

**Navigation Income and Expenditure:
1 April to 30 September 2014 Actual and 2014/15 Forecast Outturn**
Report by Head of Finance

Summary: This report provides the Committee with details of the actual navigation income and expenditure for the six month period to 30 September 2014, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2015).

1 Introduction

- 1.1 This financial monitoring report summarises details of the forecast outturn for the year, which provides members with a picture of expected activity for the full financial year as well as supporting proactive budget management by budget holders. This report provides details of navigation expenditure only.
- 1.2 Section 2 of this report and Appendix 1 provide details of actual navigation expenditure to 30 September 2014.
- 1.3 Section 4 and Appendix 2 provide details of the forecast 2014/15 outturn (the expected actual expenditure position at the end of the financial year), compared to the latest available budget (LAB). The LAB represents the original budget for the year agreed by the Authority in March 2014, adjusted for known and approved budget changes. Further details of the LAB are set out in section 3 below.

2 Overview of Actual Income and Expenditure

- 2.1 Within this report, actual income and expenditure are reported at summary / directorate level, providing members with an overview of the Authority's position as set out in Table 1 below.

Table 1 – Actual Navigation I&E by Directorate to 30 September 2014

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(2,896,704)	(2,885,886)	(10,818)
Operations	897,647	943,398	(45,751)
Planning and Resources	470,346	402,689	67,657
Chief Executive	75,491	77,817	(2,326)
Projects, Corporate Items and Contributions from Earmarked Reserves	0	(7,889)	7,889
Net (Surplus) / Deficit	(1,453,220)	(1,469,871)	16,651

2.2 Core navigation income has slipped slightly behind the profiled budget at the end of month six. The overall position as at 30 September 2014 is a favourable variance of £16,651 or 1.15% difference from the profiled LAB. This represents a reduction against the variance of £50,972 reported for August. The September position is principally due to:

- An overall adverse variance of £867 within toll income:
 - Hire Craft Tolls £46,004 below the profiled budget.
 - Private Craft Tolls £45,137 above the profiled budget.

Core income is slightly behind the profiled budget as at the end of month six, due mainly to investment interest income which has been received in October rather than September, and which is also slightly lower than budgeted. The variances within Private Tolls and Hire Tolls continue to offset one another. At the end of the financial year it is currently anticipated that the net position on Tolls will be broadly in line with the total budget (with Private Tolls up and Hire Tolls down), and this position has been reflected in forecast outturn figures.

- The Operations budget has moved to a small overspend, once contributions from reserves (£17,530 in relation to construction of a second wherry) have been taken into account. There is in particular now an overspend of approximately £22,000 in the Equipment, Vehicles and Vessels budget due mainly to timing differences in repairs and maintenance expenditure. A replacement pool vehicle for Construction and Maintenance, budgeted for in July, has been received in September. Expenditure remains slightly over profile in Practical Maintenance, Ranger Services, Asset Management and Operational Premises budgets.
- There is an underspend within Planning and Resources budgets principally relating to:
 - Legal budget underspend (£18,484) due to delayed and lower than budgeted invoicing;
 - Finance, insurance and audit underspends (£12,292) which are mainly due to timing differences;

- Planning Management and Admin underspend (£9,095) due largely to underspends on office expenses including postage and photocopiers;
 - Yacht Station and Visitor Centre income £6,427, over the profiled budget in part as a result of changes in the range of products offered for sale; and
 - Small underspends in Waterways and Recreation Strategy, Collection of Tolls and ICT budgets.
- 2.3 Expenditure within the individual directorate lines is partly offset by contributions from reserves (within the *Projects, Corporate Items and Contributions from Earmarked Reserves* line in Table 1).
- 2.4 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 2014/15. 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 The use of the LAB format ensures that there is better visibility of budgets, providing information about approved changes to the original budget and removing distortions from approved in-year changes to the budget. The LAB facilitates scrutiny of budgets by distinguishing between planned budget changes and unplanned outturn variances.
- 3.3 There have been no changes to the navigation LAB since the report to the Committee in September, as set out in Table 2 below.

Table 2 – Adjustments to Navigation LAB

	Ref	£
Original navigation budget 2014/15 (surplus)	Item 12 24/04/14	(39,558)
Approved carry-forwards from 2013/14	Item 13 04/09/14	16,154
Additional budget allocated for stakeholder surveys	Item 13 04/09/14	16,970
LAB at 30 September 2014		(6,434)

- 3.4 The LAB therefore provides for a reduced navigation surplus of £6,434 in 2014/15 as at 30 September 2014.

