

Audit and Risk Committee

21 July 2020

Agenda item number 6

Update of financial position – Impact of Covid-19

Report by Chief Executive, Chief Financial Officer and Collector of Tolls

Summary

This report outlines the latest position on the Authority's navigation income and outlines the financial support from Defra in response to the COVID-19 crisis.

Recommendation

To note the improvement in the Authority's financial position and the information on the commitment by Defra to provide financial support.

1. Navigation income

- 1.1. Members have received regular updates on the impact of the COVID-19 crisis on navigation income. The latest figures as at 7 July are:
 - Private Boat income is £241,000 below the same point last year.
 - Hire Boat income is £132,000. This represents 10% of the tolls issued, totalling £1,035,000.
- 1.2. Overall, this is a reduction of 1,300 toll 'plaques' compared to the same period last year. This represents a considerable improvement over the position earlier in the year.
- 1.3. For the hire boats, 10% of the charge is due as soon as the boat is hired; 30% should be paid on or before 31 August 2020; 30% on or before 30 September 2020; and the final payment of 30% on or before 31 October 2020.
- 1.4. The prospects for the remainder of the season are unclear. The Authority has therefore resolved that officers, following consultation with the Broads Hire Boat Federation and individual companies and charities, report to the 3 September Navigation Committee and 25 September Broads Authority meetings on how the season has progressed and what approach the Authority is recommended to take towards the outstanding charges to help the companies survive the winter.

2. Financial Support from Defra

- 2.1. Defra officials have been alerted to the potential deficit in navigation income of between £1 million and £1.6 million. Officers have identified the potential for the

Authority to fund £800,000 of this potential deficit from reserves and through savings (£400,000 from Navigation Reserves and savings, and £400,000 as a one-off contribution from National Park Reserves and savings). Table 1 provides details of the savings identified. This would leave a gap of between £200,000 and £800,000, which Defra has agreed to fill.

Table 1
2020/21 savings

Description	National Park £	Navigation £	Consolidated £	Reason
Contributions to earmarked reserves	197,480	215,250	413,000	Annual contributions to earmarked reserves to be reinstated from 2021/22 budget
Belton Reach mooring and electric charging points	0	125,250	125,250	Work to be deferred to 2021/22 work programme and budget
Delayed dredging of Chet and Postwick Tip contractors	0	16,690	16,690	Chet work is part of Wherryman's Way foot path enhancement, deferred to 2021/22
Mooring signs upgrade	0	5,533	5,533	Upgrades delayed until 2021/22
Savings from vacant post within Planning	5,100	0	5,100	Post is unlikely to be filled until end of June.
Reduced costs for Visitor Services	13,473	7,130	20,603	Visitor centres to remain closed until end of June.
Reduced staff travel, conferences and consultancy	13,775	2,412	16,188	Majority of staff working from home with conferences taking place on line.
Total	229,828	372,535	602,364	n/a

3. Financial implications

- 3.1. At the time the savings were identified, it was anticipated that COVID-19 lockdown restrictions would be eased at the end of June. While some restrictions have been lifted, the majority of office-based Authority staff continue to work from home. This is likely to bring more savings the longer it continues. With the savings identified above, including the carry forwards agreed in May, and the £400,000 proposed transfer to the Navigation Reserve the National Park Reserve is forecast to be £790,837 at the end of 2020/21. This is £356,520 above the minimum. The Navigation Reserve, taking account of both the National Park contribution and additional funding from Defra, is forecast to be £320,687, slightly below the recommended level of 10% at 9.7%. Both of these figures take into account the revised pay negotiations, an increase from the budgeted 2% to 2.75%. These forecast positions will be updated as the year progresses and additional savings become clear. While the balances on the earmarked reserves are forecast to reduce by the end of 2020/21, the balances are considered sufficient to fund future capital purchases.

4. Risk Assessment

- 4.1. The gradual easing of the COVID-19 restrictions, and the financial support promised from Defra, greatly reduce the financial risks for the Authority.

5. Conclusion

- 5.1. The Authority's financial position has improved and is continuing to improve.

Author: John Packman, Emma Krelle, Bill Housden

Date of report: 06 July 2020