

**Statement of Accounts 2011/12**

Report by Director of Change Management and Resources and Head of Finance

**Summary:** This report summarises the Broads Authority's Statement of Accounts for the year ended 31 March 2012.

**Recommendation:** That the Statement of Accounts for 2011/12 be recommended to the Broads Authority for approval, subject to any amendments suggested by the Committee.

**1 Introduction**

1.1 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 2011/12 accounts is as follows:

- Treasurer and Financial Adviser to sign off the completed accounts by the end of June 2012.
- Financial Scrutiny and Audit Committee to scrutinise the accounts on 10 July 2012, and to recommend them for approval to the Full Authority, subject to any suggested amendments.
- Audit Commission to undertake and complete the audit of the accounts by the end of September 2012.
- Broads Authority to consider and formally adopt the audited accounts at its meeting on on 21 September 2011.

1.2 As members will be aware, there is now a requirement to produce the accounts in a different format in order to comply with the International Financial Reporting Standards (IFRS), as required by the Chartered Institute of Public Finance and Accountancy (CIPFA). This involved a substantial amount of additional work in 2011, the first year of its introduction, as the accounts needed to be restated into a new format, but fortunately the task has been more straightforward this year, albeit still a sizeable technical exercise for the Authority's limited staff resources working to a very tight timetable.

1.3 The draft accounts have now been prepared and submitted to the Treasurer and Financial Adviser for review and signature.

1.4 This report summarises the draft Statement of Accounts which have been sent to the Treasurer and Financial Adviser. Appended to this report are:

- the consolidated income and expenditure outturn figures for 2011/12; and
- the draft Statement of Accounts for 2011/12 (excluding the Audit Report and Annual Governance Statement).

## **2 Revenue Account Outturn Figures**

- 2.1 The Statement of Accounts provides summaries of General Fund income and expenditure for the year. The General Fund revised budget provided for £584 to come from reserves. The year end saw a net underspend of £224,624 (although an additional £31,491 has been proposed for carry forward into the 2012/13 budget). The outcome was therefore a contribution of £224,040 to the general reserve.
- 2.2 The Statement of Accounts provides summaries of Navigation Fund income and expenditure for the year. The Navigation Fund revised budget provided for a contribution of £111.903 to come from reserves. The year end saw a net underspend of £269,738 (although £78,000 has been proposed for carry forward into the 2012/13 budget). The outcome was therefore a contribution of £157,835 to the navigation reserve.
- 2.3 The consolidated underspend for the year is therefore £494,362, of which it is proposed that £109,491 be carried forward into the 2012/13 budget. There are a number of reasons for this underspend, including the following:
- The Authority has been successful in bringing in additional and unbudgeted income during the year, for example as a result of the Adjacent Waters provision in the Broads Authority Act.
  - The reorganisation of the Authority has produced significant savings through cost efficiencies, especially in the Construction and Maintenance and Ranger Services budgets.
  - The Authority has been fortunate this year in that there have been no significant breakdowns requiring large items of expenditure, resulting in reduced maintenance and repair costs, though the crane Grab 10 did break down after the year end and will now be used for spares and replaced by a modern long reach excavator.
  - Money was set aside for six uniflote pontoons and a new mud wherry at a combined cost of approximately £145,000. The uniflote pontoons were ordered during the financial year but not received, and this expenditure will be carried forward, whilst the wherry will need to be funded from the 2012/13 budget.
  - Finally the major staff restructure at the beginning of the financial year had some effect on activity and expenditure levels, as budget holders have taken time to get used to their new roles and budgets.

## **3 Balance Sheet**

- 3.1 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.

- (a) Launch Replacement - £150,369. This is a navigation fund for the replacement and acquisition of launches and other water borne vessels.
- (b) Mutford Lock Endowment - £270,374. This is a navigation fund set up to finance the future repair and maintenance of Mutford Lock.
- (c) Planning Delivery Grant - £521,564. This is a fund utilising the Planning Delivery Grant awarded by the Department for Communities and Local Government (DCLG), to improve the delivery of the Authority's Planning Service.
- (d) Implementing Electronic Government (IEG) Fund - £4,813. This fund holds the unused grant supplied by the Office of the Deputy Prime Minister (ODPM) to implement information technology systems which improve customer services.
- (e) Sustainable Development Fund - £75,142. This fund contains the undistributed Sustainable Development Fund grant supplied by Defra.
- (f) New Office Accommodation - £85,103. This fund contains the balance of the new office accommodation grant awarded by Defra.
- (g) Dredging Disposal Sites - £182,950. This is a navigation fund set up to provide for the acquisition of sites for the disposal of sediment from dredging.
- (h) Dockyard Vessels and Equipment - £164,056. This is a navigation fund which has been set up to provide for the future replacement and acquisition of vessels and equipment, including potentially expensive items such as cranes, by the Dockyard Team.
- (i) Dockyard Site Maintenance - £71,836. This is a navigation fund set up to provide for the future maintenance and improvement of the Dockyard site, including the access to the site for which the Authority is jointly responsible with other users.
- (j) Asset Management - £74,346. This is a fund which has been set up to provide for the future repair and maintenance of the Authority's property assets, as prioritised through the Asset Management Plan.
- (k) Mobile Phone Upgrade - £16,550. This fund has been set up to provide for the replacement and acquisition of mobile phones.
- (l) STEP - £79,924. This fund has been set up to receive ring-fenced grant aid and make payments relating the the EU funded STEP (Sustainable Tourism in Estuarine Parks) project.