4 Overview of Forecast Outturn 2014/15

- 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 September 2014, the forecast outturn indicates:
- The total forecast income is £2,977,568, or £4,303 less than the LAB.
 - Total expenditure is forecast to be £2,992,733.
 - The resulting deficit for the year is forecast to be £15,165.
- 4.3 The forecast outturn expenditure reflects changes from the LAB as shown in Table 3. The forecast deficit represents an unfavourable variance of £21,599 against the LAB.

Table 3 – Adjustments to Forecast Outturn

	£
Forecast outturn surplus per LAB	(6,434)
Previously reported adjustments	17,466
Decrease forecast investment income	4,000
Further decrease forecast income for Ludham Fieldbase due to delayed tenancy start	133
Forecast outturn deficit as at 30 September 2014	15,165

- 4.4 The main reasons for the difference between the forecast outturn and the LAB are:
- The change in predictions for navigation toll income, which are based on the latest actual income figures. Income for private tolls has slowed significantly so the overall positive variance forecast at the September meeting has disappeared, and toll income is now expected to be in line with the budget for the year (with the Private toll and Hire toll variances offsetting one another); and
 - The inclusion of one-off costs relating to the restructuring of HR and Communications. These changes are forecast to deliver ongoing savings of approximately £55,000 in the annual Navigation budget.

5 Reserves

- 5.1 The Authority's earmarked reserves were rationalised in 2013/14 into a smaller number of reserves. Navigation reserve balances continue to be maintained separately from national park reserves. The balance of navigation earmarked reserves at the end of September 2014 is shown in Table 4 below.

Table 4 – Navigation Earmarked Reserves

	Balance at 1 April 2014	In-year movements	Current reserve balance
	£	£	£
Property	(492,020)	(8,567)	(500,587)
Plant, Vessels and Equipment	(139,857)	(41,665)	(181,522)
Premises	(59,994)	(9,000)	(68,994)
PRISMA	(244,954)	257,997	13,044
Total	(936,824)	198,765	(738,059)

6 Summary

6.1 There have been some significant movements in the forecast outturn position for the year, mainly as a result of movements in predicted toll income, which now suggests a deficit within the navigation budget for the year. With the latest amendments to forecast outturn, this would result in a navigation reserve balance of approximately £274,000 at the end of 2014/15 (before any year-end adjustments), which equates to 9.1% of net expenditure, slightly below the recommended level of 10%. The draft budget reflects this latest forecast outturn position and makes proposals which will restore the balance of the navigation reserve in 2015/16.

