

# Broads Authority

24 September 2021

Agenda item number 12

## Financial performance and direction

Report by Chief Financial Officer

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### Purpose

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

### Recommended decision

- i. To note the income and expenditure figures.
  - ii. To approve the waiver of Standing Orders for payroll in paragraph 6.1.
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## 1. Introduction

- 1.1. This report covers two items: the Consolidated Income and Expenditure from 1 April – 31 July 2021 and the waiver of Standing Orders for payroll services.

## 2. Overview of actual income and expenditure

**Table 1**

Actual consolidated income and expenditure by directorate to 31 July 2021

Directorate	Profiled latest available budget £	Actual income and expenditure £	Actual variance £
Income	(4,948,909)	(5,069,400)	+ 120,491

Directorate	Profiled latest available budget £	Actual income and expenditure £	Actual variance £
Operations	1,841,284	1,664,050	+ 177,234
Strategic Services	445,445	553,371	- 107,926
Chief Executive	690,305	622,851	+ 67,454
Projects, Corporate Items and Contributions from Earmarked Reserves	(109,426)	(133,025)	+ 23,599
<b>Net (Surplus) / Deficit</b>	<b>(2,081,301)</b>	<b>(2,362,153)</b>	<b>+ 280,852</b>

2.1. Core navigation income is above the profiled budget at the end of month four. The overall position as at 31 July 2021 is a favourable variance of £280,852 or a 13.49% difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £123,540 within toll income:
  - Hire Craft Tolls is £50,704 above the profiled budget.
  - Private Craft Tolls is £71,440 above the profiled budget.
- An underspend within Operations relating to:
  - Construction, Maintenance and Ecology Salaries is under the profiled budget by £14,762 due to the 2% pay rise that was budgeted not being agreed by the National Joint Council (NJC) and the Unions, as well as some vacancies within the team.
  - Equipment, Vehicle and Vessels is under the profiled budget by £64,843 due to delays in the equipment replacements and the availability on the second-hand market.
  - Land Management is over the profiled budget by £13,238 due to delays in receiving income from the Rural Payments Agency.
  - Practical Maintenance is under the profiled budget by £17,123 due to the Breydon replacement piles not being completed in-house and some timing differences on billing.
  - Ranger Services is under the profiled budget by £25,229 due the 2% pay rise that was budgeted not being agreed by the National Joint Council (NJC) and the Unions to timing differences on the launch repairs and maintenance.

- Safety is under the profiled budget by £38,208 due to delays to vehicle replacements. This is where there is a shortage of electronic chips for new vehicles.
- The project pot is under the profiled budget by £16,658 due to timing differences.
- An overspend within Strategic Services relating to:
  - Strategy and Projects in under the profiled budget due to timing differences.
  - Communications is over the profiled budget by £93,342 due to timing differences on the National Park recharges for the UK team.
  - Visitor Services is over the profiled budget by £28,601 due to reduced income as an impact of COVID-19.
- An underspend within Chief Executive relating to:
  - Legal expenditure is under the profiled budget by £12,267 due to timing differences.
  - Governance is under the profiled budget by £17,467 due a drop-in expenditure on postage and stationery due to COVID-19 and some timing differences.
  - Asset Management is over the profiled budget by £10,200 due to an income accrual (£23,000) reversing from 20/21 and the income yet to be received. This is offset by timing differences on the property consultants billing.
  - Finance and Insurance is under the profiled budget by £21,953 due vacancies and timing differences on audit and insurance billing.
  - ICT is under the profiled budget by £21,344 due to timing differences on the infrastructure projects.
- A favourable variance within reserves relating to:
  - Plant, Vessels and Equipment is under the profiled budget due to the delays in equipment replacements.
  - Premises reserve is under the profiled budget due to timing differences on the repairs to How Hill Boatshed.
  - Section 106 is over the profiled budget due to the unpredictable nature of when section 106 monies will require payment.