- (m) PRISMA - £205,573. This navigation fund has been set up to receive ring-fenced grant aid and make payments relating to the EU funded PRISMA (Promoting Integrated Sediment Management) project.
- (n) Fen Management Equipment - £50,647. This fund has been set up to provide for the future replacement of the Authority's fen harvester, which is reaching the end of its useful life and will shortly need to be replaced.

#### **4 Other Significant Issues**

- 4.1 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 Committee.

#### **5 Annual Governance Statement**

- 5.1 The Accounts and Audit (England) Regulations 2011 contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved by the relevant body and must accompany the Statement of Accounts. The draft Annual Governance Statement is set out for consideration as a separate report on this agenda, and will be appended to the Statement of Accounts once it has been approved.

#### **6 Audit of the Statement of Accounts**

- 6.1 The Audit Commission will be undertaking the audit of these accounts during August and September 2012, and is required to complete the audit and issue the value for money conclusion by 30 September. A copy of the proposed timetable is set out in Table 3 (page 8) of the Audit Plan, which is the subject of a separate report on this agenda.
- 6.2 Upon completion the audit report will be signed and incorporated into the Statement of Accounts.

#### **7 Financial Implications**

- 7.1 The Statement of Accounts for 2011/12 shows revenue reserves of £1,890,111 (general reserves £950,247, navigation reserves £939,864) that are considered to be adequate and which exceed the minimum levels agreed by the Authority as set out in the Financial Strategy for the period up to 2014/15. The outturn figures for 2011/12, and their implication on the overall level of reserves, will be taken into account in determining projected income and expenditure from 2012/13 onwards.

Background Papers: Nil

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Date of Report: 28 June 2012

Broads Plan Objectives: None

Appendices: APPENDIX 1: Consolidated Income and Expenditure 2011/12  
APPENDIX 2: Statement of Accounts 2011/12 (excluding the  
Audit Report and Annual Governance Statement)

**DIRECTORATE**

	Original Budget 2011-12	Annual Revised Budget 2011/12	Profiled Budget	Actuals	Variance
<b>INCOME</b>					
National Park Grant	(4,002,149)	(4,002,149)	(4,002,149)	(4,002,149)	-
Navigation Charges					
Hire Craft Tolls	(1,006,500)	(1,044,000)	(1,044,000)	(1,044,203)	(203)
Private Craft Tolls	(1,612,000)	(1,645,000)	(1,645,000)	(1,650,720)	(5,720)
Short Visit Tolls	(41,300)	(46,200)	(46,200)	(46,331)	(131)
Other Toll Income	(8,145)	(18,750)	(18,750)	(19,463)	(713)
Interest Received	(25,000)	(40,000)	(40,000)	(50,214)	(10,214)
	<b>(6,695,094)</b>	<b>(6,796,099)</b>	<b>(6,796,099)</b>	<b>(6,813,080)</b>	<b>(16,981)</b>
<b>OPERATIONS</b>					
Construction & Maintenance					
Construction & Maintenance Salaries	1,037,670	975,210	975,210	968,968	(6,242)
Equipment, Vehicles & Vessels	459,000	548,900	548,900	471,442	(77,458)
Dredging	265,000	220,000	220,000	149,771	(70,229)
Fen & Tree Management	125,000	(47,000)	(47,000)	(46,270)	730
Practical Maintenance	248,000	205,000	205,000	75,169	(129,831)
	2,134,670	1,902,110	1,902,110	1,619,080	(283,030)
Ranger Services	621,685	622,640	622,640	577,000	(45,640)
Safety	113,076	105,450	105,450	109,849	4,399
Asset Management	88,562	97,710	97,710	101,202	3,492
Volunteers	38,873	39,860	39,860	37,360	(2,500)
Management & Admin	160,588	161,570	161,570	162,523	953
	1,022,784	1,027,230	1,027,230	987,934	(39,296)
<b>OPERATIONS TOTAL</b>	<b>3,157,454</b>	<b>2,929,340</b>	<b>2,929,340</b>	<b>2,607,014</b>	<b>(322,326)</b>
<b>PLANNING &amp; STRATEGY</b>					
Development Management	182,332	183,606	183,606	212,497	28,891
Strategy & Projects					
Strategy & Projects Salaries	446,160	466,070	466,070	461,735	(4,335)
Biodiversity Strategy	67,500	131,140	131,140	82,638	(48,502)
Partnerships/HLF	(40,000)	(19,320)	(19,320)	(20,953)	(1,633)
Strategy & Projects	95,000	91,500	91,500	91,902	402
Waterways & Recreation Strategy	15,000	15,000	15,000	47,667	32,667
Project Funding	105,000	104,463	104,463	42,386	(62,077)
SDF transfer to reserves	150,000	150,000	150,000	150,000	-
SDF	-	-	-	116,349	116,349
Management & Admin	126,173	118,515	118,515	131,549	13,034
<b>PLANNING TOTAL</b>	<b>1,147,165</b>	<b>1,240,974</b>	<b>1,240,974</b>	<b>1,315,770</b>	<b>74,796</b>
<b>RESOURCES</b>					
Human Resources	197,597	149,870	149,870	123,679	(26,191)
Finance & Insurance	333,559	317,747	317,747	325,745	7,998
Governance	169,883	167,870	167,870	164,938	(2,932)
Communications	280,653	300,474	300,474	280,468	(20,006)
Visitor Centres & Yacht Stations	193,454	259,764	259,764	248,705	(11,059)

