

**Navigation Income and Expenditure:  
1 April to 30 November 2014 Actual and 2014/15 Forecast Outturn  
Report by Head of Finance**

**Summary:** This report provides the Committee with details of the actual navigation income and expenditure for the eight month period to 30 November 2014, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2015).

## **1 Introduction**

- 1.1 This financial monitoring report summarises details of the forecast outturn for the year, which provides members with a picture of expected activity for the full financial year as well as supporting proactive budget management by budget holders. This report provides details of navigation expenditure only.
- 1.2 Section 2 of this report and Appendix 1 provide details of actual navigation expenditure to 30 November 2014.
- 1.3 Section 4 and Appendix 2 provide details of the forecast 2014/15 outturn (the expected actual expenditure position at the end of the financial year), compared to the latest available budget (LAB). The LAB represents the original budget for the year agreed by the Authority in March 2014, adjusted for known and approved budget changes. Further details of the LAB are set out in section 3 below.

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

- 2.1 Within this report, actual income and expenditure are reported at summary / directorate level, providing members with an overview of the Authority's position as set out in Table 1 below.

Table 1 – Actual Navigation I&E by Directorate to 30 November 2014

	<b>Profiled Latest Available Budget</b>	<b>Actual Income and Expenditure</b>	<b>Actual Variance</b>
Income	(2,944,316)	(2,929,278)	(15,039)
Operations	1,181,765	1,244,850	(63,086)
Planning and Resources	588,214	498,851	89,363
Chief Executive	101,038	101,218	(180)
Projects, Corporate Items and Contributions from Earmarked Reserves	0	28,951	(28,951)
<b>Net (Surplus) / Deficit</b>	<b>(1,073,330)</b>	<b>(1,055,407)</b>	<b>(17,893)</b>

2.2 Core navigation income is slightly behind the profiled budget at the end of month eight. The overall position as at 30 November 2014 is an adverse variance of £17,893 or 1.67% difference from the profiled LAB. This represents an increase against the variance of £16,651 reported for September. The November position is principally due to:

- An overall adverse variance of £13,758 within toll income:
  - Hire Craft Tolls £45,185 below the profiled budget.
  - Private Craft Tolls £31,427 above the profiled budget.

Core income is behind the profiled budget as at the end of month eight. At the end of the financial year it is currently anticipated that the net position on Tolls will be broadly in line with the total budget (with Private Tolls up and Hire Tolls down), and this position has been reflected in forecast outturn figures.

- The Operations budget has moved to an overspend position, once contributions from reserves (£17,890 in relation to construction of a second wherry, and income of £13,533 for the sale of the Thurne launch) have been taken into account. There is in particular now an overspend of approximately £41,000 in the Equipment, Vehicles and Vessels budget due mainly to timing differences in repairs and maintenance expenditure. A replacement pool vehicle for Construction and Maintenance, budgeted for in July, has been received in September. Expenditure remains slightly over profile in Practical Maintenance, Asset Management and Operational Premises budgets.
- There is a underspend within Planning and Resources budgets though this principally relates to timing issues:
  - Other projects underspend (£11,798) which are mainly due to timing differences;

- Finance, insurance and audit underspends (£6,367) which are mainly due to timing differences;
- Yacht Station and Visitor Centre underspends (£14,718), relating to income being over the profiled budget as a result of changes in the range of products offered for sale and expenditure being behind as a result of timing differences;
- ICT budget underspend (£9,357) which are mainly due to timing differences;
- Legal budget underspend (£21,744) due to delayed and lower than budgeted invoicing;
- Planning Management and Admin underspend (£10,551) due largely to underspends on office expenses including postage and photocopyers;
- Small underspends in Waterways and Recreation Strategy, and Collection of Tolls budgets.

