the Authority's accounts are required to be prepared in accordance International Financial Reporting Standards (IFRSs), and the *Code of Practice on Local Authority Accounting* (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The production of the Statement of Accounts represents a sizeable technical

exercise for the Authority's limited staff resources working to a very tight timetable.

- 2.3 This report summarises the draft (unaudited) Statement of Accounts for 2013/14 which has been approved for issue by the Treasurer and Financial Adviser. The consolidated income and expenditure outturn figures for 2013/14 are also appended.

3 Revenue Account Outturn Figures

- 3.1 The Statement of Accounts provides summaries of general and navigation fund income and expenditure for the year.
- 3.2 The original general fund budget provided for a contribution of £91,436 to reserves. The final Latest Available Budget (LAB) for the year allowed for a surplus of £58,106, while the final Forecast Outturn was a surplus of £87,358. The year end saw a net underspend of £144,989 against the final forecast (although it is proposed that £78,082 be carried forward as additional expenditure into 2014/15). The outcome was therefore a contribution of £232,347 to the general reserve. After accounting for the transfer of £6,166 interest to earmarked reserves, the general reserve increased to £799,073 as at 31 March 2014.
- 3.3 The original navigation fund budget provided for a surplus contribution of £27,137 to reserves. The final Latest Available Budget (LAB) for the year allowed for a deficit of £131,858, while the final Forecast Outturn was a deficit of £78,714. The year end saw a net underspend of £36,201 against the final forecast (and it is proposed that a further £16,155 be carried forward as additional expenditure into 2014/15). The outcome was therefore a draw down of £42,513 from the navigation reserve. After accounting for the transfer of £8,036 interest to earmarked reserves, the navigation reserve reduced to £289,774 as at 31 March 2014.
- 3.4 The consolidated surplus for the year is £189,834, which reduces to £175,632 after taking account of £14,202 interest transferred to earmarked reserves. An additional £94,237 is proposed to be carried forward into the 2014/15 budget. There are a number of reasons for the 2013/14 underspend but in particular it arises from:
- significant difficulties in progressing projects for a variety of reasons including: capacity issues, difficulties in obtaining consents, and internal decisions about priorities. The variance against forecast outturn within the Project Funding budget amounts to £121,514; and
 - major success in obtaining additional external funding, particularly within Biodiversity Strategy budgets, and also as a result of the receipt of additional income from DEFRA to support organisational restructuring.
- 3.5 The Authority has also been successful in accessing funding from DEFRA to support the repairs to infrastructure at Mutford Lock and Great Yarmouth Yacht Station.

4 Carry Forward Requests

4.1 As indicated above, it is recommended by the Management Team that additional expenditure totalling £94,237 be carried forward into the 2014/15 budget as slippage / deferred expenditure, which would effectively reduce the net surplus for the year to £81,395. As in previous years, the Management Team has taken a very robust approach to requests to carry forward expenditure, and most of the requests below relate to either:

- projects already underway but which have been delayed by external events; or
- ring-fenced income which has been provided by third parties and is earmarked for specific purposes.

4.2 Details of all 2013/14 carry forward requests are set out in the table below.

Budget Line	National Park	Navigation	Total	Reason for carry-forward request
	£	£	£	
Biodiversity Strategy	25,000.00	0.00	25,000.00	Ring fenced Natural England income for Lake Review.
Biodiversity Strategy	13,498.21	0.00	13,498.21	Ring fenced Partner income for Catchment Partnership.
Strategy and Projects Salaries	7,776.86	769.14	8,546.00	Carry-forward of funding for extension to Catchment Officer post.
Biodiversity Strategy	800.00	0.00	800.00	Ring fenced Love The Broads income for Barn Owl Project.
Biodiversity Strategy	3,000.00	0.00	3,000.00	Ring fenced Natural England income for Biodiversity & Water Strategy.
Practical Maintenance	0.00	7,170.00	7,170.00	PO 71188 Maffett Cruisers. Work was planned to be completed by the end of March, but delays with materials pushed start date to last week of March and work carried over until first week of April. Invoice received by finance 15/4/14.
Premises	4,477.20	6,715.80	11,193.00	Due to concentrating on Prisma Projects (Loddon, Hardley & Chet) the planned phasing of the dockyard development plan could not take place. A new access road into workshop, fenced compounds, electricity up the dockyard and repositioning of steel containers is planned in 2014/15.
Project Funding	3,000.00	0.00	3,000.00	Norfolk Archaeology are already working on this project relating to Archaeology of the Broads and should have a report available (and all money spent) in the first quarter

