

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:	<ul style="list-style-type: none"> (i) That the income and expenditure figures be noted. (ii) That the creation of the CANAPE reserve in 5.2 and additional expenditure in 5.3 be noted.

1 Introduction

- 1.1 This report covers the Consolidated Income and Expenditure from 1 April – 30 November 2017 and reflects the change of Directorate name from Planning and Resources to Strategic Services.

2 Overview of Actual Income and Expenditure

Table 1 – Actual Consolidated I&E by Directorate to 30 November 2017

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(5,614,866)	(5,680,783)	+ 65,916
Operations	2,341,973	2,384,278	- 42,305
Strategic Services	1,497,620	1,399,592	+ 98,027
Chief Executive	828,569	783,538	+ 45,030
Projects, Corporate Items and Contributions from Earmarked Reserves	(56,496)	(49,839)	- 6,657
Net (Surplus) / Deficit	(1,003,201)	(1,163,213)	+ 160,012

- 2.1 Core navigation income is above the profiled budget at the end of month eight. The overall position as at 30 November 2017 is a favourable variance of £160,012 or 15.95% difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £65,935 within toll income:
 - Hire Craft Tolls £42,461 above the profiled budget.
 - Private Craft Tolls £28,230 above the profiled budget.

- An adverse variance within Operations budgets relating to:
 - Construction and Maintenance Salaries is under the profiled budget by £34,078 due to a number of vacancies throughout the year.
 - Equipment, Vehicle and Vessels is above the profiled budget by £23,468 due to repair expenditure being ahead of profile.
 - Water Management is under the profiled budget by £39,510 due to two contracts being delayed, both are scheduled for delivery by 31 March 2018.
 - Practical Maintenance is above the profiled budget by £170,340 due to the timing differences on the profile originally set. This is due to Acle Bridge being purchased.
 - Ranger Services is under profiled budget by £31,436 due to additional income and small underspends within salaries and expenditure.
 - Premises is under profiled budget by £46,762 due to timing differences around the Dockyard Wet Shed repairs and the lease costs for Buttles Barn being invoiced quarterly instead of annually.
- A favourable variance within Strategic Services budgets relating to:
 - Strategy and Projects is above profiled budget by £19,418 due timing differences on a number of smaller budgets.
 - Human Resources is under profiled budget by £12,037 due vacancies and timing differences on staff training.
 - Project Funding is under profiled budget by £33,719 due to timing differences.
 - Communications is under profiled budget by £36,103 due to vacancies at the beginning of the financial year and timing differences on the expenditure of the Tesco money at Whitlingham.
 - Visitor Centres and Yacht Stations is under profiled budget by £10,411 due to salary savings.
 - Strategic Services Management and Administration is under profiled budget by £11,470 due to a previous vacancy.
- A favourable variance within Chief Executive budgets relating to:
 - Governance is under profiled budget by £13,925 due to timing differences around the Peer Review.
 - Asset Management is under profiled budget by £25,932 due to timing differences.

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 was 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

	Ref	£
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
LAB at 30 November 2017 – deficit		97,423

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

Item	£
Forecast outturn deficit per LAB	97,423
Adjustments reported 24/11/17	(57,631)
Decrease in Strategic Services Management and Admin following vacancy	(12,400)
Forecast outturn deficit as at 30 November 2017	27,392

- 4.2 The main reason for the difference between the forecast outturn and the LAB is the change in predictions for hire and private craft toll income. There is also additional savings within other budgets.

