

**Financial Performance and Direction**  
Report by Chief Financial Officer

**Summary:** This report provides a strategic overview of current key financial issues and items for decision.

**Recommendation:**

**Section 2-7**

- (i) That the income and expenditure figures and the draft year end position and timetable be noted.

**Section 8**

- (ii) That the recommended carry forward requests in 8.2 be approved and added to the 2017/18 budget as additional expenditure.

**1. Introduction**

- 1.1 This report covers two items, the Consolidated Income and Expenditure from 1 April 2017 – 31 March 2018 and the recommended carry forward requests.

**2. Overview of Actual Income and Expenditure**

Table 1 – Actual Consolidated I&E by Directorate to 31 March 2018

	<b>Profiled Latest Available Budget</b>	<b>Actual Income and Expenditure</b>	<b>Actual Variance</b>
Income	(6,486,595)	(6,571,613)	+ 85,018
Operations	3,419,425	3,332,392	+ 87,034
Strategic Services	2,223,435	2,167,156	+ 56,279
Chief Executive	1,075,358	1,067,231	+ 8,127
Projects, Corporate Items and Contributions from Earmarked Reserves	(134,200)	(65,473)	- 68,727
<b>Net (Surplus) / Deficit</b>	<b>97,423</b>	<b>(70,308)</b>	<b>+ 167,731</b>

- 2.1 Core navigation income is above the profiled budget at the end of month twelve. The overall position as at 31 March 2018 is a favourable variance of £167,731 or 172.17% difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £77,441 within toll income:

- Hire Craft Tolls £42,732 above budget.
- Private Craft Tolls £30,213 above budget.
- Short Visit Tolls £4,016 above budget.
- Other Toll Income £480 above budget.
- A favourable variance within Operations budgets relating to:
  - Construction and Maintenance Salaries is under budget by £46,634 due to a number of vacancies this year.
  - Water Management is under budget by £12,913 due to additional income being received for works at Whitlingham Country Park in March.
  - Land Management is under budget by £26,481 due to additional income being received from management agreements and the Rural Payments Agency.
  - Practical Maintenance is over budget by £25,314 due to the purchase of Acle Bridge.
  - Safety is over budget by £17,933 due to the accelerated purchase of a written off pool vehicle. This was funded from the Plant, Vessels and Equipment earmarked reserves.
  - Premises is under budget by £40,414 due to delays on the Dockyard wet shed repairs. A carry forward request has been made for some of this underspend (see table 5 for further details).
- A favourable variance within Strategic Services budgets relating to:
  - Strategy and Projects is under budget by £42,371 due to additional income being received for Self-build, Custom build and Brownfield registers from DCLG in March. All of this additional income has been transferred to the Planning Delivery Grant Reserve to help fund future Planning Policy.
  - Human Resources is under budget by £18,232 due to an underspend within staff training and a small amount of additional income. A carry forward request has been made for the additional income (see table 5 for further details).
  - Visitor Centres and Yacht Stations is under budget by £18,790 due to salary savings and additional income being received.
  - ICT is over budget by £47,520 due to the creation of the Computer Software Reserve. This is to reduce the pressure on future years budgets when expensive software requires replacement. Annual contribution for future years will need to be considered at the next budget setting.
  - Strategic Services Management and Administration is under budget by £14,695 due to a previous vacancy.
- A favourable variance within Chief Executive budgets relating to:
  - Asset Management is under budget by £27,949 due to additional income and savings on the property contract.
- An adverse variance within Project, Corporate Items and contributions from earmarked budgets relating to:
  - Apprenticeship Levy is under budget by £15,092 due to the employer allowance of £15,000.
  - The Planning Delivery Grant Reserve variance is due to the additional income received from DCLG and the cost of the Local Plan inspection being transferred to 2018/19.

- The Premises Reserve variance is due to the delays on the Dockyard wet shed repairs.
- 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 being monitored against the latest available budget (LAB) in 2017/18. 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. Details of the movements from the original budget are set out in Appendix 2.