Budget Line	National Park	Navigation	Total	Reason for carry-forward request
				2014/15.
Project Funding	4,000.00	0.00	4,000.00	Work has started on this project relating to Landscape & Cultural Heritage Interpretation, but no invoices had been received relating to 2013/14.
Project Funding	1,150.00	0.00	1,150.00	The first work for this Placemaking project has been submitted and approved (and paid for) and it is now awaiting the refining of the material and development to the final draft stage. This was a late commitment and needed the input of IT and Communications, both of whom had other priority work relating to the web site transition meaning delays in this project occurred. Work should be complete by end of May 2014.
Project Funding	1,110.00	0.00	1,110.00	The first part of this work for the Broads Paddle Guide has been completed. The final guide document needs some modification to ensure the ecological impacts are managed appropriately. The departure of the officer responsible to another post meant this could not be completed before the year end. It is expected that it will be resolved soon and the extra work completed by June 2014.
Strategy and Projects	2,020.00	0.00	2,020.00	This request relates to the second and final part of an invoice for work on an animated film to explain flood options. The work has been subject to a number of delays including the time developing a revised storyboard and sourcing a base map. The draft material is due and it is expected that the work can be completed in early 2014/15. This is Broads Authority expenditure but is being undertaken as part of the Broads Community project.
Land Management	11,750.00	0.00	11,750.00	Mabey Hire Ltd £11,750, PO 71150 (fen harvester mats). This equipment was delivered in April 2014 as per invoice 7777322 and therefore cannot be accrued, however relates to planned spend for 2013/14.
Visitor Centres and Yacht Stations	500.00	1,500.00	2,000.00	Defra grant for infrastructure repairs received 2013/14.
	78,082.27	16,154.94	94,237.21	

4.3 Approval of these carry forward amounts would result in a general reserve balance of £720,991 and navigation reserve balance of £273,619. This represents 21.75% and 9.30% of net expenditure for 2014/15 respectively and although in the case of the navigation reserve this is slightly below the minimum recommended level of 10% of net expenditure, the 2014/15 budget anticipates a small navigation surplus which will restore this balance. In addition, once the significant earmarked reserve balances are taken into account, this level of navigation reserve is considered to be adequate in the short to medium term.

5 Balance Sheet

5.1 The Broads Authority has the following earmarked reserves shown on the Balance Sheet, which contain funds in addition to the General and Navigation Funds for specific purposes. The Authority uses these earmarked reserve accounts to make provision for known future liabilities which are unlikely to be affordable from revenue expenditure.

5.2 The closing balance of the earmarked reserves in 2013/14 are shown in the table below.

Earmarked Reserves 2013/14

Reserve	Balance as at 01/04/2014 £
Mobile Phone Upgrade / IT	(7,567)
Planning Delivery Grant	(454,172)
Sustainable Development Fund	(65,664)
STEP	(7,983)
PRISMA	(244,954)
Upper Thurne Enhancement Scheme	(81,768)
Section 106 Agreements	(12,069)
Property	(568,100)
Plant, Vessels and Equipment	(217,282)
Premises	(138,723)
Total	(1,798,282)

5.3 The balance of Navigation earmarked reserves within this total is £936,824.

6 Other Significant Issues

6.1 There are no other significant issues arising from the preparation of the accounts which it is considered need to be drawn to the attention of the Authority at this stage.