5 Reserves

Table 4 – Consolidated Earmarked Reserves

	Balance at 1 April 2017	In-year movements	Current reserve balance
	£	£	£
Property	(429,005)	(77,000)	(506,005)
Plant, Vessels and Equipment	(214,671)	(21,320)	(235,991)
Premises	(178,942)	(18,104)	(197,046)
Planning Delivery Grant	(194,908)	11,075	(183,833)
Upper Thurne Enhancement	(77,752)	(21,057)	(98,808)
Section 106	(109,020)	7,550	(101,470)
Heritage Lottery Fund	(92,936)	(621)	(93,557)
Catchment	(94,833)	4,178	(90,655)

Partnership			
Total	(1,392,066)	(115,298)	(1,507,364)

- 5.1 £652,007 of the current reserve balance relates to navigation reserves.
- 5.2 The Authority is now required to set up an additional reserve to cash flow the CANAPE project. This will smooth out the timing differences between expenditure and reimbursement from the EU. This was previously outlined by the Director of Operations in January 2017. In order to do this it will require a temporary loan over the life of the project from the other earmarked reserves and will be repaid once the final claim has been received. As has been previously agreed the CANAPE project will be funded 50% National Park and 50% Navigation. It is estimated that £91,000 will be required with contributions being funded from Property, Plant, Vessels and Equipment and Premises. The impact on the earmarked reserves is outlined in the budget report under agenda item number 11.
- 5.3 In order to progress the works at Hickling the Authority is looking to purchase a concrete pump for £90,000. This will allow dredged materials to be set further back. Typically this type of equipment would have been hired at a cost of £750 per week for a period of three to four months a year. Under the CANAPE project it allows depreciation to be claimed against capital equipment. If such a purchase was made now the depreciation could be maximised over the life of the project. A concrete pump would be expected to have a useful life of 7 - 10 years and would therefore save money in the long run. In order to fund the purchase a 10% deposit of £9,000 would be financed from the Plant, Vessels and Equipment reserve with the remaining deposit funded from the hire savings. The remaining balance would be funded by hire purchase over 5 years using the existing hire budget.