Table 2 – Adjustments to Consolidated LAB

	<b>Ref</b>	<b>£</b>
Original budget 2017/18 – deficit	Item 12 27/01/17 (BA)	41,178
Peer review budget	Item 17 24/03/17 (BA)	25,000
Approved budget carry-forwards	Item 11 19/05/17 (BA)	31,245
<b>LAB at 31 March 2018 – deficit</b>		<b>97,423</b>

### 4. Overview of Forecast Outturn 2017/18

- 4.1 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. A summary of these adjustments are given in the table below.

Table 3 – Adjustments to Forecast Outturn

<b>Item</b>	<b>£</b>
<b>Forecast outturn deficit per LAB</b>	<b>97,423</b>
Previously reported adjustments 16/03/18	(158,802)
<b>Forecast outturn surplus as at 31 March 2018</b>	<b>(61,379)</b>

- 4.2 This represents a favourable variance of £8,929 between the forecast outturn and the actual. This is a result of additional income being received at the end of the financial year.

### 5. Reserves

- 5.1 The table below takes account of the year end adjustments of interest and the creation of the Computer Software Reserve. This reserve has been set up to help fund the replacement of Microsoft Office in 2018/19 and other programmes as they become due.

Table 4 – Consolidated Earmarked Reserves

	<b>Balance at 1 April 2017</b>	<b>In-year movements</b>	<b>Current reserve balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Property	(429,005)	(50,189)	(479,194)
Plant, Vessels and Equipment	(214,671)	12,517	(202,154)
Premises	(178,942)	30,518	(148,424)
Planning Delivery Grant	(194,908)	(32,269)	(227,177)
Upper Thurne Enhancement	(77,752)	(22,423)	(100,175)
Section 106	(109,020)	6,771	(102,249)
Heritage Lottery Fund	(92,936)	(20,583)	(113,519)
Catchment Partnership	(94,833)	(4,648)	(99,481)
CANAPE	0	(72,259)	(72,259)
Computer Software	0	(40,307)	(40,307)
<b>Total</b>	<b>(1,392,066)</b>	<b>(192,872)</b>	<b>(1,584,939)</b>

5.2. £641,986 of the current reserve balance relates to navigation reserves.

## **6 Summary**

6.1 The figures above will be the basis of the draft Statement of Accounts and include the year end adjustments. This includes an additional adjustment to create a provision of £15,880 to cover the cost of six years' worth of tax and NI due to HMRC on expenses that is likely to become payable in 2018/19. The calculation does not include any fines. The surplus on the national park side is £19,815 and £50,493 on navigation, resulting in a consolidated surplus of £70,308. After the year end adjustment for interest to the earmarked reserves the general fund reserve is £1,058,321 and the navigation reserve is £367,662. This means that the navigation reserve sits above the recommended 10% at 11.5% of net expenditure at the end of 2017/18.

## **7 Statement of Accounts**

7.1 The timetable for the preparation of the Authority's Statement of Accounts is dictated by the requirements of The Accounts and Audit (England) Regulations 2015. This years timetable is as follows:

- Chief Financial Officer to sign off the completed accounts by the 25 May 2018

- External Audit (Ernst and Young) to undertake the onsite audit work by 8 June 2018
- Financial Scrutiny and Audit Committee to scrutinise the accounts on 24 July 2018, and to recommend them for approval to the Full Authority, subject to any suggested amendments
- Broads Authority to consider and formally adopt the audited accounts at its meeting on 27 July 2018.

## 8 Carry Forward Requests

8.1 Budget holders who have not fully spent their individual budget allocations can request any underspends are carried forward and added to their 2018/19 budget allocation. These requests are then reviewed by Management Team prior to requesting member approval. Requests to Management Team must relate to either:

- projects already underway but which have been delayed by external events;
- or ring-fenced income which has been provided by third parties and is earmarked for specific purposes.

8.2 Details of all the 2017/18 carry forward requests are set out in the table below.

Table 5 – Carry Forward Requests

Budget Line	National Park	Navigation	Total	Reason for carry-forward request
	£	£	£	
Premises	7,260	16,940	24,200	Delays due to snow, high water and UK PowerNetworks moving the power supply has meant the Dockyard Billet was not completed by the end of the year.
Premises Reserve	-7,260	-16,940	-24,200	Year end reserve balance was higher than indicated in the budget due to delay.
Human Resources	919	639	1,558	Ring-fenced income for Apprenticeship training received in February which can only be spent on apprentice training.
<b>Total</b>	<b>919</b>	<b>639</b>	<b>1,558</b>	