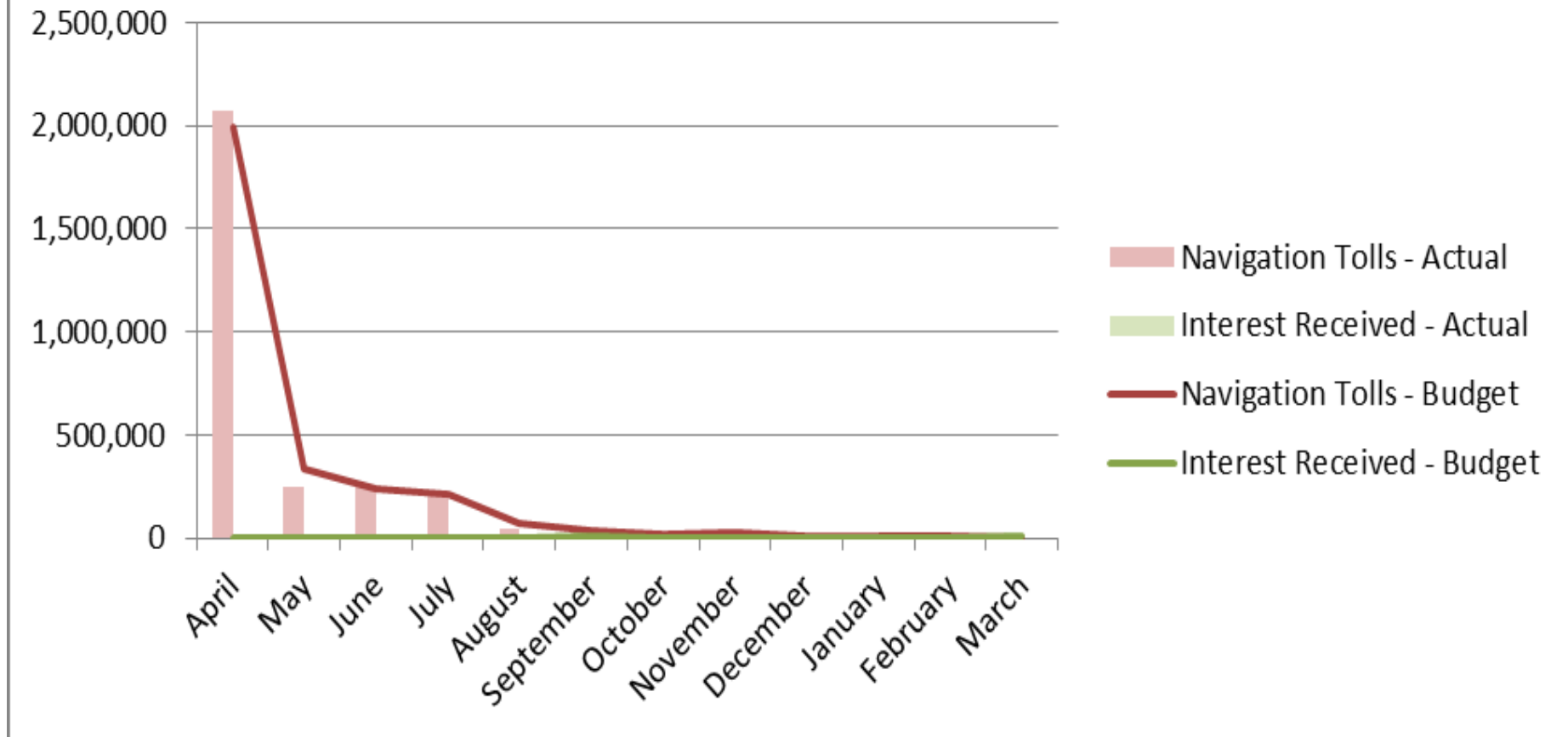
Background Papers: Nil

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