

Audit and Risk Committee

19 November 2019

Agenda item number 10

Preparation for the 2020/21 budget including 2019/20 actuals

Report by Chief Financial Officer

Summary

This report provides a strategic overview of current key financial issues and items.

Recommendation

- i. To note the budget process for 2020/21.
 - ii. To note the income and expenditure figures.
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1. Introduction

- 1.1. Following Navigation Committee on 31 October 2019 where the potential tolls charges were considered, there will be a short presentation that sets out the budget process. This will cover pressures on the budget and the views of the Navigation Committee.

1.2. The remainder of this report will cover the Consolidated Income and Expenditure from 1 April to 30 September 2019.

2. Overview of Actual Income and Expenditure

Table 1

Actual consolidated income and expenditure by directorate to 30 September 2019

Directorate	Profiled Latest Available Budget £	Actual Income and Expenditure £	Actual Variance £
Income	(5,886,039)	(5,899,371)	+ 13,332
Operations	2,167,695	2,003,936	+ 163,759
Strategic Services	829,682	774,318	+ 55,364
Chief Executive	877,870	803,444	+ 74,426
Projects, Corporate Items and Contributions from Earmarked Reserves	(75,900)	34,789	- 110,689
Net (Surplus) Deficit	(2,086,692)	(2,282,884)	+ 196,192

2.1. Income is slightly above the profiled budget at the end of month six. The overall position as at 30 September is a favourable variance of £196,192 or a 9.4% difference from the profiled latest available budget (LAB). This is principally due to:

- An overall favourable variance of £13,333 within core income:
 - Hire Craft Tolls is £10,121 behind the profiled budget.
 - Private Craft Tolls is £18,700 above the profiled budget.
 - Short visit/other tolls is £727 behind the profiled budget.
 - Interest is £5,481 above the profiled budget.
- A favourable variance within Operations relating to:
 - Construction and Maintenance Salaries is under the profiled budget by £13,442, due to a number of vacancies that have arisen throughout the year which have now been filled.
 - Equipment, Vehicle and Vessels is under the profiled budget by £13,414, due to increased income from the sale/hire of the tug Cannonbrook. This income has been added to the earmarked reserve.
 - Water Management is under the profiled budget by £11,742 due to timing differences.

- Land Management is under the profiled budget by £25,728 due to income being ahead from the Rural Payments Agency.
- Ranger Services is under the profiled budget by £10,961, this is predominantly due to an underspend on salaries following vacancies.
- Premises is under the profiled budget by £41,563 due to a timing difference on the contract for design of the concrete pad being issued. This is offset by the corresponding Premises Reserve variance.
- Project Funding is under the profiled budget by £38,424 due to the uncertain nature of when projects will be submitted.
- A favourable variance within Strategic Services relating to:
 - Development Management is under the profiled budget by £13,781 due to the Local Plan Inspection coming in less than expected. This is offset by the corresponding Planning Delivery Grant reserve variance. It should also be noted that income from Planning fees is under budget which has reduced the overall variance.
 - Strategy and Projects is under the profiled budget by £25,331 due to a delayed Catchment project. This is likely to slip into 2020/21 as its delivery is dependent on warmer weather. This is offset by the corresponding Catchment Reserve variance.
 - Communications is under the profiled budget by £22,584 due to timing differences within the events and education budgets.
 - Visitor Centres and Yacht Stations is above the profiled budget by £11,519 due to the trip boat Liana requiring a replacement engine ahead of the annual refit and repairs.
- A favourable variance within Chief Executive relating to:
 - Legal is under the profiled budget by £33,182 due to salary savings.
 - Asset Management is under the profiled budget by £12,811 due to timing differences on leases payments and consultancy.
 - Finance and Insurance is under the profiled budget by £21,288 due to salary savings following a vacancy and a reduction in insurance premiums.

2.2. 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 2019/20. 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.