8.3 If members agree the carry forwards the 2018/19 Latest Available Budget (LAB) will be as follows:

Table 6 – 2018/19 LAB

	<b>National Park</b>	<b>Navigation</b>	<b>Consolidated</b>
	£	£	£
Income	(3,363,848)	(3,338,300)	(6,702,148)
Operations	1,161,554	2,364,086	3,525,640
Strategic Services	1,623,147	586,031	2,209,178
Chief Executive	649,315	427,128	1,076,443
Corporate Items and contributions from Earmarked Reserves	383	(35,508)	(35,125)
<b>Net (Surplus) / Deficit</b>	<b>70,551</b>	<b>3,437</b>	<b>73,988</b>
Opening Reserves	(1,058,321)	(367,662)	(1,425,983)
(Surplus) / Deficit	70,551	3,437	73,988
Interest transferred to earmarked reserves	3,750	3,750	7,500
<b>Closing Reserves</b>	<b>(984,020)</b>	<b>(360,475)</b>	<b>(1,344,495)</b>
<b>Reserves as a % of net expenditure</b>	<b>28.7%</b>	<b>10.8%</b>	<b>19.8%</b>

Background papers: None

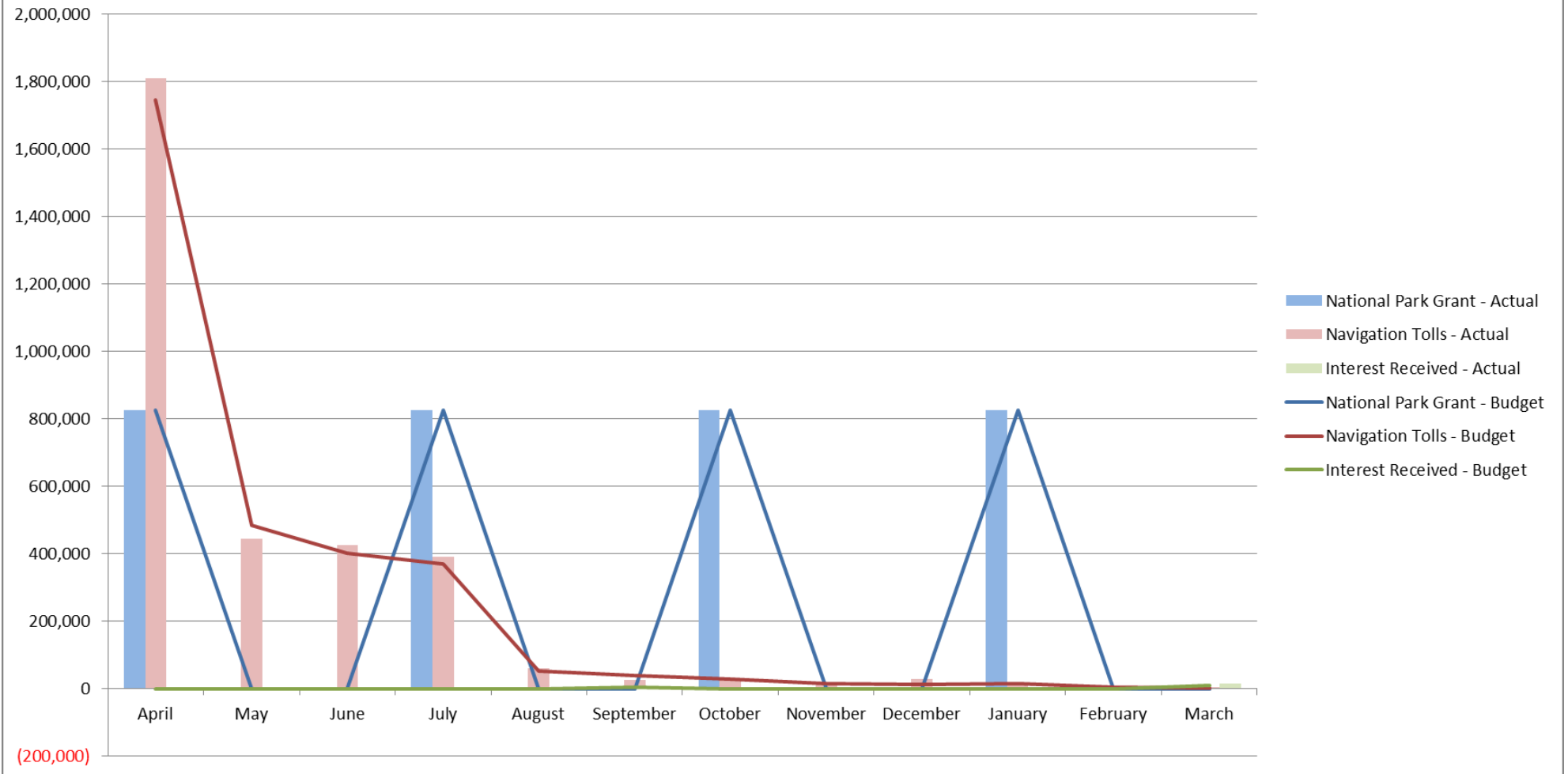
Author: Emma Krelle

Date of report: 8 May 2018

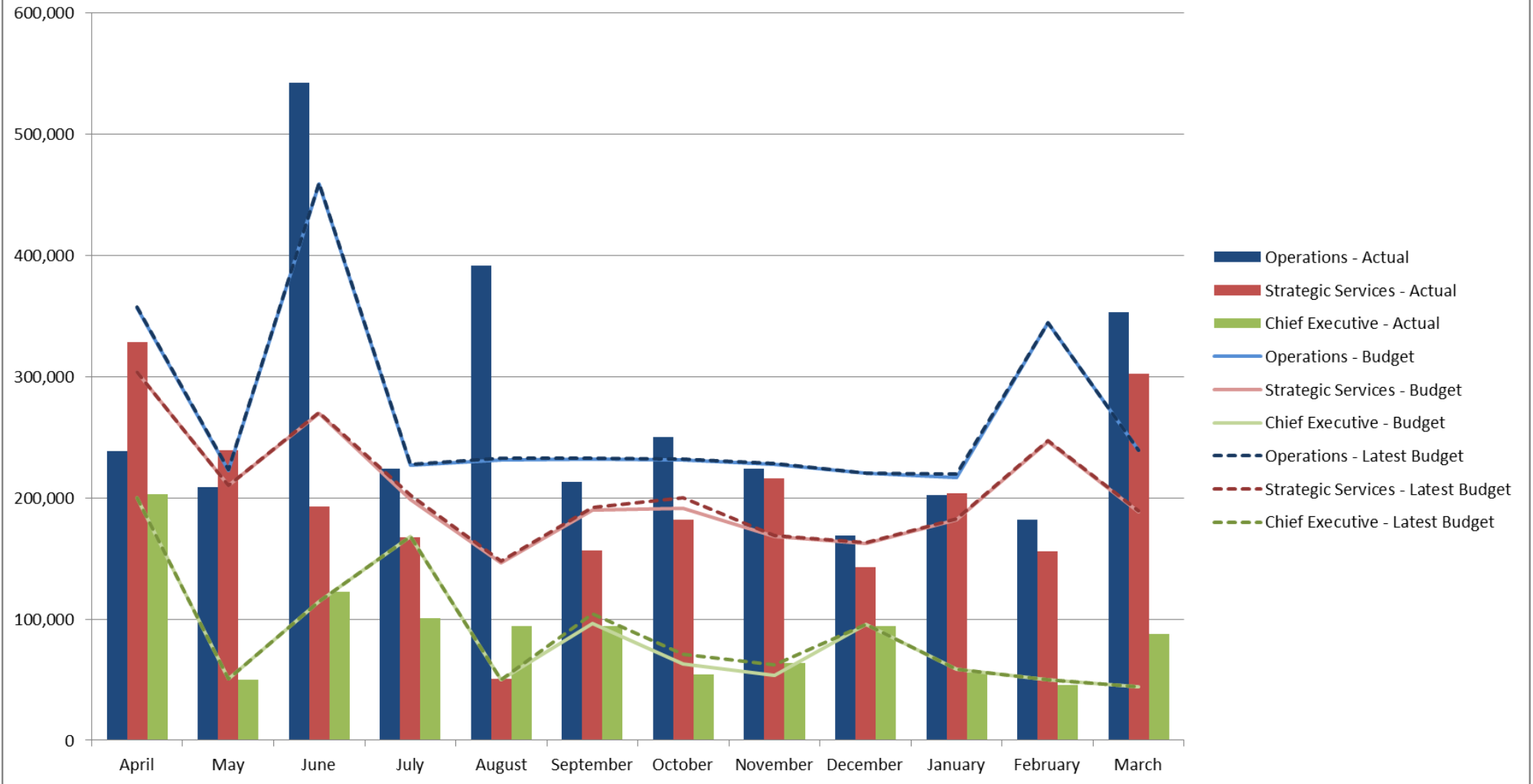
Broads Plan Objectives: None

Appendices: APPENDIX 1 – Consolidated Actual Income and Expenditure Charts to 31 March 2018  
APPENDIX 2 – Financial Monitor: Consolidated Income and Expenditure 2017/18

### Consolidated Actual Core Income against Original Budget



### Consolidated Net Actual Expenditure against Original and Latest Budget





To 31 March 2018