7 Summary

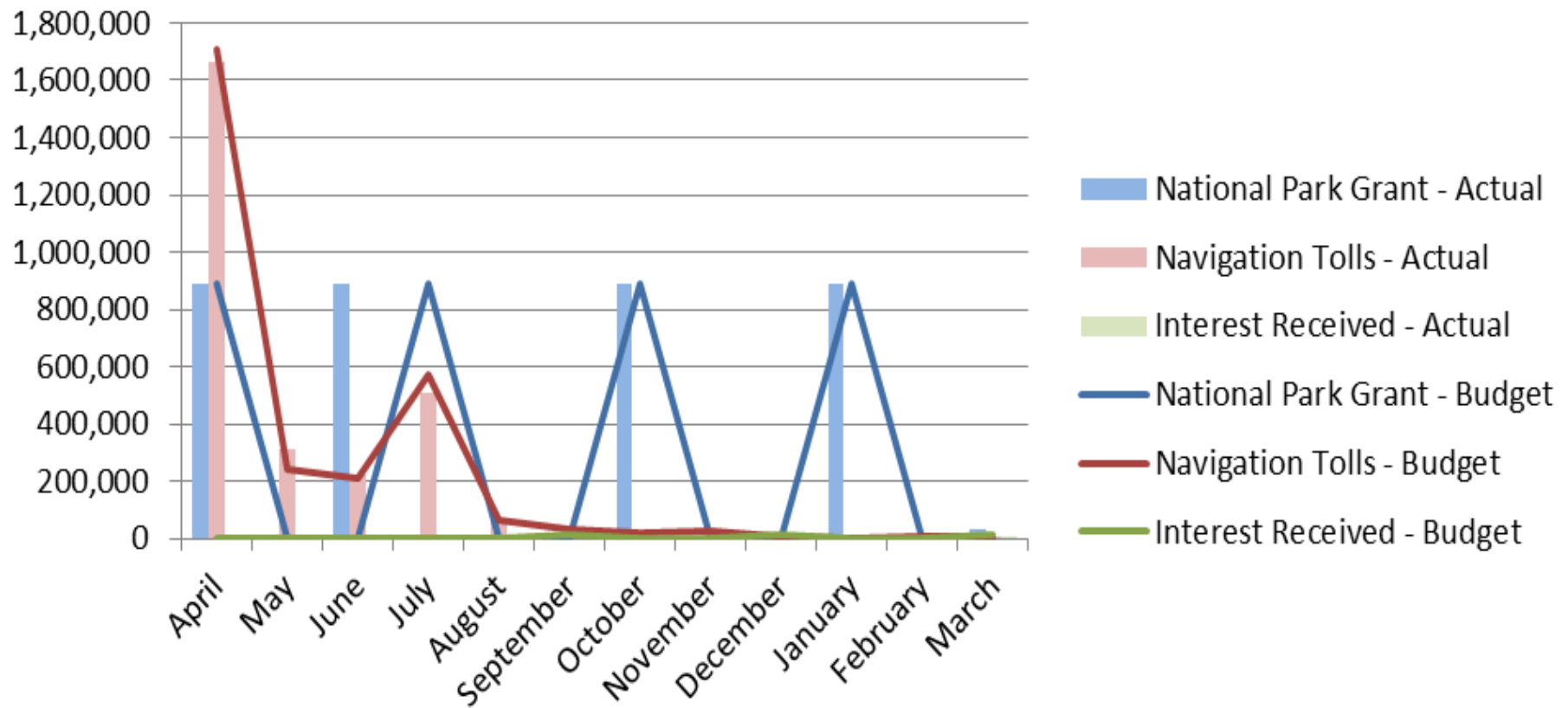
7.1 The draft Statement of Accounts for 2013/14 shows revenue reserves of £1,088,847 (general reserves £799,073, navigation reserves £289,774) that

are considered to be adequate and which are in line with the levels considered by the Authority in setting the Financial Strategy for the period up to 2016/17. After the proposed carry-forwards are taken into account, navigation reserves will fall slightly below the recommended levels, as previously advised to the Authority, although the current budget and financial strategy would anticipate the restoration of this balance in 2014/15. Taken alongside the significant earmarked reserve balances, the Authority's reserves are therefore considered to be sound. The outturn figures for 2013/14, and their implication for the overall level of reserves, will be taken into account in future budgeting proposals, and when making decisions about income and expenditure in 2014/15.