2.2. The charts at Appendix 1 provide a visual overview of actual income and expenditure compare 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 2021/22. 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 consolidated LAB

Item	Authorisation reference	Amount £
Original budget 2021/22 – deficit (balanced via reserves)	Broads Authority 29/01/21 Agenda item number 8	329,840
Approved budget carry-forwards	Broads Authority 30/04/21 Agenda item number 9	93,392
<b>LAB as at 31 July 2021</b>	n/a	<b>423,232</b>

### 4. Overview of forecast outturn 2021/22

- 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 £
LAB	423,232
Increase in Hire and Private Craft Income	(153,700)
Decrease to investment income to reflect rates	7,500
Increase to Visitor services expenditure for stock	13,500
Increase to Human Resources expenditure for staff cover	41,500
<b>Forecast outturn deficit as at 31 July 2021</b>	<b>332,032</b>

### 5. Reserves

- 5.1. As in 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 some reserves showing increased balances at the end of July. This will reduce as planned purchases take place throughout the year.

- 5.2. The HLF and CANAPE reserve contains the expenditure relating to the projects and are reimbursed in arrears. Both the latest claims are due to be received in September.

**Table 4**

Consolidated earmarked reserves

Reserve name	Balance at 1 April 2021 £	In-year movements £	Current reserve balance £
Property	(731,379)	(71,795)	(803,174)
Plant, Vessels and Equipment	(345,886)	(95,245)	(441,131)
Premises	(212,245)	(80,980)	(293,225)
Planning Delivery Grant	(227,643)	0	(227,643)
Upper Thurne Enhancement	(164,637)	(18,069)	(182,706)
Section 106	(33,741)	33,620	(121)
HLF	(32,258)	79,161	46,903
Catchment Partnership	(74,677)	(22,417)	(97,094)
CANAPE	(391,323)	212,019	(179,304)
Computer Software	(31,006)	(10,000)	(41,006)
UK Communications Team	(47,659)	10,650	(37,009)
Match Funding	(46,016)	0	(46,016)
<b>Total</b>	<b>(2,338,470)</b>	<b>36,945</b>	<b>(2,301,526)</b>

## 6. Waiver of Standing Orders

- 6.1. The payroll services contract has remained with Norfolk County Council since 2014 and has been renewed annually since. The request is to waive the Standing Orders for the contract to continue until the end of 2022/23 after which the contract will be retendered. The contract has continued to provide value for money and rates per payslip charged remain competitive. Whilst the annual amount payable remains below £8,000 the increase between this year and next exceeds the 10% delegated to the Chief Executive at 14.5%. Therefore members are requested to approve this waiver.
- 6.2. It is important that any change in payroll provider coincides with the start of the tax year to minimise the impact of mid-year changes with HMRC and payroll software. This will be taken into consideration when the tender is considered early in 2022/23.

## 7. Conclusion

- 7.1. The forecast outturn position for the year suggests a deficit within the National Park and Navigation budget, which would be balanced through the use of reserves. This would result in a National Park Reserve balance of approximately £725,102 and a Navigation Reserve balance of approximately £626,000 at the end of 2021/22 (before any year-end adjustments). This would mean that both reserves would be above the recommended levels, with National Park at 20.3% and Navigation at 16%. Year-end transfers of interest to the earmarked reserves mean it will remain the same due to the very low rates of interest. This will be highly dependent on the level of interest received.
- 7.2. It is important to remember the Navigation reserve is showing a higher balance due to the transfer between National Park and Navigation to fund the cost of the safety package in 2021/22 and 2022/23. If the 2022/23 cost is deducted from the closing balance for 2021/22 then the reserve level would be 12.5%, just above the 10% minimum.