Budget Holder (All)

Row Labels	Values				
	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,486,595)		(6,486,595)	(6,564,827)	78,232
National Park Grant	(3,299,595)		(3,299,595)	(3,299,595)	0
Income	(3,299,595)		(3,299,595)	(3,299,595)	0
Hire Craft Tolls	(1,073,400)		(1,073,400)	(1,116,132)	42,732
Income	(1,073,400)		(1,073,400)	(1,116,132)	42,732
Private Craft Tolls	(2,040,000)		(2,040,000)	(2,070,500)	30,500
Income	(2,040,000)		(2,040,000)	(2,070,500)	30,500
Short Visit Tolls	(39,800)		(39,800)	(39,800)	0
Income	(39,800)		(39,800)	(39,800)	0
Other Toll Income	(18,800)		(18,800)	(18,800)	0
Income	(18,800)		(18,800)	(18,800)	0
Interest	(15,000)		(15,000)	(20,000)	5,000
Income	(15,000)		(15,000)	(20,000)	5,000
Operations	3,410,265	9,160	3,419,425	3,403,425	16,000
Construction and Maintenance Salaries	1,168,140		1,168,140	1,117,140	51,000
Income	(4,420)		(4,420)	(4,420)	0
Salaries	1,172,560		1,172,560	1,121,560	51,000
Expenditure			0		0
Equipment, Vehicles & Vessels	497,500	4,000	501,500	501,500	0
Income			0		0
Expenditure	497,500	4,000	501,500	501,500	0
Water Management	147,500		147,500	147,500	0
Income			0		0
Expenditure	147,500		147,500	147,500	0
Land Management	(36,000)		(36,000)	(36,000)	0
Income	(90,000)		(90,000)	(90,000)	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Expenditure	54,000		54,000	54,000	0