Table 2

Adjustments to LAB

Item	Authorisation Reference	Amount £
Original budget 2019/20 - deficit	Broads Authority 01/02/19 Agenda item number 12	44,381
Approved budget carry-forwards	Broads Authority 17/05/19 Agenda item number 12	15,094
Cybercrime	Broads Authority 17/05/19 Agenda item number 25	36,000
Water Resources East membership	Broads Authority 27/09/19 Agenda item number 13	15,000
LAB as at 30 September 2019	n/a	110,475

4. Overview of forecast outturn 2019/20

4.1. Budget holders have been asked to comment on the expected income and expenditure at the end of the financial year in respect of all budget lines for which they are responsible. A summary of these adjustments is given in the table below:

Table 3

Adjustments to Forecast Outturn

Item	Amount £
Forecast outturn deficit as per LAB	110,475
Decrease to Hire Craft Toll income	10,000
Increase to Private Craft Toll income	(10,000)
Increase to Interest income	(17,500)
Decrease to Waterways and Recreation following a restructure and vacancy	(23,560)
Increase Climate Change work two days per week	9,265
Decrease to Legal Services following the Solicitor vacancy	(26,430)
Decrease to Insurance premiums	(12,000)

Item	Amount £
Increase to the winter capacity within Collection of Tolls	6,675
Forecast outturn deficit as at 30 September 2019	46,925

5. Reserves

5.1. As with previous years, the Authority's contributions to the reserves have all been made in full at the end of quarter one. This has resulted in the reserves showing increased balances at the end of September. This will reduce as planned purchases take place throughout the year.

5.2. £913,086 of the current reserve balance below relates to Navigation reserves.

Table 4

Consolidated earmarked reserves

Reserve name	Balance at 1 April 2019 £	In-year movements £	Current Reserve balance £
Property	(569,960)	(72,462)	(642,422)
Plant, Vessels and Equipment	(275,291)	(116,143)	(391,434)
Premises	(195,398)	(78,250)	(273,648)
Planning Delivery Grant	(269,393)	59,311	(210,082)
Upper Thurne Enhancement	(120,453)	(21,000)	(141,453)
Section 106	(103,430)	(4,580)	(108,010)
HLF	(89,739)	207,044	117,305
Catchment Partnership	(89,021)	(9,073)	(98,094)
CANAPE	(79,309)	(72,591)	(151,900)
Computer Software	(11,481)	(10,000)	(21,481)
Total	(1,803,475)	(117,744)	(1,921,219)

6. Conclusion

6.1. The forecast outturn position for the year suggests a deficit of £52,693 for the national park side and a surplus of £5,768 on navigation. This will result in an overall consolidated deficit of £46,925. This would indicate a general fund reserve balance of

£1,011,000 and a navigation reserve balance of approximately £432,000 at the end of 2019/20 before any transfers of interest. This will mean that the navigation reserve will be above the recommended level of 10% of net expenditure during 2019/20.

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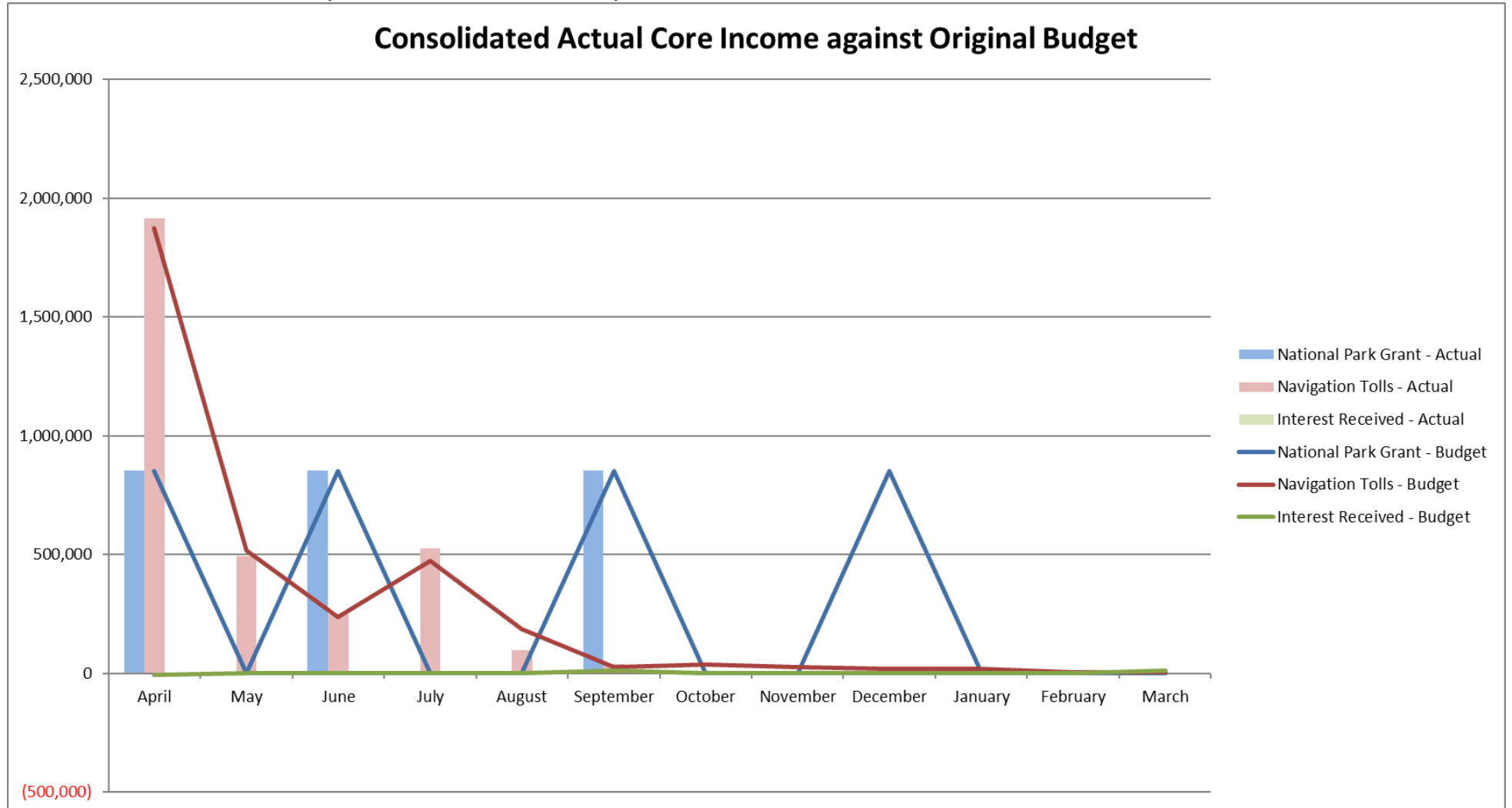
Date of report: 29 October 2019