- 2.3 Expenditure within the individual directorate lines is partly offset by contributions from reserves (within the *Projects, Corporate Items and Contributions from Earmarked Reserves* line in Table 1).
- 2.4 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 2014/15. 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.
- 3.2 The use of the LAB format ensures that there is better visibility of budgets, providing information about approved changes to the original budget and removing distortions from approved in-year changes to the budget. The LAB facilitates scrutiny of budgets by distinguishing between planned budget changes and unplanned outturn variances.
- 3.3 Changes to the original consolidated budget for the year are set out in Table 2 below.

Table 2 – Adjustments to Navigation LAB

	Ref	£
Original navigation budget 2014/15 (surplus)	Item 12 24/04/14	(39,558)
Approved carry-forwards from 2013/14	Item 13 04/09/14	16,154
Additional budget allocated for stakeholder surveys	Item 13 04/09/14	16,970
Budget virement to transfer hire costs from vessels	Director	(1,015)

and equipment to dredging and fen management budgets.	approval 28/10/14	
<b>LAB at 30 November 2014</b>		<b>(7,449)</b>

- 3.4 The LAB therefore provides for a reduced navigation surplus of £7,449 in 2014/15 as at 30 November 2014.

#### 4 Overview of Forecast Outturn 2014/15

- 4.1 Budget holders have been asked to comment on the expected expenditure at the end of the financial year in respect of all budget lines for which they are responsible. It must be emphasised that these forecast outturn figures should be seen as estimates and it is anticipated that they will continue to be refined and clarified through the financial year.

- 4.2 As at the end of November 2014, the forecast outturn indicates:

- The total forecast income is £2,973,914, or £7,958 less than the LAB.
- Total expenditure is forecast to be £2,992,920.
- The resulting deficit for the year is forecast to be £19,006.

- 4.3 The forecast outturn expenditure reflects changes from the LAB as shown in Table 3. The forecast deficit represents an unfavourable variance of £21,599 against the LAB.

Table 3 – Adjustments to Forecast Outturn

	£
Forecast outturn surplus per LAB	(7,449)
Previously reported adjustments	21,599
Increase forecast expenditure for Mutford Lock additional manual openings	2,600
Increase income forecast for Practical Maintenance budget for PIANC conference contribution	(1,700)
Increase forecast for net salary cost adjustments in respect of latest forecasts	6,841
Increase forecast Hire Craft Toll income	(559)
Decrease forecast Private Craft Toll income	4,213
Increase forecast expenditure for NPS asset management costs	3,150
Decrease forecast expenditure to reflect actual Insurance costs	(7,050)
Decrease forecast expenditure to reflect new photocopying contract	(2,640)
<b>Forecast outturn deficit as at 30 November 2014</b>	<b>19,006</b>

4.4 The main reasons for the difference between the forecast outturn and the LAB are:

- The change in predictions for navigation toll income, which are based on the latest actual income figures. Toll income is now expected to be broadly in line with the budget for the year (with the Private toll and Hire toll variances offsetting one another); and
- The inclusion of one-off costs relating to the restructuring of HR and Communications. These changes are forecast to deliver ongoing savings of approximately £55,000 in the annual Navigation budget.

## 5 Reserves

- 5.1 The Authority's earmarked reserves were rationalised in 2013/14 into a smaller number of reserves. Navigation reserve balances continue to be maintained separately from national park reserves. The balance of navigation earmarked reserves at the end of November 2014 is shown in Table 4 below.

Table 4 – Navigation Earmarked Reserves

	<b>Balance at 1 April 2014</b>	<b>In-year movements</b>	<b>Current reserve balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Property	(492,020)	(8,567)	(500,587)
Plant, Vessels and Equipment	(139,857)	(41,305)	(181,162)
Premises	(59,994)	(9,000)	(68,994)
PRISMA	(244,954)	167,147	(77,807)
<b>Total</b>	<b>(936,824)</b>	<b>108,275</b>	<b>(828,549)</b>