Practical Maintenance	433,200	2,565	435,765	465,765	-30,000
Income	(10,500)		(10,500)	(10,500)	0
Expenditure	443,700	2,565	446,265	476,265	-30,000
Ranger Services	698,790	7,300	706,090	706,090	0
Income	(127,130)		(127,130)	(127,130)	0
Salaries	623,420	7,300	630,720	630,720	0
Expenditure	202,500		202,500	202,500	0
Pension Payments			0		0
Safety	119,590		119,590	126,590	-7,000
Income	(9,000)		(9,000)	(2,000)	-7,000
Salaries	64,090		64,090	64,090	0
Expenditure	64,500		64,500	64,500	0
Volunteers	68,800		68,800	66,800	2,000
Income	(1,000)		(1,000)	(1,000)	0
Salaries	49,800		49,800	49,800	0
Expenditure	20,000		20,000	18,000	2,000
Premises	198,170	(8,650)	189,520	189,520	0
Income	(20,000)		(20,000)	(20,000)	0
Expenditure	218,170	(8,650)	209,520	209,520	0
Operations Management and Administration	114,575	3,945	118,520	118,520	0
Income	(3,465)		(3,465)	(3,465)	0
Salaries	105,540	3,945	109,485	109,485	0
Expenditure	12,500		12,500	12,500	0
Strategic Services	2,206,055	17,380	2,223,435	2,203,955	19,480
Development Management	255,270	2,850	258,120	258,120	0
Income	(80,000)		(80,000)	(80,000)	0
Salaries	308,770		308,770	308,770	0
Expenditure	26,500	2,850	29,350	29,350	0
Pension Payments			0		0
Strategy and Projects Salaries	427,155		427,155	437,745	-10,590