Appendix 1 – Consolidated actual income and expenditure charts to 30 September 2019

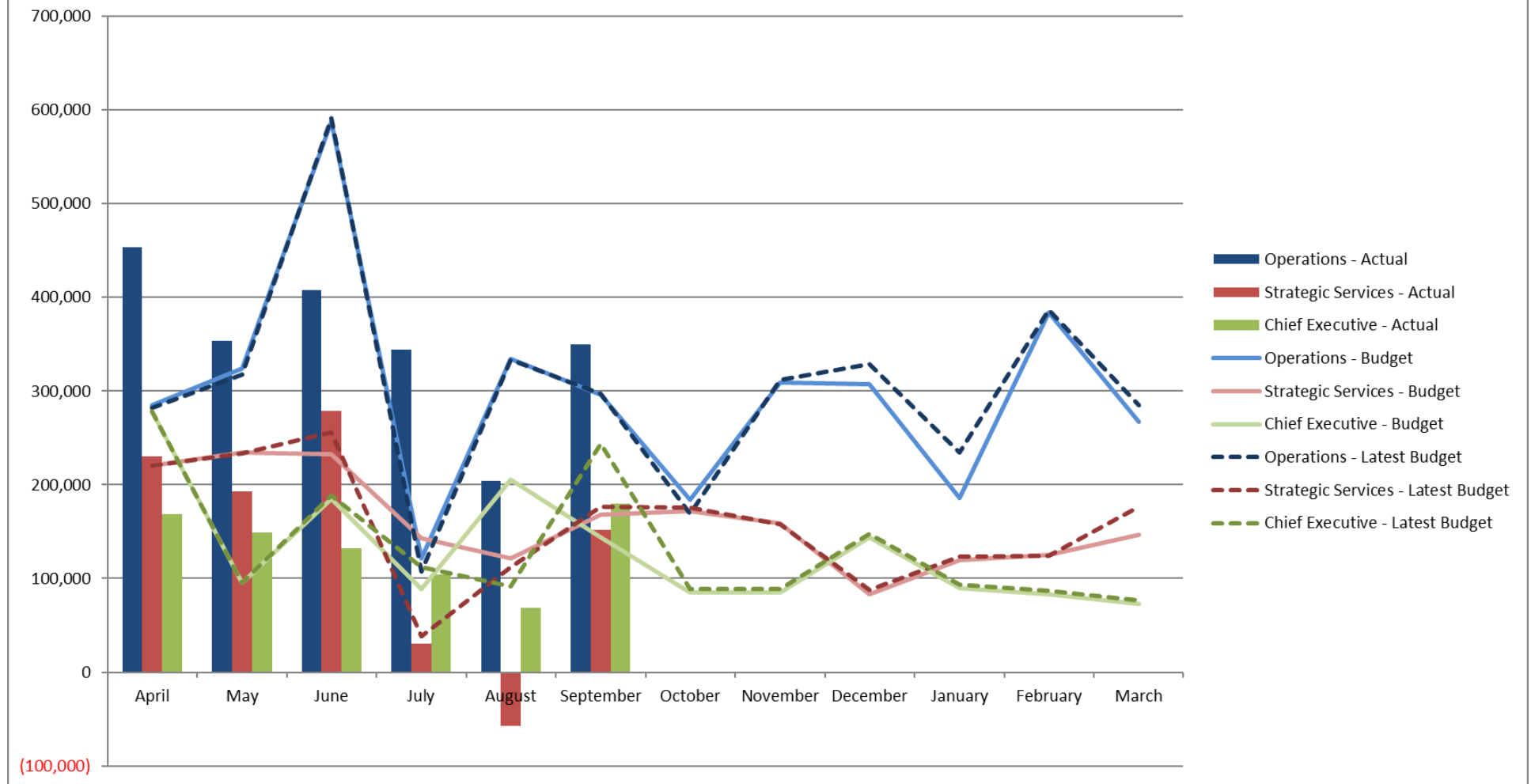
Appendix 2 – Financial monitor: Consolidated income and expenditure 2019/20