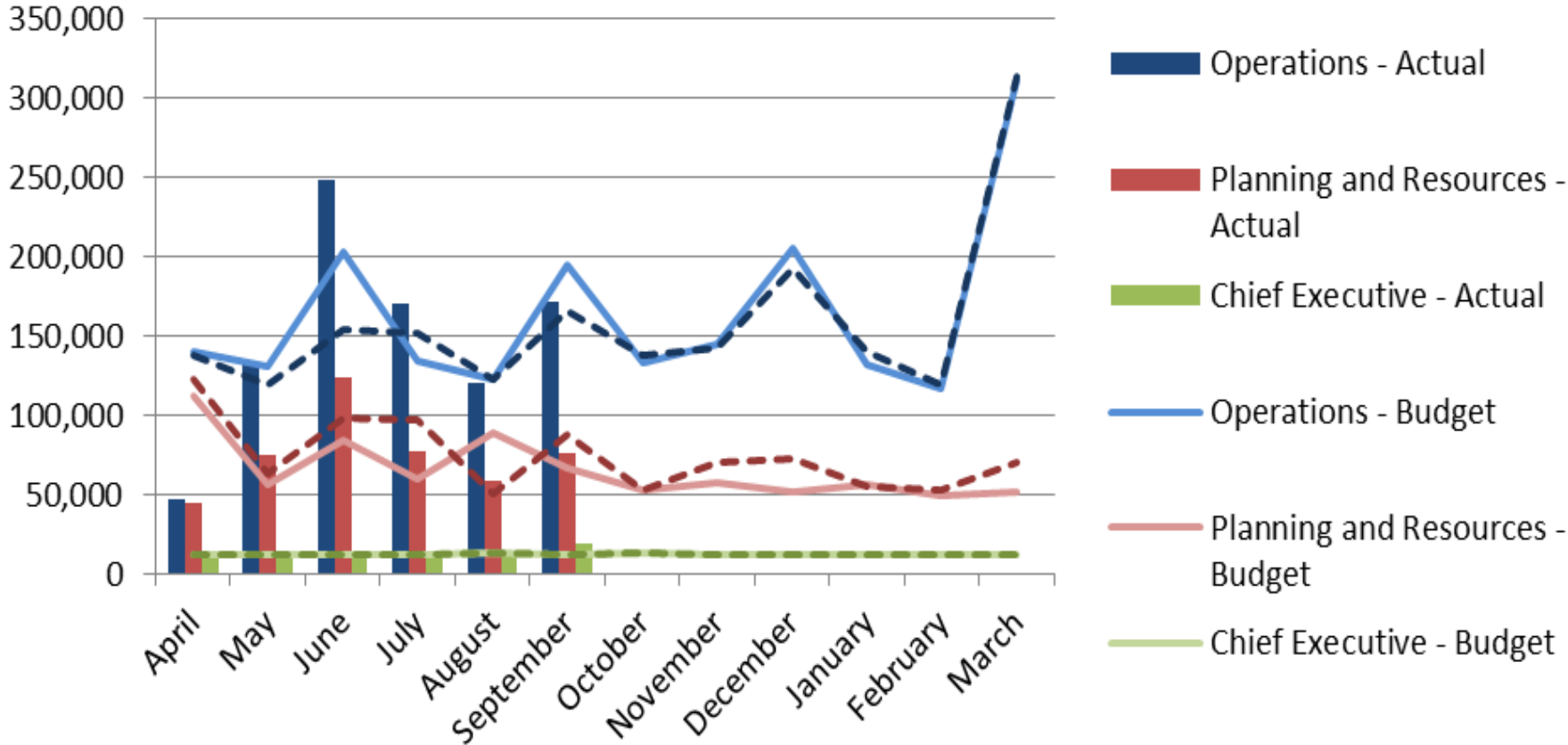
Broads Plan Objectives: None