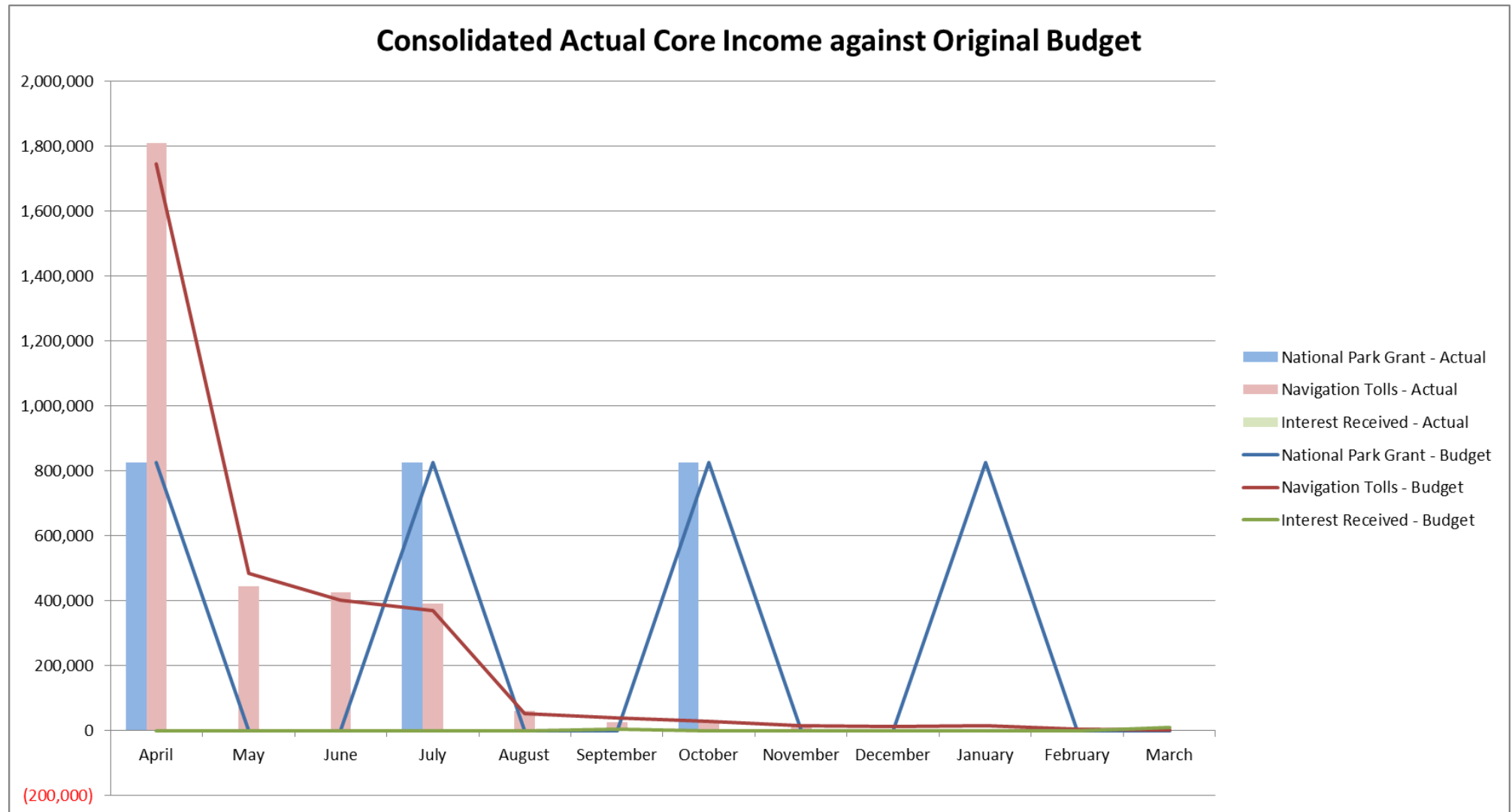
6 Summary

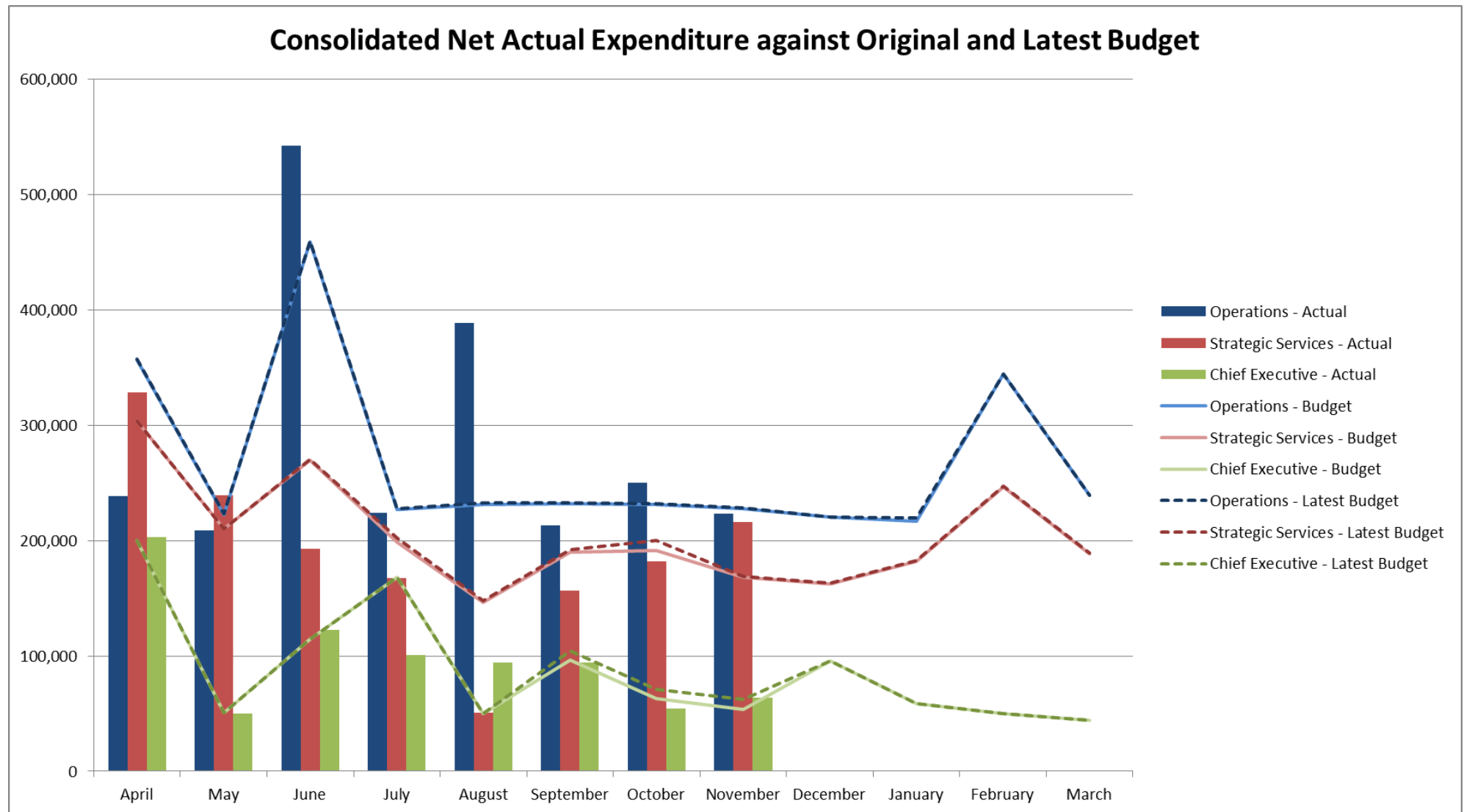
- 6.1 The current forecast outturn position for the year suggests a deficit of £54,584 for the national park side and a surplus of £27,192 on navigation resulting in an overall deficit of £27,392 within the consolidated budget, which would indicate a general fund reserve balance of approximately £987,000 and a navigation reserve balance of approximately £353,000 at the end of 2017/18 before any transfers for interest. This will mean that the navigation reserve will be slightly above the recommended level of 10% of net expenditure during 2017/18.

