

Navigation Income and Expenditure: 1 April 2012 to 31 October 2012

Report by Head of Finance

Summary: This report summarises actual navigation income and expenditure for the seven month period to 31 October 2012, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2013). The report provides details of major variances expected at year end and the reasons these are anticipated.

1 Introduction

- 1.1 This Budget Monitor report is presented in the new format and includes details of the profiled original budget. The focus of the report is the forecast outturn for the year, which is intended to provide members with a more accurate picture of expected activity for the full financial year. This report provides details of the Authority's navigation expenditure.
- 1.2 Appendix 1 provides a forecast of the 2012/13 outturn (the expected actual expenditure at the end of the financial year), compared to the original budget for the year agreed by the Authority in January 2012. A commentary about significant variances from the original budget is provided within the appendix.
- 1.3 In addition, Appendix 1 shows the actual income received and expenditure incurred for the period April 2012 to October 2012 compared with the profiled original budget for the year.
- 1.4 Finally, Appendix 1 presents details of actual movements in earmarked reserves for the period to date and the balance of earmarked reserves at the end of October 2012.

2 Overview of Actual Income and Expenditure

- 2.1 Total income for the period is £2,765,080, which is 96.94% of the original budget for the year and 99.63% of the profiled budget.
- 2.2 Total net expenditure is £1,595,515, which is 52.31% of the original budget and 90.05% of the profiled budget.
- 2.3 The underspend against the profiled budget which has emerged in October is principally due to:
 - the inclusion in the original profiled budget for the month of an estimated £68,400 for navigation expenditure relating to the Dragonfly House lease and facilities management costs. A final payment in respect of these

- expenses, for which a final invoice is yet to be received from the landlord, is expected to be paid in December 2012 or January 2013;
- an underspend of 11.05% against the profiled budget within the Operations Directorate, which relates particularly to the Water Management and Practical Maintenance budgets. A number of contracts have recently been let in these areas and expenditure is anticipated over the remainder of the financial year. This includes:
 - Mud pumping works at Heigham Sound to be completed in December (previously anticipated in October) at a total cost of £100,000;
 - Hydrographic survey work in Breydon Water and the Yare delayed until December awaiting the necessary tidal conditions;
 - Practical maintenance works at Breydon Water, which have been completed but not yet invoiced to the Authority; and
 - Repiling works at Stokesby and Beccles which have also been undertaken but for which the invoices remain outstanding.
 - It should be emphasised that the current underspend position is the result of specific timing differences between budget and actual expenditure for a limited number of budget areas and it is anticipated that expenditure for the full financial year remains broadly on course as outlined in section three below. Further specific commentary on all variances is provided within Appendix 1 to this report.

3 Overview of Forecast Outturn 2012/13

- 3.1 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. It must be emphasised that these forecast outturn figures should be seen as estimates and it is anticipated that they will be refined and clarified throughout the financial year. The Finance Team are supporting budget holders in developing accurate forecasting methods.
- 3.2 As at the end of October 2012, the forecast outturn indicates:
- Income is expected to be slightly below the original budget with total forecast income of £2,842,375. This includes an estimated £15,000 of additional income from adjacent waters.
 - Total expenditure is forecast to be £3,507,209. This represents an increase of £457,073 or 14.99% on the original budget of £3,050,136.
 - The resulting deficit for the year is forecast to be £664,834, an increase of £466,948 over the deficit set out in the original 2012/13 budget.
- 3.3 The forecast outturn expenditure takes account of the following key changes from the original budget:
- £250,000 Navigation expenditure to fund capital improvements of the workshop at the Dockyard.
 - The inclusion of £110,000 expenditure funded from Navigation in respect of other one-off costs arising out of the Authority's premises strategy.

- Additional costs and income relating to Breydon Water including hydraulic/sediment modelling and the acquisition of a new launch.
- Adjustment of salary costs to reflect the 0% pay award in 2012/13. This was previously budgeted at 1% for all salaries.

3.4 Further commentary on changes from the original budget is provided within Appendix 1.

4 Summary

- 4.1 In response to the feedback from members, the forecast outturn represents a drawing down of reserves to fund one-off, mainly capital expenditure in 2012/13.
- 4.2 The impact of this deficit has been incorporated into the Authority's financial planning for 2013/14 and beyond, including in the re-profiling of planned contributions to reserves, with the expectation that general reserves will be built up once again from 2013/14.