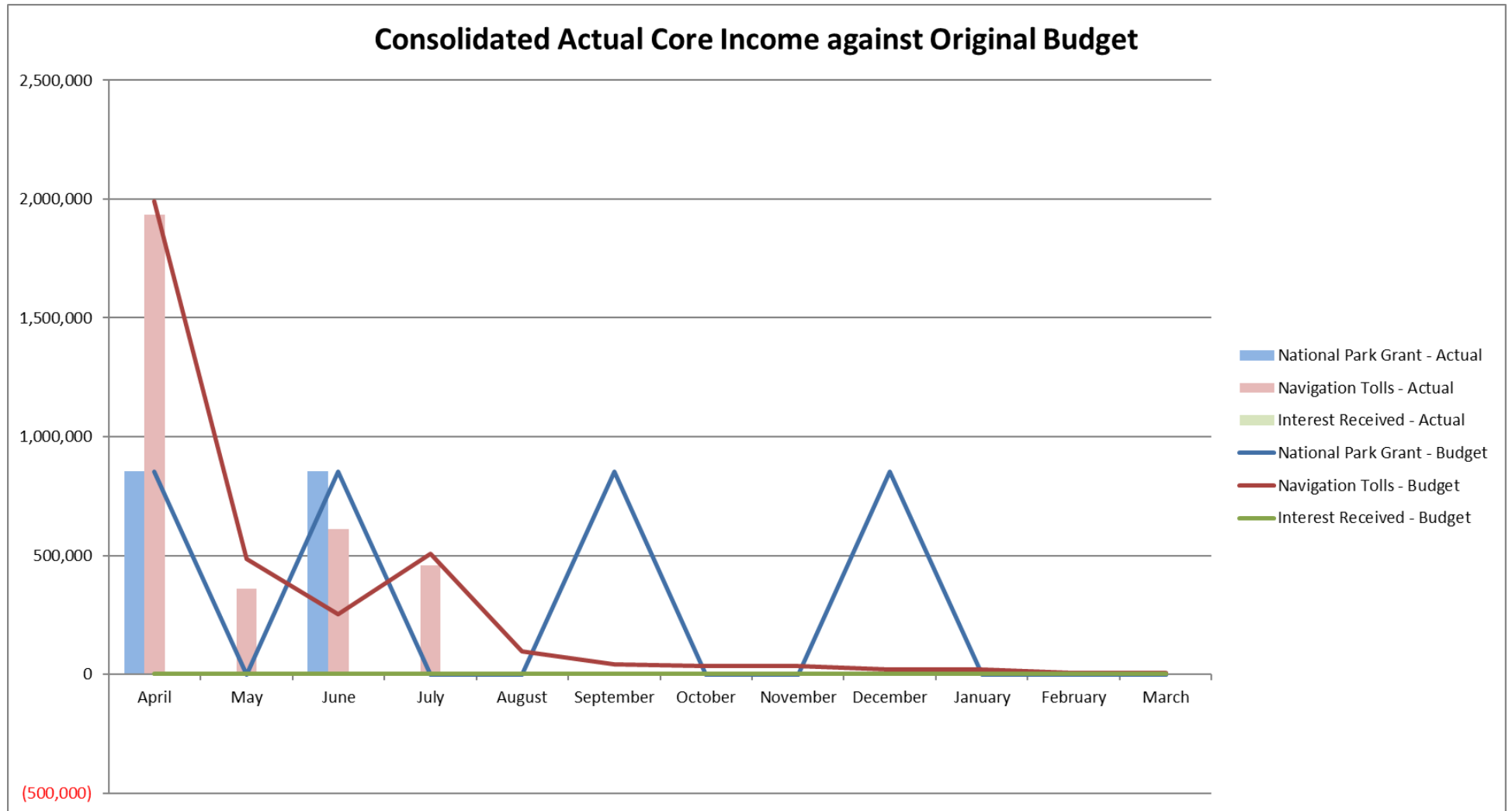
Author: Emma Krelle

Date of report: 11 September 2021

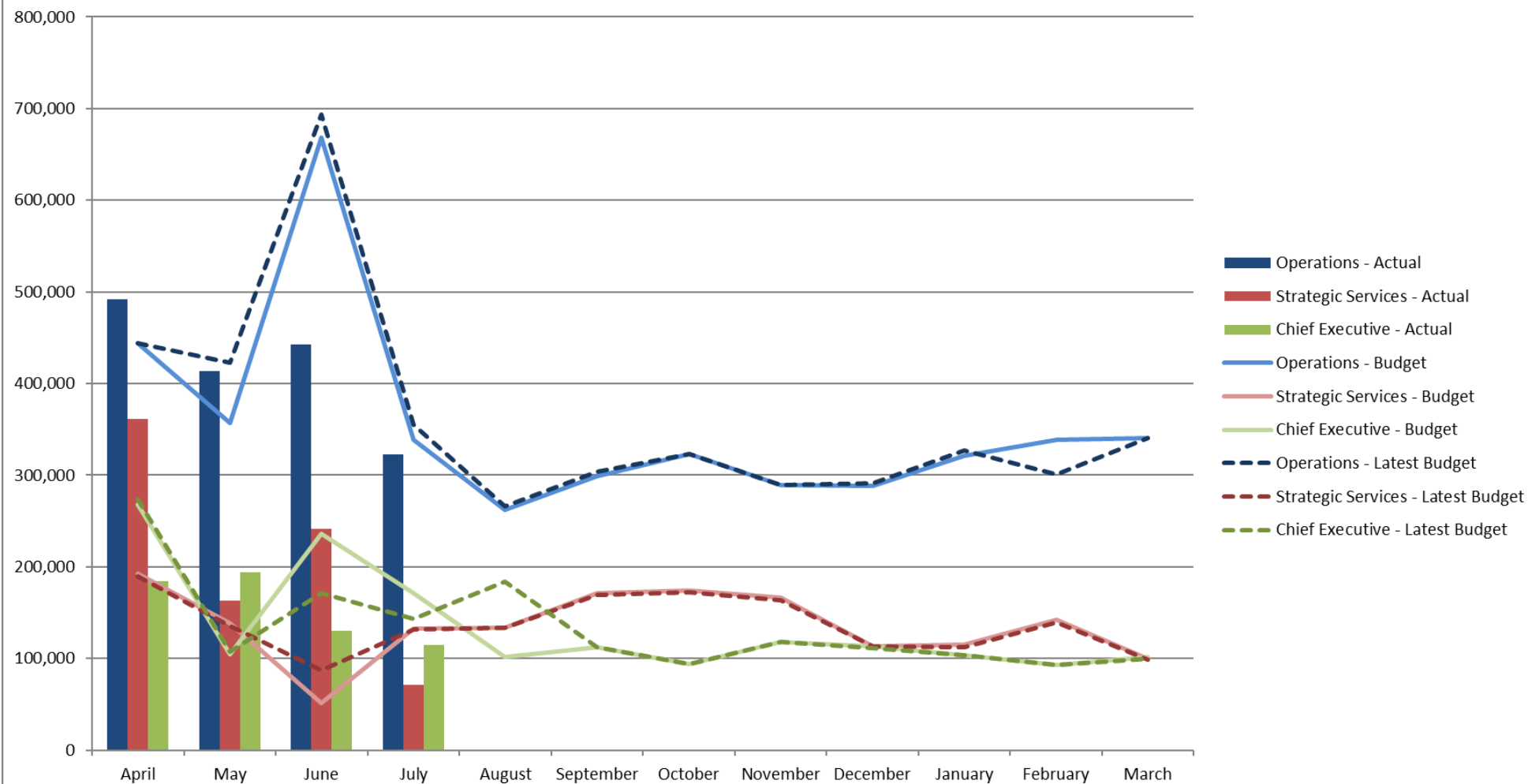
Appendix 1 – Consolidated actual income and expenditure charts to 31 July 2021

Appendix 2 – Financial monitor: Consolidated income and expenditure 2021/22

## Appendix 1 – Consolidated actual income and expenditure charts to 31 July 2021



# Consolidated Net Actual Expenditure against Original and Latest Budget





## Appendix 2 – Financial monitor: Consolidated income and expenditure 2021/22

**Table 1**

Income

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
<b>Total Income</b>	<b>(6,924,478)</b>	<b>0</b>	<b>(6,924,478)</b>	<b>(7,070,678)</b>	<b>146,200</b>
National Park Grant	(3,414,078)	0	(3,414,078)	(3,414,078)	0
Hire Craft Tolls	(1,131,000)	0	(1,131,000)	(1,187,700)	56,700
Private Craft Tolls	(2,303,000)	0	(2,303,000)	(2,400,000)	97,000
Short Visit Tolls	(45,000)	0	(45,000)	(45,000)	0
Other Toll Income	(17,900)	0	(17,900)	(17,900)	0
Interest	(13,500)	0	(13,500)	(6,000)	-7,500

**Table 2**  
Operations