## DIRECTORATE

	Original Budget 2011-12	Annual Revised Budget 2011/12	Profiled Budget	Actuals	Variance
Collection of Tolls	105,884	101,500	101,500	100,973	(527)
ICT	255,266	228,100	228,100	272,273	44,173
Legal	100,000	100,000	100,000	111,897	11,897
Premises	569,000	719,000	719,000	774,797	55,797
Management & Admin	255,895	200,947	200,947	209,514	8,567
<b>RESOURCES TOTAL</b>	<b>2,461,191</b>	<b>2,545,272</b>	<b>2,545,272</b>	<b>2,612,989</b>	<b>67,717</b>
Redundancy and Reorganisation costs	182,000	75,000	75,000	101,334	26,334
Pension Lump Sum Payments	43,000	43,000	43,000	43,000	(0)
STEP transfer to reserves		75,000	75,000	75,000	0
STEP		-	-	(16,090)	(16,090)
PRISMA		-	-	(52,837)	(52,837)
<b>Contributions from Earmarked Reserves</b>					
Planning Delivery Grant		-	-	(101,710)	(101,710)
New Office Accommodation		-	-	(3,934)	(3,934)
Mobile Phone		-	-	2,852	2,852
IEG		-	-	(10,189)	(10,189)
Sustainable Development		-	-	(116,349)	(116,349)
Asset Management		-	-	-	-
PRISMA		-	-	52,902	52,902
Fen Management Equipment		-	-	-	-
STEP		-	-	16,702	16,702
Launch Replacement		-	-	(1,600)	(1,600)
Mutford Lock		-	-	2,000	2,000
Dredging Disposal		-	-	-	-
Dockyard Vessels & Equipment		-	-	-	-
Dockyard Site Maintenance		-	-	(95,648)	(95,648)
		-	-	(254,974)	(254,974)
<b>NET EXPENDITURE</b>	<b>6,990,810</b>	<b>6,908,586</b>	<b>6,908,586</b>	<b>6,431,205</b>	<b>(477,381)</b>
<b>(SURPLUS) / DEFICIT</b>	<b>295,716</b>	<b>112,487</b>	<b>112,487</b>	<b>(381,875)</b>	<b>(494,362)</b>

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## Balance on Earmarked Reserves

			As at 31/03/11	As at now
Planning Delivery Grant	0	0	(623,275)	(521,564)
New Office Accommodation	0	0	(89,037)	(85,103)
Mobile Phone	0	0	(13,698)	(16,550)
IEG	0	0	(15,002)	(4,813)
Sustainable Development	0	0	(40,531)	(75,142)
Asset Management	0	0	(74,346)	(74,346)
PRISMA	0	0	-	(205,573)
Fen Management Equipment	0	0	-	(50,647)
STEP	0	0	12,798	(79,924)
Launch Replacement	0	0	(151,969)	(150,369)
Mutford Lock	0	0	(239,922)	(270,374)
Dredging Disposal	0	0	(182,950)	(182,950)
Dockyard Vessels & Equipment	0	0	(164,056)	(164,056)

## DIRECTORATE

	Original Budget 2011-12	Annual Revised Budget 2011/12	Profiled Budget	Actuals	Variance
Dockyard Site Maintenance		0	0	(91,567)	(71,836)
General		0	0	(932,274)	(947,011)
Navigation		0	0	(592,029)	(602,521)
		<u>0</u>	<u>0</u>	<u>(3,197,858)</u>	<u>(3,502,780)</u>