Appendix 1

Consolidated income and expenditure charts to 30 September 2019



Consolidated Net Actual Expenditure against Original and Latest Budget



Appendix 2

Financial Monitor: Consolidated Income and Expenditure 2019/20

Table 1

Income

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Income	(6,869,078)	0	(6,869,078)	(6,886,578)	17,500
National Park Grant	(3,414,078)	0	(3,414,078)	(3,414,078)	0
Hire Craft Tolls	(1,189,000)	0	(1,189,000)	(1,179,000)	-10,000
Private Craft Tolls	(2,175,000)	0	(2,175,000)	(2,185,000)	10,000
Short Visit Tolls	(42,000)	0	(42,000)	(42,000)	0
Other Toll Income	(19,000)	0	(19,000)	(19,000)	0
Interest	(30,000)	0	(30,000)	(47,500)	17,500

Table 2
Operations

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Operations	3,945,630	57,342	4,002,972	3,979,412	23,560
Construction and Maintenance Salaries	1,225,520	28,167	1,253,687	1,253,687	0
Salaries	1,231,130	28,167	1,259,297	1,259,297	0
Expenditure	(5,610)	0	(5,610)	(5,610)	0
Equipment, Vehicles & Vessels	454,000	5,550	459,550	459,550	0
Income	0	0	0	0	0
Expenditure	454,000	5,550	459,550	459,550	0
Water Management	125,970	0	125,970	125,970	0
Expenditure	125,970	0	125,970	125,970	0
Land Management	(48,440)	0	(48,440)	(48,440)	0
Income	(102,600)	0	(102,600)	(102,600)	0
Expenditure	54,160	0	54,160	54,160	0
Practical Maintenance	485,500	0	485,500	485,500	0
Income	(10,700)	0	(10,700)	(10,700)	0
Expenditure	496,200	0	496,200	496,200	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Waterways and Recreation Strategy	89,460	(3,500)	85,960	62,400	23,560
Salaries	79,960	(3,500)	76,460	52,900	23,560
Expenditure	9,500	0	9,500	9,500	0
Ranger Services	779,740	0	779,740	779,740	0
Income	(100,000)	0	(100,000)	(100,000)	0
Salaries	701,260	0	701,260	701,260	0
Expenditure	176,880	0	176,880	176,880	0
Pension Payments	1,600	0	1,600	1,600	0
Safety	130,000	27,125	157,125	157,125	0
Income	(3,300)	0	(3,300)	(3,300)	0
Salaries	62,600	0	62,600	62,600	0
Expenditure	70,700	27,125	97,825	97,825	0
Premises	232,910	0	232,910	232,910	0
Income	(1,000)	0	(1,000)	(1,000)	0
Expenditure	233,910	0	233,910	233,910	0
Premises - Head Office	250,640	0	250,640	250,640	0
Income	(240)	0	(240)	(240)	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	250,880	0	250,880	250,880	0
Project Funding	100,000	0	100,000	100,000	0
Expenditure	100,000	0	100,000	100,000	0
Pension Payments	0	0	0	0	0
Operations Management and Administration	120,330	0	120,330	120,330	0
Salaries	115,620	0	115,620	115,620	0
Expenditure	4,710	0	4,710	4,710	0