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
<b>Total Operations</b>	<b>4,399,095</b>	<b>85,385</b>	<b>4,484,480</b>	<b>4,356,980</b>	<b>127,500</b>
<b>Construction and Maintenance Salaries</b>	<b>1,331,370</b>	<b>0</b>	<b>1,331,370</b>	<b>1,331,370</b>	<b>0</b>
Salaries	1,331,370	0	1,331,370	1,331,370	0
Expenditure	0	0	0	0	0
<b>Equipment, Vehicles &amp; Vessels</b>	<b>528,400</b>	<b>0</b>	<b>528,400</b>	<b>528,400</b>	<b>0</b>
Income	(8,700)	0	(8,700)	(8,700)	0
Expenditure	537,100	0	537,100	537,100	0
<b>Water Management</b>	<b>98,635</b>	<b>0</b>	<b>98,635</b>	<b>98,635</b>	<b>0</b>
Expenditure	98,635	0	98,635	98,635	0
<b>Land Management</b>	<b>(29,856)</b>	<b>7,885</b>	<b>(21,971)</b>	<b>(21,971)</b>	<b>0</b>
Income	(87,606)	0	(87,606)	(87,606)	0
Expenditure	57,750	7,885	65,635	65,635	0
<b>Practical Maintenance</b>	<b>480,386</b>	<b>77,500</b>	<b>557,886</b>	<b>557,886</b>	<b>0</b>
Income	(11,000)	0	(11,000)	(11,000)	0
Expenditure	491,386	77,500	568,886	568,886	0
<b>Waterways and Recreation Strategy</b>	<b>47,580</b>	<b>0</b>	<b>47,580</b>	<b>47,580</b>	<b>0</b>