## 6 Summary

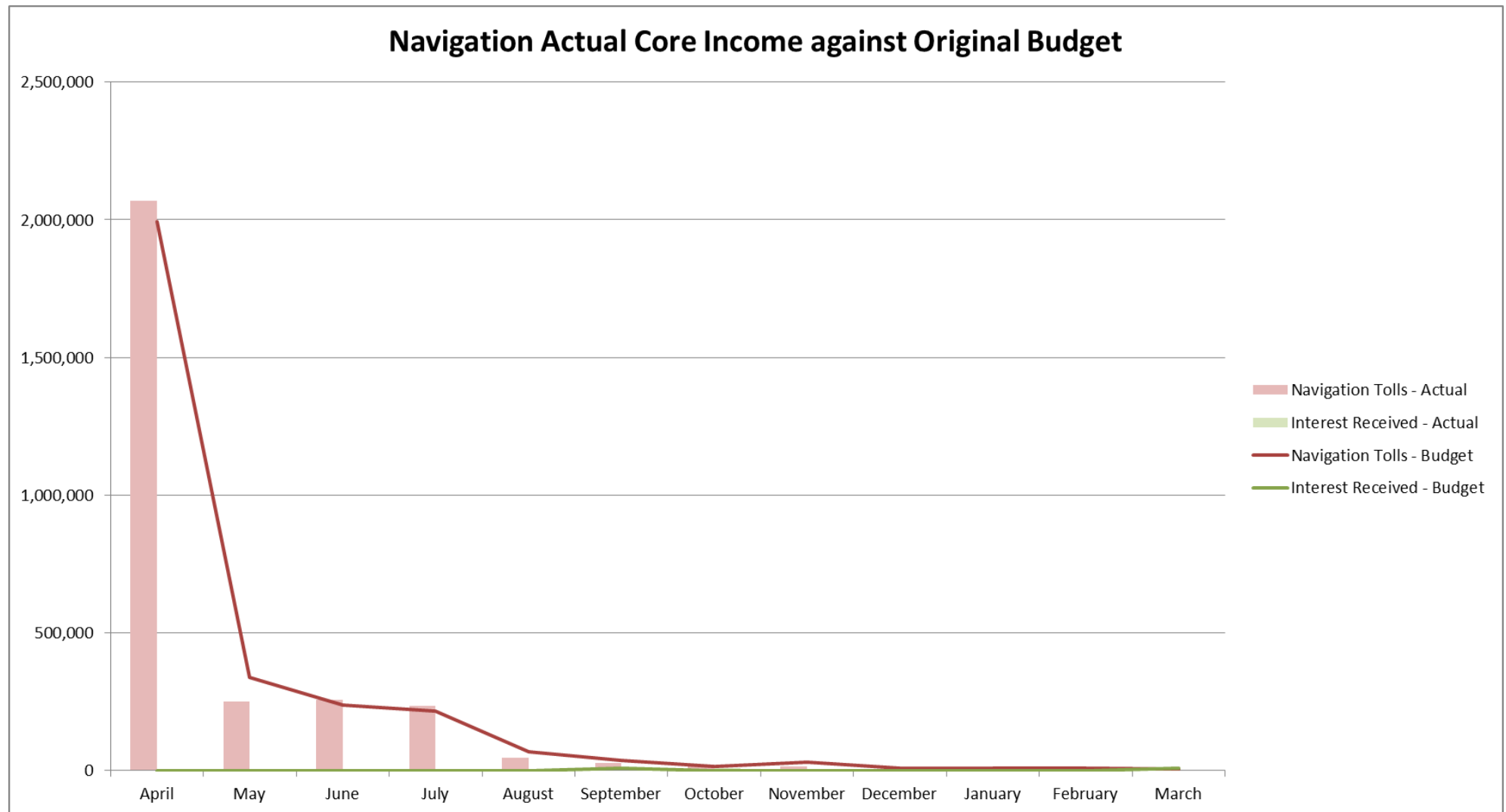
- 6.1 There have been some significant movements in the forecast outturn position for the year, as detailed above, which now suggests a deficit within the navigation budget for the year. With the latest amendments to forecast outturn, this would result in a navigation reserve balance of approximately £271,000 at the end of 2014/15 (before any year-end adjustments), which equates to 9.1% of net expenditure, slightly below the recommended level of 10%. The 2015/16 budget reflects this latest forecast outturn position and makes proposals which will restore the balance of the navigation reserve in 2015/16.