Table 3
Strategic Services

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Strategic Services	1,679,765	(41,707)	1,638,058	1,619,248	18,810
Development Management	425,615	23,335	448,950	420,875	28,075
Income	(100,000)	0	(100,000)	(100,000)	0
Salaries	403,790	0	403,790	403,790	0
Expenditure	117,425	23,335	140,760	112,685	28,075
Pension Payments	4,400	0	4,400	4,400	0
Strategy and Projects Salaries	350,035	(78,801)	271,234	271,234	0
Income	(20,470)	0	(20,470)	(20,470)	0
Salaries	247,290	(60,301)	186,989	186,989	0
Expenditure	123,215	(18,500)	104,715	104,715	0
Strategy and Projects	5,000	0	5,000	14,265	-9,265
Salaries	0	0	0	9,265	-9,265
Expenditure	5,000	0	5,000	5,000	0
Biodiversity Strategy	7,670	0	7,670	7,670	0
Expenditure	7,670	0	7,670	7,670	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Human Resources	134,720	15,094	149,814	149,814	0
Salaries	76,420	0	76,420	76,420	0
Expenditure	58,300	15,094	73,394	73,394	0
Volunteers	77,340	0	77,340	77,340	0
Salaries	51,740	0	51,740	51,740	0
Expenditure	25,600	0	25,600	25,600	0
Communications	324,245	0	324,245	324,245	0
Income	0	(99,600)	(99,600)	(99,600)	0
Salaries	240,530	52,250	292,780	292,780	0
Expenditure	83,715	47,350	131,065	131,065	0
Visitor Centres and Yacht Stations	244,260	0	244,260	244,260	0
Income	(245,100)	0	(245,100)	(245,100)	0
Salaries	351,260	0	351,260	351,260	0
Expenditure	138,100	0	138,100	138,100	0
Strategic Services Management and Administration	110,880	(1,335)	109,545	109,545	0
Salaries	107,270	0	107,270	107,270	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	3,610	(1,335)	2,275	2,275	0

Table 4

Chief Executive

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Chief Executive	1,415,254	35,634	1,450,888	1,419,133	31,755
Legal	116,430	0	116,430	90,000	26,430
Income	0	0	0	0	0
Salaries	51,430	0	51,430	0	51,430
Expenditure	65,000	0	65,000	90,000	-25,000
Governance	233,445	35,634	269,079	269,079	0
Income	0	0	0	0	0
Salaries	113,480	35,634	149,114	149,114	0
Expenditure	119,965	0	119,965	119,965	0
Chief Executive	118,830	0	118,830	118,830	0
Salaries	114,330	0	114,330	114,330	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	4,500	0	4,500	4,500	0
Asset Management	113,944	0	113,944	113,944	0
Income	(25,540)	0	(25,540)	(25,540)	0
Salaries	46,890	0	46,890	46,890	0
Expenditure	92,594	0	92,594	92,594	0
Finance and Insurance	373,735	0	373,735	361,735	12,000
Income	0	0	0	0	0
Salaries	161,100	0	161,100	161,100	0
Expenditure	212,635	0	212,635	200,635	12,000
Collection of Tolls	135,860	0	135,860	142,535	-6,675
Salaries	123,360	0	123,360	130,035	-6,675
Expenditure	12,500	0	12,500	12,500	0
ICT	323,010	0	323,010	323,010	0
Salaries	192,660	0	192,660	192,660	0
Expenditure	130,350	0	130,350	130,350	0

Table 5

Projects and Corporate items

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Projects and Corporate Items	124,918	51,000	175,918	166,653	9,265
Partnerships / HLF	28,718	0	28,718	19,453	9,265
Income	(754,629)	0	(754,629)	(754,629)	0
Salaries	180,250	0	180,250	170,985	9,265
Expenditure	603,097	0	603,097	603,097	0
Corporate Items	96,200	51,000	147,200	147,200	0
Expenditure	3,200	51,000	54,200	54,200	0
Pension Payments	93,000	0	93,000	93,000	0

Table 6

Contribution from earmarked reserves

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Contributions from Earmarked Reserves	(252,108)	(36,175)	(288,283)	(250,943)	-37,340
Earmarked Reserves	(252,108)	(36,175)	(288,283)	(250,943)	-37,340
Expenditure	(252,108)	(36,175)	(288,283)	(250,943)	-37,340

Table 7

Net (Surplus) / Deficit

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Grand Total	44,381	66,094	110,475	46,925	63,550