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Income	0	0	0	0	0
Salaries	38,580	0	38,580	38,580	0
Expenditure	9,000	0	9,000	9,000	0
<b>Ranger Services</b>	<b>1,113,430</b>	<b>0</b>	<b>1,113,430</b>	<b>1,013,430</b>	<b>100,000</b>
Income	(7,000)	0	(7,000)	(7,000)	0
Salaries	840,040	0	840,040	840,040	0
Expenditure	280,140	0	280,140	180,140	100,000
Pension Payments	250	0	250	250	0
<b>Safety</b>	<b>147,520</b>	<b>0</b>	<b>147,520</b>	<b>120,020</b>	<b>27,500</b>
Income	(1,000)	0	(1,000)	(1,000)	0
Salaries	62,070	0	62,070	62,070	0
Expenditure	86,450	0	86,450	58,950	27,500
<b>Premises</b>	<b>223,160</b>	<b>0</b>	<b>223,160</b>	<b>223,160</b>	<b>0</b>
Income	(3,500)	0	(3,500)	(3,500)	0
Expenditure	226,660	0	226,660	226,660	0
<b>Premises - Head Office</b>	<b>258,880</b>	<b>0</b>	<b>258,880</b>	<b>258,880</b>	<b>258,880</b>
Expenditure	258,880	0	258,880	258,880	258,880
<b>Project Funding</b>	<b>62,100</b>	<b>0</b>	<b>62,100</b>	<b>62,100</b>	<b>62,100</b>

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Expenditure	50,000	0	50,000	50,000	50,000
Pension Payments	12,100	0	12,100	12,100	12,100
<b>Operations Management and Administration</b>	<b>137,490</b>	<b>0</b>	<b>137,490</b>	<b>137,490</b>	<b>137,490</b>
Salaries	128,990	0	128,990	128,990	128,990
Expenditure	8,500	0	8,500	8,500	8,500

**Table 3**

## Strategic Services

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Strategic Services</b>	<b>1,507,714</b>	<b>15,007</b>	<b>1,522,721</b>	<b>1,577,721</b>	<b>-55,000</b>
<b>Development Management</b>	<b>382,900</b>	<b>0</b>	<b>382,900</b>	<b>382,900</b>	<b>0</b>
Income	(90,000)	0	(90,000)	(90,000)	0
Salaries	415,750	0	415,750	415,750	0
Expenditure	52,600	0	52,600	52,600	0
Pension Payments	4,550	0	4,550	4,550	0
<b>Strategy and Projects Salaries</b>	<b>218,295</b>	<b>0</b>	<b>218,295</b>	<b>218,295</b>	<b>0</b>
Income	0	0	0	0	0
Salaries	151,120	0	151,120	151,120	0
Expenditure	67,175	0	67,175	67,175	0
<b>Biodiversity Strategy</b>	<b>11,270</b>	<b>0</b>	<b>11,270</b>	<b>11,270</b>	<b>0</b>
Expenditure	(11,653)	0	(11,653)	(11,653)	0
<b>Human Resources</b>	<b>22,923</b>	<b>0</b>	<b>22,923</b>	<b>22,923</b>	<b>0</b>
Income	0	0	0	0	0
Salaries	80,940	0	80,940	122,440	-41,500
Expenditure	58,774	8,150	66,924	66,924	0