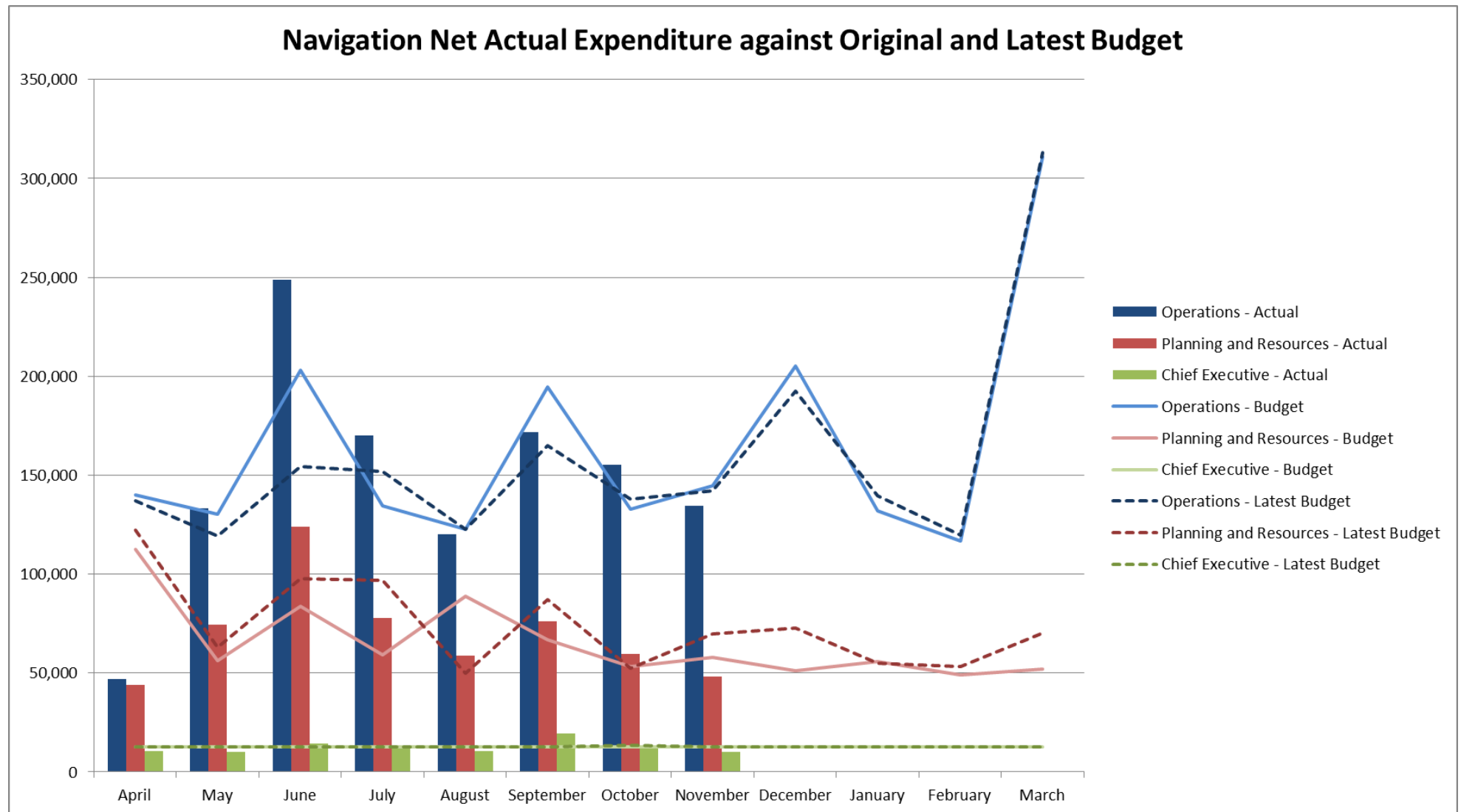
Background Papers: Nil

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Broads Plan Objectives: None