Background Papers: Nil

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Broads Plan Objectives: None

Appendices: APPENDIX 1 - Navigation Income and Expenditure to October 2012

DIRECTORATE

	Navigation Annual Budget 2012/13	Navigation Use of Earmarked Reserves	Navigation Forecast Outturn	Navigation Forecast Variance	Navigation Profiled Budget to October 2012	Navigation Actual to October 2012	Navigation Actual Variance as at October 2012	Commentary on forecast Navigation variance
INCOME								
<i>Navigation Charges</i>								
Hire Craft Tolls	(1,074,000)	-	(1,061,000)	(13,000)	(1,074,000)	(1,061,273)	(12,727)	Forecast outturn has been reduced by £13,000, including £6,000 which relates to Hire Boat Licence income.
Private Craft Tolls	(1,692,000)	-	(1,707,000)	15,000	(1,644,081)	(1,670,059)	25,978	Increased use of online payment facility has led to earlier receipt of payments in 2012/13 resulting in the positive actual variance. The forecast additional income (£15,000) predicted from adjacent waters has been transferred from the Other Toll Income line. Short visit sales are down as a result of the bad weather; the outturn will be reviewed once further figures from outlets are received.
Short Visit Tolls	(47,500)	-	(35,625)	(11,875)	(26,156)	(15,813)	(10,343)	Forecast additional income from adjacent waters transferred to Private Craft Tolls. £6,000 Hire Boat Licence income to be transferred from Hire Craft Tolls.
Other Toll Income	(18,750)	-	(18,750)	-	(17,300)	(14,190)	(3,110)	
Interest Received	(20,000)	-	(20,000)	-	(13,750)	(3,745)	(10,005)	Fixed term interest is payable on maturity of investment.
	(2,852,250)	-	(2,842,375)	(9,875)	(2,775,287)	(2,765,080)	(10,207)	
OPERATIONS								
<i>Construction & Maintenance</i>								
Construction & Maintenance Salaries	541,720	-	554,122	(12,402)	316,003	312,842	3,161	Salaries adjusted for impact of 0% pay award 2012/13. (Original budget 1%).
Equipment, Vehicles & Vessels	363,491	15,000	403,278	(24,787)	222,040	290,298	(68,258)	Budgeted £60,000 contribution to reserves will not be made 2012/13. Includes £78,000 carried forward from 2011/12 for acquisition of Uniflotes and additional £10,000 expenditure for electric outboard motors. Capital purchases of vehicles has increased expenditure in 2012/13.
Water Management	120,000	-	150,000	(30,000)	64,999	18,086	46,913	Contract let for dredging works £100,000 in 2012/13. Hydrographic Survey (approx £20,000) to be undertaken. The actual variance arises from the profiled original budget for landowner payments and sediment removal where forecast outturn has been revised and limited expenditure is expected in 2012/13.
Land Management	-	-	-	-	-	44	(44)	

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Practical Maintenance	321,080	55,000	438,080	(62,000)	176,192	63,496	112,696	Additional expenditure in relation to Breydon Water (£60,000 for modelling and £50,000 (funded from reserves) for provision of moorings), partly offset by additional income from Great Yarmouth Port Authority (£50,000 - see below). In addition, a further £60,000 has been allocated for piling works expected in November 2012. Contract for mooring maintenance and repair has now been let and expenditure will be incurred from the third quarter 2012/13. £22,500 contribution to Mutford Lock reserve in 2012/13 has been deferred.
	1,346,291	70,000	1,545,480	(129,189)	779,234	684,766	94,468	
Rangers Salaries	333,924	-	323,754	10,170	221,830	225,737	(3,907)	The forecast variance relates to the additional expenditure for the Breydon Water launch. In addition the capital purchase of 3 vehicles at a cost of £53,000 has increased expenditure in 2012/13.
Ranger Services	156,250	190,000	445,162	(98,912)	64,739	76,087	(11,348)	
	490,174	190,000	768,916	(88,742)	286,570	301,824	(15,255)	
Safety	72,471	-	76,068	(3,597)	43,063	48,726	(5,662)	
Asset Management	64,389	-	64,165	224	37,194	38,356	(1,162)	
Volunteers	10,915	-	12,775	(1,860)	6,367	8,114	(1,747)	
Management & Admin	92,681	-	91,337	1,343	54,064	53,809	255	
	240,455	-	244,345	(3,889)	140,689	149,005	(8,316)	
Operations Income	(6,800)	-	(86,200)	79,400	(3,617)	(65,595)	61,979	£50,000 relating to transfer of responsibilities for Breydon Water not included in the original budget has been received from Great Yarmouth Port Authority. Income relating to Trinities is outstanding.
OPERATIONS TOTAL	2,070,120	260,000	2,472,541	(142,421)	1,202,876	1,070,000	132,876	
PLANNING & STRATEGY								
Development Management	-	-	-	-	-	-	-	
<i>Strategy & Projects</i>								
Strategy & Projects Salaries	80,474	-	79,932	542	46,944	47,206	(262)	
Biodiversity Strategy	-	-	-	-	-	96	(96)	
Strategy & Projects	-	-	-	-	-	234	(234)	