Appendices: APPENDIX 1 – Navigation Actual Income and Expenditure Charts to 30 September 2014
APPENDIX 2 – Financial Monitor: Navigation Income and Expenditure 2014/15

Navigation Actual Core Income against Original Budget



Navigation Net Actual Expenditure against Original and Latest Budget



To 30 September 2014

Budget Holder (All)

Row Labels	Values				
	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income	(2,981,871)		(2,981,871)	(2,977,568)	(4,304)
National Park Grant	0		0	0	0
Income	0		0	0	0
Hire Craft Tolls	(1,118,300)		(1,118,300)	(1,072,296)	(46,004)
Income	(1,118,300)		(1,118,300)	(1,072,296)	(46,004)
Private Craft Tolls	(1,792,100)		(1,792,100)	(1,837,800)	45,700
Income	(1,792,100)		(1,792,100)	(1,837,800)	45,700
Short Visit Tolls	(37,721)		(37,721)	(37,721)	0
Income	(37,721)		(37,721)	(37,721)	0
Other Toll Income	(18,750)		(18,750)	(18,750)	0
Income	(18,750)		(18,750)	(18,750)	0
Interest	(15,000)		(15,000)	(11,000)	(4,000)
Income	(15,000)		(15,000)	(11,000)	(4,000)
Operations	1,966,843	13,886	1,980,729	1,986,405	(5,676)
Construction and Maintenance Salaries	575,734		575,734	575,734	0
Salaries	575,734		575,734	575,734	0
Expenditure			0		0
Equipment, Vehicles & Vessels	296,109		296,109	296,109	0
Income			0		0
Expenditure	296,109		296,109	296,109	0
Water Management	62,500		62,500	62,500	0
Income	0		0	0	0
Expenditure	62,500		62,500	62,500	0
Land Management	0		0	0	0
Income	0		0	0	0
Expenditure	0		0	0	0
Practical Maintenance	310,035	7,170	317,205	316,627	578
Income	(7,000)		(7,000)	(7,000)	0
Expenditure	317,035	7,170	324,205	323,627	578
Ranger Services	435,606		435,606	435,606	0
Income	(10,000)		(10,000)	(10,000)	0
Salaries	348,006		348,006	348,006	0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Expenditure	97,600		97,600	97,600	0
Pension Payments			0		0
Safety	54,328		54,328	54,328	0
Income	(9,000)		(9,000)	(9,000)	0
Salaries	34,773		34,773	34,773	0
Expenditure	28,555		28,555	28,555	0
Asset Management	64,980		64,980	70,605	(5,625)
Income	(450)		(450)	(450)	0
Salaries	17,055		17,055	17,055	0
Expenditure	48,375		48,375	54,000	(5,625)
Volunteers	18,402		18,402	18,402	0
Income	(300)		(300)	(300)	0
Salaries	12,702		12,702	12,702	0
Expenditure	6,000		6,000	6,000	0
Premises	77,727	6,716	84,442	85,071	(629)
Income	(896)		(896)	(267)	(629)
Expenditure	78,623	6,716	85,338	85,338	0
Operations Management and Administration	71,422		71,422	71,422	0
Income			0		0
Salaries	64,422		64,422	64,422	0
Expenditure	7,000		7,000	7,000	0
Planning and Resources	787,289	19,239	806,528	808,647	(2,119)
Development Management	0		0	0	0
Income	0		0	0	0
Salaries	0		0	0	0
Expenditure	0		0	0	0
Pension Payments			0		0
Strategy and Projects Salaries	22,417	769	23,186	22,331	855
Income	0		0	0	0
Salaries	22,417	769	23,186	22,331	855
Expenditure	0		0	0	0
Biodiversity Strategy	0		0	0	0
Income			0		0
Expenditure	0		0	0	0
Strategy and Projects	4,041		4,041	4,041	0
Salaries	4,041		4,041	4,041	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
Waterways and Recreation Strategy	43,960		43,960	42,434	1,526
Salaries	34,960		34,960	33,434	1,526
Expenditure	9,000		9,000	9,000	0
Project Funding	13,760	16,970	30,730	30,730	0
Income	0		0	0	0
Salaries	3,760		3,760	3,760	0
Expenditure	10,000	16,970	26,970	26,970	0
Pension Payments			0		0
Partnerships / HLF	0		0	0	0
Expenditure	0		0	0	0
SDF	0		0	0	0
Expenditure	0		0	0	0
Finance and Insurance	158,187		158,187	158,187	0
Income			0		0
Salaries	62,966		62,966	62,966	0
Expenditure	95,222		95,222	95,222	0
Communications	78,048		78,048	82,548	(4,500)
Income			0		0
Salaries	67,548		67,548	72,048	(4,500)
Expenditure	10,500		10,500	10,500	0
Visitor Centres and Yacht Stations	67,477	1,500	68,977	68,977	0
Income	(56,250)		(56,250)	(56,250)	0
Salaries	100,477		100,477	100,477	0
Expenditure	23,250	1,500	24,750	24,750	0
Collection of Tolls	113,660		113,660	113,660	0
Salaries	100,960		100,960	100,960	0
Expenditure	12,700		12,700	12,700	0
ICT	88,381		88,381	88,381	0
Income			0		0
Salaries	41,950		41,950	41,950	0
Expenditure	46,431		46,431	46,431	0
Legal	42,000		42,000	42,000	0
Income			0		0
Expenditure	42,000		42,000	42,000	0
Premises - Head Office	69,600		69,600	69,600	0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Expenditure	69,600		69,600	69,600	0
Planning and Resources Management and Administration	85,757		85,757	85,757	0
Income			0		0
Salaries	44,882		44,882	44,882	0
Expenditure	40,876		40,876	40,876	0
Chief Executive	150,982		150,982	160,482	(9,500)
Human Resources	54,587		54,587	64,087	(9,500)
Salaries	29,987		29,987	39,487	(9,500)
Expenditure	24,600		24,600	24,600	0
Governance	56,235		56,235	56,235	0
Income			0		0
Salaries	36,039		36,039	36,039	0
Expenditure	20,196		20,196	20,196	0
Chief Executive	40,159		40,159	40,159	0
Salaries	40,159		40,159	40,159	0
Expenditure			0		0
Projects and Corporate Items	37,200		37,200	37,200	0
PRISMA	0		0	0	0
Income			0		0
Salaries	10,410		10,410	10,410	0
Expenditure	(10,410)		(10,410)	(10,410)	0
STEP			0		0
Expenditure			0		0
Corporate Items	37,200		37,200	37,200	0
Pension Payments	37,200		37,200	37,200	0
Contributions from Earmarked Reserves			0		0
Earmarked Reserves			0		0
Expenditure			0		0
Grand Total	(39,558)	33,125	(6,434)	15,165	(21,599)