Appendices: APPENDIX 1 – Navigation Actual Income and Expenditure  
Charts to 30 November 2014  
APPENDIX 2 – Financial Monitor: Navigation Income and  
Expenditure 2014/15







**To 30 November 2014**

Budget Holder (All)

Row Labels	Values				
	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income	(2,981,871)		(2,981,871)	(2,973,914)	(7,958)
National Park Grant	0		0	0	0
Income	0		0	0	0
Hire Craft Tolls	(1,118,300)		(1,118,300)	(1,072,855)	(45,445)
Income	(1,118,300)		(1,118,300)	(1,072,855)	(45,445)
Private Craft Tolls	(1,792,100)		(1,792,100)	(1,833,587)	41,487
Income	(1,792,100)		(1,792,100)	(1,833,587)	41,487
Short Visit Tolls	(37,721)		(37,721)	(37,721)	0
Income	(37,721)		(37,721)	(37,721)	0
Other Toll Income	(18,750)		(18,750)	(18,750)	0
Income	(18,750)		(18,750)	(18,750)	0
Interest	(15,000)		(15,000)	(11,000)	(4,000)
Income	(15,000)		(15,000)	(11,000)	(4,000)
Operations	1,966,843	12,871	1,979,713	2,004,437	(24,724)
Construction and Maintenance Salaries	575,734		575,734	571,430	4,304
Salaries	575,734		575,734	571,430	4,304
Expenditure			0		0
Equipment, Vehicles & Vessels	296,109	(15,365)	280,743	280,743	0
Income			0		0
Expenditure	296,109	(15,365)	280,743	280,743	0
Water Management	62,500	14,350	76,850	76,850	0
Income	0		0	0	0
Expenditure	62,500	14,350	76,850	76,850	0
Land Management	0		0	0	0
Income	0		0	0	0
Expenditure	0		0	0	0
Practical Maintenance	310,035	7,170	317,205	317,527	(322)
Income	(7,000)		(7,000)	(8,700)	1,700
Expenditure	317,035	7,170	324,205	326,227	(2,022)
Ranger Services	435,606		435,606	455,604	(19,998)
Income	(10,000)		(10,000)	(10,000)	0
Salaries	348,006		348,006	368,004	(19,998)
Expenditure	97,600		97,600	97,600	0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Pension Payments			0		0
Safety	54,328		54,328	54,088	240
Income	(9,000)		(9,000)	(9,000)	0
Salaries	34,773		34,773	34,533	240
Expenditure	28,555		28,555	28,555	0
Asset Management	64,980		64,980	73,648	(8,668)
Income	(450)		(450)	(450)	0
Salaries	17,055		17,055	16,948	107
Expenditure	48,375		48,375	57,150	(8,775)
Volunteers	18,402		18,402	18,412	(10)
Income	(300)		(300)	(300)	0
Salaries	12,702		12,702	12,712	(10)
Expenditure	6,000		6,000	6,000	0
Premises	77,727	6,716	84,442	85,071	(629)
Income	(896)		(896)	(267)	(629)
Expenditure	78,623	6,716	85,338	85,338	0
Operations Management and Administration	71,422		71,422	71,063	359
Income			0		0
Salaries	64,422		64,422	64,063	359
Expenditure	7,000		7,000	7,000	0
Planning and Resources	787,289	19,239	806,528	789,733	16,795
Development Management	0		0	0	0
Income	0		0	0	0
Salaries	0		0	0	0
Expenditure	0		0	0	0
Pension Payments			0		0
Strategy and Projects Salaries	22,417	769	23,186	21,496	1,690
Income	0		0	0	0
Salaries	22,417	769	23,186	21,496	1,690
Expenditure	0		0	0	0
Biodiversity Strategy	0		0	0	0
Income			0		0
Expenditure	0		0	0	0
Strategy and Projects	4,041		4,041	3,999	42
Income			0		0
Salaries	4,041		4,041	3,999	42
Expenditure	0		0	0	0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Waterways and Recreation Strategy	43,960		43,960	40,648	3,312
Salaries	34,960		34,960	31,648	3,312
Expenditure	9,000		9,000	9,000	0
Project Funding	13,760	16,970	30,730	30,696	34
Income	0		0	0	0
Salaries	3,760		3,760	3,726	34
Expenditure	10,000	16,970	26,970	26,970	0
Pension Payments			0		0
Partnerships / HLF	0		0	0	0
Expenditure	0		0	0	0
SDF	0		0	0	0
Expenditure	0		0	0	0
Finance and Insurance	158,187		158,187	149,287	8,900
Income			0		0
Salaries	62,966		62,966	61,116	1,850
Expenditure	95,222		95,222	88,172	7,050
Communications	78,048		78,048	78,995	(947)
Income			0		0
Salaries	67,548		67,548	68,495	(947)
Expenditure	10,500		10,500	10,500	0
Visitor Centres and Yacht Stations	67,477	1,500	68,977	66,187	2,791
Income	(56,250)		(56,250)	(56,250)	0
Salaries	100,477		100,477	97,687	2,791
Expenditure	23,250	1,500	24,750	24,750	0
Collection of Tolls	113,660		113,660	113,192	468
Salaries	100,960		100,960	100,492	468
Expenditure	12,700		12,700	12,700	0
ICT	88,381		88,381	89,807	(1,426)
Income			0		0
Salaries	41,950		41,950	43,376	(1,426)
Expenditure	46,431		46,431	46,431	0
Legal	42,000		42,000	42,000	0
Income			0		0
Expenditure	42,000		42,000	42,000	0
Premises - Head Office	69,600		69,600	69,600	0
Expenditure	69,600		69,600	69,600	0
Planning and Resources Management and Administration	85,757		85,757	83,826	1,931