Background papers: None

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Broads Plan Objectives: None
Appendices: APPENDIX 1: Consolidated Actual Income and Expenditure Charts to 30 November 2017
APPENDIX 2: Financial Monitor: Consolidated Income and Expenditure 2017/18





To 30 November 2017

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)	(6,554,056)	67,461
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)	(1,115,861)	42,461
Income	(1,073,400)		(1,073,400)	(1,115,861)	42,461
Private Craft Tolls	(2,040,000)		(2,040,000)	(2,060,000)	20,000
Income	(2,040,000)		(2,040,000)	(2,060,000)	20,000
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	3,454,425	-35,000
Construction and Maintenance Salaries	1,168,140		1,168,140	1,168,140	0
Income	(4,420)		(4,420)	(4,420)	0
Salaries	1,172,560		1,172,560	1,172,560	0
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	2,211,455	11,980
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
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	203,570	10,500
Income	(237,500)		(237,500)	(237,500)	0
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
ICT	304,860		304,860	301,810	3,050

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
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	1,075,358	0
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	124,595	0
Income	(22,220)		(22,220)	(22,220)	0
Salaries	52,360	(3,945)	48,415	48,415	0
Expenditure	89,750	8,650	98,400	98,400	0
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
Expenditure	241,693		241,693	241,693	0
Projects and Corporate Items	126,800		126,800	111,800	15,000
Partnerships / HLF	50,000		50,000	50,000	0
Income	(45,736)		(45,736)	(45,736)	0
Salaries	23,945		23,945	23,945	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Expenditure	71,791		71,791	71,791	0
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)	(271,590)	10,590
Earmarked Reserves	(261,000)	0	(261,000)	(271,590)	10,590
Expenditure	(261,000)	0	(261,000)	(271,590)	10,590
Grand Total	41,178	56,245	97,423	27,392	70,031