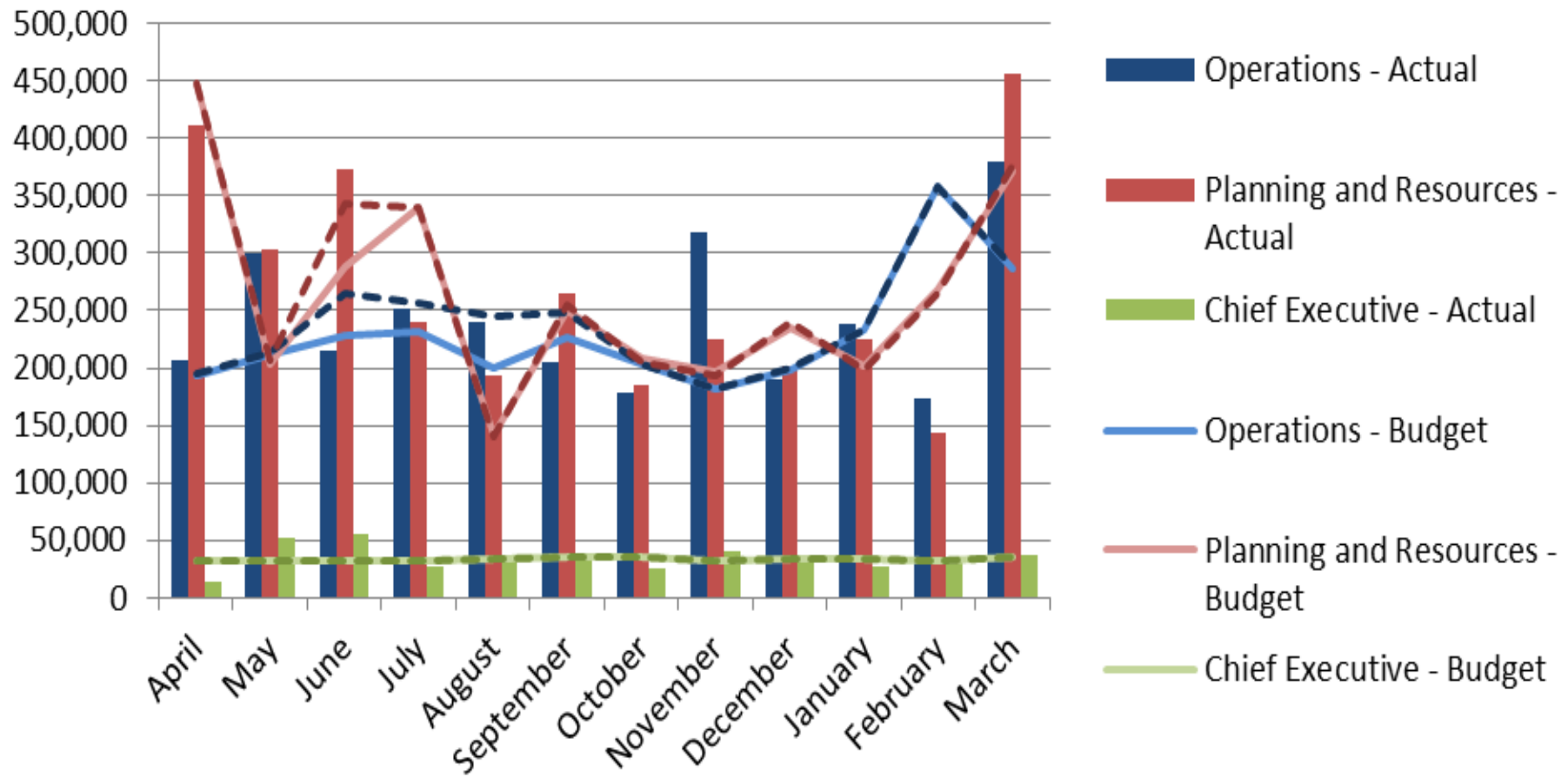
- 7.2 It should be noted that budget proposals set out elsewhere on this agenda relating to stakeholder survey activity during 2014/15 will also have an impact on the overall budget position for 2014/15 and the implications of any decisions relating to these will be reflected in future monitoring reports to the Authority.

