

**Financial Scrutiny and Audit
Committee**

19 September 2013

Agenda Item No 8

**Consolidated Income and Expenditure:
1 April to 31 July 2013 Actual and 2013/14 Forecast Outturn
Report by Head of Finance**

Summary: This report provides the Committee with details of the actual income and expenditure for the four month period to 31 July 2013, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2014).

Recommendation: That the report be noted.

1 Introduction

- 1.1 This financial monitoring report is presented in the new format discussed by the Financial Scrutiny and Audit Committee at its meeting on 9 July 2013. It represents a change in the format when compared with 2012/13, and details of key differences are highlighted within the report. As in previous income and expenditure reports, the focus remains 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 consolidated expenditure for the whole Authority (National Park plus Navigation).
- 1.2 Section 2 of this report and Appendix 1 provide details of actual income and expenditure to 31 July 2013.
- 1.3 Section 4 and Appendix 2 provide details of the forecast 2013/14 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 January 2013, 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 will be 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 Consolidated I&E by Directorate to 31 July 2013

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(4,507,673)	(4,481,881)	(25,792)
Operations	920,197	975,435	(55,238)
Planning and Resources	1,337,124	1,324,569	12,555
Chief Executive	129,175	148,153	(18,978)
Projects, Corporate Items and Contributions from Earmarked Reserves	10,813	(81,810)	92,623
Net (Surplus) / Deficit	(2,110,364)	(2,115,534)	5,171

- 2.2 Core income is slightly below the profiled budget as at the end of month four, due to Private and Hire Tolls being slightly behind the profile. The overall position as at 31 July 2013 is a favourable variance of £5,171 or 0.25% difference from the profiled LAB.
- 2.3 Members may wish to note that the variances within the individual directorate lines are in part offset by contributions from reserves (within the *Projects, Corporate Items and Contributions from Earmarked Reserves* line in Table 1). The current position shown in Table 1 indicates that activity is now largely being delivered at the expected levels with expenditure broadly in line with the budget profiles at this point. The over spend against LAB within the Operations directorate principally results from costs of dredging at Heigham Sound for which no carry forward provision was made and the capital costs of the new ranger launch, which are offset by a contribution from the Plant, Vessels and Equipment reserve. The adverse variance within the Chief Executive's directorate relates to HR and training costs which were not profiled within the budget for the start of the year.
- 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 being monitored against a latest available budget (LAB) in 2013/14. 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.
- 3.2 The use of a LAB format ensures that:
- the budget accurately reflects the resources available in the financial year;

- there is a full and effective implementation of the virement process set out in the Authority's Financial Regulations, whereby budgets can be transferred with Director and Chief Executive approval up to £20,000 (within directorate budget headings) and a mechanism for seeking Authority approval above these limits can be established;
- there is better visibility of budgets, providing members with clearer information about approved changes to the original budget and minimising the risk of distortions arising from approved in-year changes to the budget not being accurately reflected in variance figures;
- members are able to distinguish between planned budget changes and unplanned outturn variances.

3.3 Members should note that the original budget reported in Appendix 2 differs from that approved by the Authority in January due to the final decision of the Authority at its meeting of 12 July 2013 to fully fund the promotion and marketing activity in 2013/14 from national park budgets. The net effect of this change is a reduction of £14,922 in budgeted navigation expenditure with an equivalent increase in expenditure on the national park side.

3.4 The other key changes in the LAB arise from the reduction of the Upper Thurne (National Park) budget by £79,026 following the transfer of ring-fenced income to an Earmarked Reserve and the carry-forward of £272,452 from 2012/13 budgets, which has been approved by the Authority at its meeting of 12 July 2013. The carry-forwards principally relate to:

- 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.

3.5 Details of these are set out in Table 2 below.

Table 2 – Approved Carry-Forwards

Budget Line	Committee Budget Line	National Park	Navigation	Reason for carry-forward request
		£	£	
Breydon Water - Contractor Services	Practical Maintenance	-	34,200	Delivery of Stage 3 (reporting) slipped into 2013/14 as additional time was added to the project to obtain all the baseline data to complete the sediment modelling. This remaining payment is just over 50% of total contract cost.
Breydon Water - Materials and Consumables	Practical Maintenance	-	50,000.00	Lay-by moorings on Breydon Water - extensive consultation with local users and getting the right materials through the correct procurement channels for this particularly challenging