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Waterways & Recreation Strategy	9,000	-	9,000	-	4,500	5,456	(956)	
Project Funding	-	-	-	-	-	4,285	(4,285)	
Management & Admin	14,898	-	16,246	(1,347)	8,691	9,396	(705)	Adjustment for posts not funded from Planning Delivery Grant in 2012/13.
Planning & Strategy Income	-	-	0	(0)	-	(1,909)	1,909	
PLANNING TOTAL	104,372	0	105,178	-806	60,135	64,765	(4,630)	
RESOURCES								
Human Resources	63,570	-	67,358	(3,788)	37,333	43,795	(6,462)	
Finance & Insurance	141,498	-	133,228	8,270	94,513	93,635	878	Revised staff costs for new finance team structure from May 2012.
Governance	57,303	-	58,943	(1,640)	33,426	34,657	(1,230)	
Communications	62,750	-	61,890	859	36,333	34,863	1,470	
Visitor Centres & Yacht Stations	123,521	-	122,498	1,023	103,768	105,019	(1,252)	
Collection of Tolls	103,300	-	105,470	(2,170)	61,308	58,214	3,094	
ICT	78,210	-	75,844	2,366	50,951	49,473	1,478	
Legal	20,000	-	20,000	-	10,000	5,430	4,570	
Premises	213,051	15,000	546,197	(318,146)	156,223	107,466	48,757	The forecast variance results from additional costs relating to development of the new workshop at the Dockyard and the cost of the Authority's relocation to Yare House. Actual variance arises from an accrual for costs relating to Dragonfly House in 2011/12 and prior years which have not been finalised. Work is underway with Defra to agree costs and it is anticipated that this will be resolved early in the new year.
Management & Admin	70,677	-	71,298	(621)	42,756	44,800	(2,044)	

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Resources Income	(81,435)	-	(81,435)	-	(66,898)	(57,058)	(9,839)	The actual variance results from outstanding income relating to contribution payments for Dragonfly House reception and rental of car parking spaces.
RESOURCES TOTAL	852,443	15,000	1,181,291	(313,847)	559,712	520,292	39,420	
Redundancy and Reorganisation costs	-	-	-	-	-	-	-	
Pension Lump Sum Payments	23,200	-	23,200	-	-	-	-	
STEP transfer to reserves				-			-	
STEP		-	-	-	-	75	(75)	
PRISMA		-	-	-	331,987	323,245	8,742	
Contributions from Earmarked Reserves								
PRISMA		-	-	-	(323,187)	(323,186)	(1)	
Launch Replacement		(190,000)	(190,000)	-	(2,250)	(2,250)	-	
Mutford Lock		(5,000)	(5,000)	-	1,000	1,000	-	
Dredging Disposal		(50,000)	(50,000)	-	-	-	-	
Dockyard Vessels & Equipment		(15,000)	(15,000)	-	(15,000)	(15,000)	-	
Dockyard Site Maintenance		(15,000)	(15,000)	-	(43,426)	(43,426)	-	
	-	(275,000)	(275,000)	-	(382,863)	(382,862)	(1)	
NET EXPENDITURE	3,050,136	-	3,507,209	(457,073)	1,771,848	1,595,515	176,333	
(SURPLUS) / DEFICIT	197,886	-	664,834	(466,948)	(1,003,439)	(1,169,565)	166,126	

Earmarked Reserve Movements	Balance as at March 2012	Transfers in	Transfers out	Balance as at October 2012
PRISMA	(280,573)	(61,233)	384,419	42,613
Launch Replacement	(150,369)	(7,425)	4,050	(153,744)
Mutford Lock	(270,374)	(13,500)	-	(283,874)
Dredging Disposal	(182,950)	-	30,000	(152,950)
Dockyard Vessels & Equipment	(164,056)	(20,918)	45,000	(139,974)
Dockyard Site Maintenance	(71,836)	(15,000)	79,344	(7,492)
Total	(1,120,158)	(118,076)	542,813	(695,421)