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income			0		0
Salaries	44,882		44,882	45,591	(709)
Expenditure	40,876		40,876	38,236	2,640
Chief Executive	150,982		150,982	161,437	(10,455)
Human Resources	54,587		54,587	64,893	(10,306)
Salaries	29,987		29,987	40,293	(10,306)
Expenditure	24,600		24,600	24,600	0
Governance	56,235		56,235	54,667	1,568
Income			0		0
Salaries	36,039		36,039	34,471	1,568
Expenditure	20,196		20,196	20,196	0
Chief Executive	40,159		40,159	40,454	(295)
Salaries	40,159		40,159	40,454	(295)
Expenditure			0		0
Legal	0		0	1,422	(1,422)
Salaries	0		0	1,422	(1,422)
(blank)			0		0
(blank)			0		0
(blank)			0		0
Projects and Corporate Items	37,200		37,200	37,313	(113)
PRISMA	0		0	113	(113)
Income			0		0
Salaries	10,410		10,410	10,523	(113)
Expenditure	(10,410)		(10,410)	(10,410)	0
STEP			0		0
Expenditure			0		0
Corporate Items	37,200		37,200	37,200	0
Pension Payments	37,200		37,200	37,200	0
Contributions from Earmarked Reserves			0		0
Earmarked Reserves			0		0
Expenditure			0		0
<b>Grand Total</b>	<b>(39,558)</b>	<b>32,110</b>	<b>(7,449)</b>	<b>19,006</b>	<b>(26,455)</b>