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(3,500)		(3,500)	(14,090)	10,590
Salaries	307,155		307,155	317,745	-10,590
Expenditure	123,500		123,500	134,090	-10,590
Strategy and Projects			0		0
Expenditure			0		0
Biodiversity Strategy	10,000	400	10,400	10,400	0
Income			0		0
Expenditure	10,000	400	10,400	10,400	0
Human Resources	130,590	1,000	131,590	131,590	0
Income			0		0
Salaries	71,090		71,090	71,090	0
Expenditure	59,500	1,000	60,500	60,500	0
Waterways and Recreation Strategy	85,920		85,920	85,920	0
Salaries	76,420		76,420	76,420	0
Expenditure	9,500		9,500	9,500	0
Project Funding	105,500		105,500	105,500	0
Income			0		0
Expenditure	105,500		105,500	105,500	0
Pension Payments			0		0
Communications	328,330	13,130	341,460	341,460	0
Income	(4,120)		(4,120)	(4,120)	0
Salaries	257,950		257,950	257,950	0
Expenditure	74,500	13,130	87,630	87,630	0
Pension Payments			0		0
Visitor Centres and Yacht Stations	214,070		214,070	196,070	18,000
Income	(237,500)		(237,500)	(245,000)	7,500
Salaries	319,570		319,570	309,070	10,500
Expenditure	132,000		132,000	132,000	0
Collection of Tolls	128,550		128,550	131,930	-3,380
Salaries	115,850		115,850	119,230	-3,380
Expenditure	12,700		12,700	12,700	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
ICT	304,860		304,860	301,810	3,050
Salaries	181,360		181,360	181,360	0
Expenditure	123,500		123,500	120,450	3,050
Strategic Services Management and Administration	215,810		215,810	203,410	12,400
Income	(1,525)		(1,525)	(1,525)	0
Salaries	142,470		142,470	130,070	12,400
Expenditure	74,865		74,865	74,865	0
Chief Executive	1,045,653	29,705	1,075,358	1,055,858	19,500
Legal	106,980		106,980	106,980	0
Income			0		0
Salaries	46,980		46,980	46,980	0
Expenditure	60,000		60,000	60,000	0
Governance	124,440	25,000	149,440	149,440	0
Salaries	72,540		72,540	72,540	0
Expenditure	51,900	25,000	76,900	76,900	0
Chief Executive	110,970		110,970	110,970	0
Salaries	110,970		110,970	110,970	0
Expenditure			0		0
Asset Management	119,890	4,705	124,595	105,095	19,500
Income	(22,220)		(22,220)	(24,220)	2,000
Salaries	52,360	(3,945)	48,415	48,415	0
Expenditure	89,750	8,650	98,400	80,900	17,500
Finance and Insurance	341,680		341,680	341,680	0
Income	(6,490)		(6,490)	(6,490)	0
Salaries	148,170		148,170	148,170	0
Expenditure	200,000		200,000	200,000	0
Premises - Head Office	241,693		241,693	241,693	0
Income			0		0
Expenditure	241,693		241,693	241,693	0
Projects and Corporate Items	126,800		126,800	159,490	-32,690
Partnerships / HLF	50,000		50,000	97,690	-47,690

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(45,736)		(45,736)	(56,096)	10,360
Salaries	23,945		23,945	34,305	-10,360
Expenditure	71,791		71,791	119,481	-47,690
Corporate Items	76,800		76,800	61,800	15,000
Expenditure	16,800		16,800	1,800	15,000
Pension Payments	60,000		60,000	60,000	0
Contributions from Earmarked Reserves	(261,000)	0	(261,000)	(319,280)	58,280
Earmarked Reserves	(261,000)	0	(261,000)	(319,280)	58,280
Expenditure	(261,000)	0	(261,000)	(319,280)	58,280
<b>Grand Total</b>	<b>41,178</b>	<b>56,245</b>	<b>97,423</b>	<b>(61,379)</b>	<b>158,802</b>