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Volunteers</b>	<b>74,190</b>	<b>0</b>	<b>74,190</b>	<b>74,190</b>	<b>0</b>
Salaries	51,070	0	51,070	51,070	0
Expenditure	23,120	0	23,120	23,120	0
<b>Communications</b>	<b>328,105</b>	<b>6,857</b>	<b>334,962</b>	<b>334,962</b>	<b>0</b>
Income	(115,022)	0	(115,022)	(115,022)	0
Salaries	347,750	0	347,750	347,750	0
Expenditure	95,377	6,857	102,234	102,234	0
<b>Visitor Centres and Yacht Stations</b>	<b>240,030</b>	<b>0</b>	<b>240,030</b>	<b>253,530</b>	<b>-13,500</b>
Income	(206,100)	0	(206,100)	(206,100)	0
Salaries	357,280	0	357,280	357,280	0
Expenditure	88,850	0	88,850	102,350	-13,500
<b>Strategic Services Management and Administration</b>	<b>113,210</b>	<b>0</b>	<b>113,210</b>	<b>113,210</b>	<b>0</b>
Salaries	109,860	0	109,860	109,860	0
Expenditure	3,350	0	3,350	3,350	0
<b>Strategy and Projects</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income	0	0	0	(280,661)	280,661
Expenditure	0	0	0	280,661	-280,661

**Table 4**

## Chief Executive

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Chief Executive</b>	<b>1,604,064</b>	<b>(7,000)</b>	<b>1,597,064</b>	<b>1,597,064</b>	<b>0</b>
<b>Legal</b>	<b>77,500</b>	<b>0</b>	<b>77,500</b>	<b>77,500</b>	<b>0</b>
Income	(2,500)	0	(2,500)	(2,500)	0
Expenditure	80,000	0	80,000	80,000	0
<b>Governance</b>	<b>295,050</b>	<b>0</b>	<b>295,050</b>	<b>295,050</b>	<b>0</b>
Salaries	169,760	0	169,760	169,760	0
Expenditure	125,290	0	125,290	125,290	0
<b>Chief Executive</b>	<b>123,080</b>	<b>0</b>	<b>123,080</b>	<b>123,080</b>	<b>0</b>
Salaries	120,730	0	120,730	120,730	0
Expenditure	2,350	0	2,350	2,350	0
<b>Asset Management</b>	<b>147,033</b>	<b>0</b>	<b>147,033</b>	<b>147,033</b>	<b>0</b>
Income	(23,000)	0	(23,000)	(23,000)	0
Salaries	46,710	0	46,710	46,710	0
Expenditure	123,323	0	123,323	123,323	0
<b>Finance and Insurance</b>	<b>410,111</b>	<b>(7,000)</b>	<b>403,111</b>	<b>403,111</b>	<b>0</b>
Salaries	170,460	0	170,460	170,460	0

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	239,651	(7,000)	232,651	232,651	0
<b>Collection of Tolls</b>	<b>152,530</b>	<b>0</b>	<b>152,530</b>	<b>152,530</b>	<b>0</b>
Salaries	141,330	0	141,330	141,330	0
Expenditure	11,200	0	11,200	11,200	0
<b>ICT</b>	<b>398,760</b>	<b>0</b>	<b>398,760</b>	<b>398,760</b>	<b>0</b>
Salaries	201,460	0	201,460	201,460	0
Expenditure	197,300	0	197,300	197,300	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) £
<b>Total Projects and Corporate Items</b>	<b>141,666</b>	<b>0</b>	<b>141,666</b>	<b>141,666</b>	<b>0</b>
<b>Partnerships / HLF</b>	<b>(734)</b>	<b>0</b>	<b>(734)</b>	<b>(734)</b>	<b>0</b>
Income	(609,523)	0	(609,523)	(609,523)	0
Salaries	152,660	0	152,660	152,660	0
Expenditure	456,129	0	456,129	456,129	0
<b>Corporate Items</b>	<b>142,400</b>	<b>0</b>	<b>142,400</b>	<b>142,400</b>	<b>0</b>
Expenditure	19,400	0	19,400	19,400	0
Pension Payments	123,000	0	123,000	123,000	0

**Table 6**

Contributions from earmarked reserves

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Contributions from Earmarked Reserves</b>	<b>(398,221)</b>	<b>0</b>	<b>(398,221)</b>	<b>(270,721)</b>	<b>-127,500</b>
<b>Earmarked Reserves</b>	<b>(398,221)</b>	<b>0</b>	<b>(398,221)</b>	<b>(270,721)</b>	<b>-127,500</b>

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	(398,221)	0	(398,221)	(270,721)	-127,500

**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	329,840	93,392	423,232	332,032	91,200