Background Papers:	Nil
Author:	Titus Adam
Date of Report:	25 June 2014
Broads Plan Objectives:	None
Appendices:	APPENDIX 1: Consolidated Actual Income and Expenditure Charts to 31 March 2014 APPENDIX 2: Financial Monitor: Consolidated Income and Expenditure 2013/14

Consolidated Actual Core Income against Original Budget



Consolidated Net Actual Expenditure against Original and Latest Budget



To 31 March 2014

Budget Holder	(All)
A/C	(All)

Values							
Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Actual (Consolidated)	Actual Variance (Consolidated)	Sum of Variance: Forecast vs Actual (Consolidated)
Income	(6,498,931)		(6,498,931)	(6,457,107)	(6,494,096)	(4,835)	36,989
National Park Grant	(3,547,447)		(3,547,447)	(3,547,447)	(3,580,545)	33,098	33,098
Income	(3,547,447)		(3,547,447)	(3,547,447)	(3,580,545)	33,098	33,098
Hire Craft Tolls	(1,092,830)		(1,092,830)	(1,084,172)	(1,084,910)	(7,920)	737
Income	(1,092,830)		(1,092,830)	(1,084,172)	(1,084,910)	(7,920)	737
Private Craft Tolls	(1,758,210)		(1,758,210)	(1,745,043)	(1,746,898)	(11,312)	1,855
Income	(1,758,210)		(1,758,210)	(1,745,043)	(1,746,898)	(11,312)	1,855
Short Visit Tolls	(36,694)		(36,694)	(36,694)	(39,813)	3,119	3,119
Income	(36,694)		(36,694)	(36,694)	(39,813)	3,119	3,119
Other Toll Income	(18,750)		(18,750)	(18,750)	(20,383)	1,633	1,633
Income	(18,750)		(18,750)	(18,750)	(20,383)	1,633	1,633
Interest	(45,000)		(45,000)	(25,000)	(21,546)	(23,454)	(3,454)
Income	(45,000)		(45,000)	(25,000)	(21,546)	(23,454)	(3,454)
Operations	2,721,085	134,145	2,855,230	2,800,825	2,896,279	(41,049)	(95,454)
Construction and Maintenance Salaries	1,056,460		1,056,460	1,056,460	1,070,482	(14,022)	(14,022)
Salaries	1,056,460		1,056,460	1,056,460	1,067,596	(11,136)	(11,136)
Expenditure			0		2,886	(2,886)	(2,886)
Equipment, Vehicles & Vessels	333,000	150	333,150	304,150	335,599	(2,449)	(31,449)
Income	(1,000)		(1,000)	(30,000)	(30,101)	29,101	101
Expenditure	334,000	150	334,150	334,150	365,700	(31,550)	(31,550)
Water Management	96,000	3,527	99,527	119,122	120,806	(21,278)	(1,683)
Income	0		0	(19,000)	(22,638)	22,638	3,638
Expenditure	96,000	3,527	99,527	138,122	143,443	(43,916)	(5,321)
Land Management	(44,500)	7,468	(37,032)	(26,032)	(59,573)	22,540	33,540
Income	(135,000)		(135,000)	(131,000)	(144,140)	9,140	13,140
Expenditure	90,500	7,468	97,968	104,968	84,567	13,401	20,401
Practical Maintenance	287,200	123,000	410,200	350,200	369,138	41,062	(18,938)
Income	(2,000)		(2,000)	(20,000)	(22,455)	20,455	2,455
Expenditure	289,200	123,000	412,200	370,200	391,594	20,606	(21,394)
Ranger Services	618,620	35,000	653,620	641,620	701,373	(47,753)	(59,753)
Income	(61,500)		(61,500)	(61,500)	(84,799)	23,299	23,299
Salaries	533,120	35,000	568,120	568,120	584,649	(16,529)	(16,529)
Expenditure	147,000		147,000	135,000	199,400	(52,400)	(64,400)

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Actual (Consolidated)	Actual Variance (Consolidated)	Sum of Variance: Forecast vs Actual (Consolidated)
Pension Payments			0		2,123	(2,123)	(2,123)
Safety	99,440	(35,000)	64,440	76,440	71,465	(7,025)	4,975
Income	(5,000)		(5,000)	(5,000)	(2,441)	(2,559)	(2,559)
Salaries	70,440	(35,000)	35,440	50,440	51,818	(16,378)	(1,378)
Expenditure	34,000		34,000	31,000	22,088	11,912	8,912
Asset Management	90,940		90,940	96,940	109,468	(18,528)	(12,528)
Income	(9,000)		(9,000)	(6,000)	(6,004)	(2,996)	4
Salaries	32,440		32,440	36,440	36,544	(4,104)	(104)
Expenditure	67,500		67,500	66,500	78,929	(11,429)	(12,429)
Volunteers	53,440	8,000	61,440	59,440	59,070	2,370	370
Income	(1,000)		(1,000)	(1,000)	(250)	(750)	(750)
Salaries	32,440	8,000	40,440	40,440	41,849	(1,410)	(1,410)
Expenditure	22,000		22,000	20,000	17,471	4,529	2,529
Operations Management and Administration	130,485	(8,000)	122,485	122,485	118,450	4,035	4,035
Income			0		(782)	782	782
Salaries	118,085	(8,000)	110,085	110,085	109,141	944	944
Expenditure	12,400		12,400	12,400	10,092	2,308	2,308
Planning and Resources	3,153,616	58,180	3,211,796	3,132,255	3,220,330	(8,534)	(88,074)
Development Management	194,770		194,770	224,270	219,347	(24,577)	4,923
Income	(85,000)		(85,000)	(65,000)	(77,340)	(7,660)	12,340
Salaries	252,270		252,270	252,270	252,057	213	213
Expenditure	27,500		27,500	37,000	40,590	(13,090)	(3,590)
Pension Payments			0		4,041	(4,041)	(4,041)
Strategy and Projects Salaries	224,410	50,849	275,259	270,559	265,049	10,210	5,510
Income	(3,500)		(3,500)	(3,500)	(28,798)	25,298	25,298
Salaries	217,910	50,849	268,759	264,059	254,363	14,396	9,696
Expenditure	10,000		10,000	10,000	39,484	(29,484)	(29,484)
Biodiversity Strategy	60,000		60,000	27,100	8,986	51,014	18,114
Income	0		0	(32,900)	(65,518)	65,518	32,618
Expenditure	60,000		60,000	60,000	74,505	(14,505)	(14,505)
Strategy and Projects	75,540		75,540	107,540	108,874	(33,334)	(1,334)
Salaries	35,540		35,540	46,540	43,297	(7,757)	3,243
Expenditure	40,000		40,000	61,000	65,577	(25,577)	(4,577)
Waterways and Recreation Strategy	95,300		95,300	97,900	92,512	2,788	5,388
Salaries	80,300		80,300	80,300	80,178	122	122
Expenditure	15,000		15,000	17,600	12,334	2,666	5,266
Project Funding	255,056	7,331	262,387	241,187	119,673	142,714	121,514
Income	(19,000)		(19,000)	(40,200)	(74,668)	55,668	34,468

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Actual (Consolidated)	Actual Variance (Consolidated)	Sum of Variance: Forecast vs Actual (Consolidated)
Salaries	44,030		44,030	44,030	44,005	25	25
Expenditure	230,026	7,331	237,357	237,357	139,612	97,745	97,745
Pension Payments			0		10,724	(10,724)	(10,724)
SDF	150,000		150,000	150,000	299,504	(149,504)	(149,504)
Expenditure	150,000		150,000	150,000	299,504	(149,504)	(149,504)
Finance and Insurance	329,060		329,060	347,960	351,423	(22,363)	(3,463)
Income	0		0	(1,100)	(1,098)	1,098	(2)
Salaries	129,060		129,060	129,060	128,399	661	661
Expenditure	200,000		200,000	220,000	224,122	(24,122)	(4,122)
Communications	335,510		335,510	324,760	321,560	13,950	3,200
Income	0		0	(12,000)	(35,298)	35,298	23,298
Salaries	245,510		245,510	246,760	259,568	(14,058)	(12,808)
Expenditure	90,000		90,000	90,000	97,290	(7,290)	(7,290)
Visitor Centres and Yacht Stations	241,800		241,800	256,478	255,225	(13,425)	1,253
Income	(207,500)		(207,500)	(178,000)	(178,103)	(29,397)	103
Salaries	297,350		297,350	303,980	301,769	(4,419)	2,211
Expenditure	151,950		151,950	130,498	131,560	20,390	(1,061)
Collection of Tolls	108,500		108,500	109,600	115,955	(7,455)	(6,355)
Salaries	96,100		96,100	96,100	96,703	(603)	(603)
Expenditure	12,400		12,400	13,500	19,252	(6,852)	(5,752)
ICT	276,890		276,890	259,890	270,480	6,410	(10,590)
Salaries	156,290		156,290	146,290	140,395	15,895	5,895
Expenditure	120,600		120,600	113,600	130,085	(9,485)	(16,485)
Legal	102,500		102,500	105,000	103,522	(1,022)	1,478
Income			0		(6,940)	6,940	6,940
Expenditure	102,500		102,500	105,000	110,462	(7,962)	(5,462)
Premises	438,769	(4,000)	434,769	335,300	430,104	4,665	(94,804)
Income	(5,000)		(5,000)	(83,000)	(84,297)	79,297	1,297
Expenditure	443,769	(4,000)	439,769	418,300	514,401	(74,632)	(96,101)
Planning and Resources Management and Administration	265,510	4,000	269,510	274,710	258,115	11,396	16,596
Income	0		0	(7,800)	(15,229)	15,229	7,429
Salaries	143,310		143,310	143,310	143,532	(222)	(222)
Expenditure	122,200	4,000	126,200	139,200	129,811	(3,611)	9,389
Chief Executive	400,217		400,217	409,942	421,794	(21,577)	(11,852)
Human Resources	128,560		128,560	139,400	151,702	(23,142)	(12,302)
Salaries	63,560		63,560	74,400	73,798	(10,238)	602
Expenditure	65,000		65,000	65,000	77,903	(12,903)	(12,903)
Governance	171,260		171,260	170,145	167,066	4,193	3,078

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Actual (Consolidated)	Actual Variance (Consolidated)	Sum of Variance: Forecast vs Actual (Consolidated)
Income			0		(239)	239	239
Salaries	111,860		111,860	111,860	106,551	5,309	5,309
Expenditure	59,400		59,400	58,285	60,754	(1,355)	(2,470)
Chief Executive	100,397		100,397	100,397	103,026	(2,629)	(2,629)
Salaries	100,397		100,397	100,397	100,373	24	24
Expenditure			0		2,653	(2,653)	(2,653)
Projects and Corporate Items	105,440		105,440	105,440	108,669	(3,229)	(3,229)
PRISMA	32,440		32,440	32,440	(32,507)	64,947	64,947
Income			0		(28,463)	28,463	28,463
Salaries	32,440		32,440	32,440	28,463	3,977	3,977
Expenditure			0		(32,507)	32,507	32,507
STEP			0		67,954	(67,954)	(67,954)
Salaries			0		10,051	(10,051)	(10,051)
Expenditure			0		57,903	(57,903)	(57,903)
Corporate Items	73,000		73,000	73,000	73,222	(222)	(222)
Expenditure			0		222	(222)	(222)
Pension Payments	73,000		73,000	73,000	73,000	0	0
Contributions from Earmarked Reserves			0		(342,810)	342,810	342,810
Earmarked Reserves			0		(342,810)	342,810	342,810
Expenditure			0		(342,810)	342,810	342,810
Grand Total	(118,573)	192,325	73,752	(8,644)	(189,834)	263,586	181,190