				location, has pushed work beyond the original budgeting year.
Breydon Water - Timber	Practical Maintenance	-	38,800.00	Dolphin piles & frames - related to above carry forward request.
Restoration and Management - Upton Little Broad - Contractor Services	Water Management	4,628.00	-	Waste removal at Upton Little Broad was originally programmed for March 2013, however reliant on landowner requirements and delayed due to bad weather, so actual work slipped into second week of April.
Trinities - Contractor Services	Land Management	7,617.87	-	Trinity Broads Partnership carry forward of partners' funding (£6,864.87 Essex & Suffolk Water and £753.00 Natural England), which may also need to be returned if Memorandum of Agreement ceases. (Note: creation of an earmarked reserve was approved by Members but this will now not be required due to the MoA ending).
Other Navigation Works - Contractor Services	Practical Maintenance	-	35,000.00	As discussed and agreed by Management Team and Committee (BA 22/03/2013 Item 10 point 2.8), any underspend on this line should be carried forward as a navigation contribution to the Project Funding budget for 2013/14 to support the delivery of navigation or multi benefit projects arising from the Integrated Access Strategy.
Other Projects - Contractor Services (Hardley Flood Weir)	Project Funding	45,000.00	-	Allocated in 2012/13 but permissions not granted until late in year. Project delayed due to design change, weather and difficulty obtaining steel piles. Order issued in financial year 2012/13 but work did not commence until April 2013. £20,000 income from County Council (NCC contribution) is being held and will be received in 2013/14, offsetting this amount.
Other Projects - Materials & Consumables (Great Yarmouth	Project Funding	6,357.00	-	Allocated in 2012/13 but delays in securing agreement from Great Yarmouth Borough Council and then revision of details of plans meant work was late

Yacht Station)				starting. Total budget allocated in 2012/13 was £25,000, against which costs of £18,643 have been incurred. Carry forward request relates to the balance.
Strategy and Project - Salaries	Strategy and Projects Salaries	9,261.07	915.93	Biodiversity officer post: This total budget (excluding BA contribution for accommodation and management) is made up of £10,000 from EA (secured), £4,166.67 from NE (secured) and £10,000 from Defra (invoice being processed). Most is for the salary costs with a small amount extra as a working budget. If project spend is allocated to the project allocation (up to £5,000) at the end of March £14,823 was spent on salary against total budget of £25,000 leaving £10,177 to be carried forward. The current contract for the post runs to end of June and Management Team have agreed in principal to allow an extension to 'use up' the grant money. Approximately £3,807 is projected to be left at 30/06/2013 which would cover a two month extension to the project (although a request to fund an additional month in the 2013/14 budget may be forthcoming).
Strategy and Project - Salaries	Strategy and Projects Salaries	37,011.52	3,660.48	Catchment officer post: Carry forward of external grant aid and Broads Authority contribution for 2012/13 (£20,000 Environment Agency, £5,000 Essex and Suffolk Water, £10,000 Natural England and £8,000 BA). Actual expenditure to March 2013 was £2,328 against total budget of £43,000 resulting in the carry forward shown.
		109,875.46	162,576.41	

3.6 Taking account of these budget adjustments, the LAB therefore provides for a consolidated deficit of £74,853 in 2013/14.

4 Overview of Forecast Outturn 2013/14

4.1 As in 2012/13, 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. It must be emphasised that these forecast outturn figures should be seen as estimates and that they will be refined and clarified through the financial year.

4.2 As at the end of July 2013, the forecast outturn indicates:

- Income is expected to be broadly in line with the original budget with total forecast income of £6,473,433.
- Total expenditure is forecast to be £6,536,389.
- The resulting deficit for the year is forecast to be £62,956.

4.3 The forecast outturn expenditure takes account of the adjustments to the LAB and in addition reflects the key changes shown in Table 3.

Table 3 – Adjustments to Forecast Outturn

Item	£
Unbudgeted income relating to the contribution from Land & Water Services to the Dockyard development and office space rental.	(70,000)
Additional costs relating to dredging at Heigham Sound which were not carried-forward from 2012/13.	39,595
Reduction in predicted private craft toll income. This forecast could continue to change significantly given that is only quarter 1 and as the Authority pursues unpaid craft.	14,577
Reduction in predicted hire craft income. This forecast is unlikely to change materially although there are occasionally some hire boat licences during the autumn and the Authority is pursuing a bad debt from 2012/13.	10,922
Additional costs for Tourism Officer post.	1,250
Additional costs relating to NPAPA assessment.	13,000
Additional income relating to Cromes Broad phoslock project.	(7,900)
Reduction in forecast costs for Yare House (FM, energy etc).	(17,340)
Increase in forecast Pool Vehicle maintenance costs	4,000
Net adjustment	(11,897)

5 Reserves

5.1 The Authority's earmarked reserves have been rationalised as at 1 April 2013 into a smaller number of reserves holding larger balances. Navigation reserve balances continue to be maintained separately from national park reserves. The balance of earmarked reserves at the end of July 2013 is shown in Table 4 below.

Table 4 – Consolidated Earmarked Reserves

	Balance at 1 April 2013	In-year movements	Current reserve balance
	£	£	£
Property	(502,174)	(500)	(502,674)
Plant, Vessels and Equipment	(288,696)	25,946	(262,750)
Premises	(108,556)	(6,560)	(115,116)
Planning Delivery Grant	(504,241)	1,898	(502,343)
Sustainable Development Fund	(64,644)	21,083	(43,561)
Mobile Phone Upgrade	(14,919)	509	(14,410)
Upper Thurne Enhancement	(81,116)	0	(81,116)
Section 106	(8,426)	0	(8,426)
STEP	(65,720)	126,053	60,333
PRISMA	(210,246)	247,692	37,446
Total	(1,848,739)	416,121	(1,432,617)

5.2 £615,756 of the current reserve balance relates to navigation reserves.

6 Summary

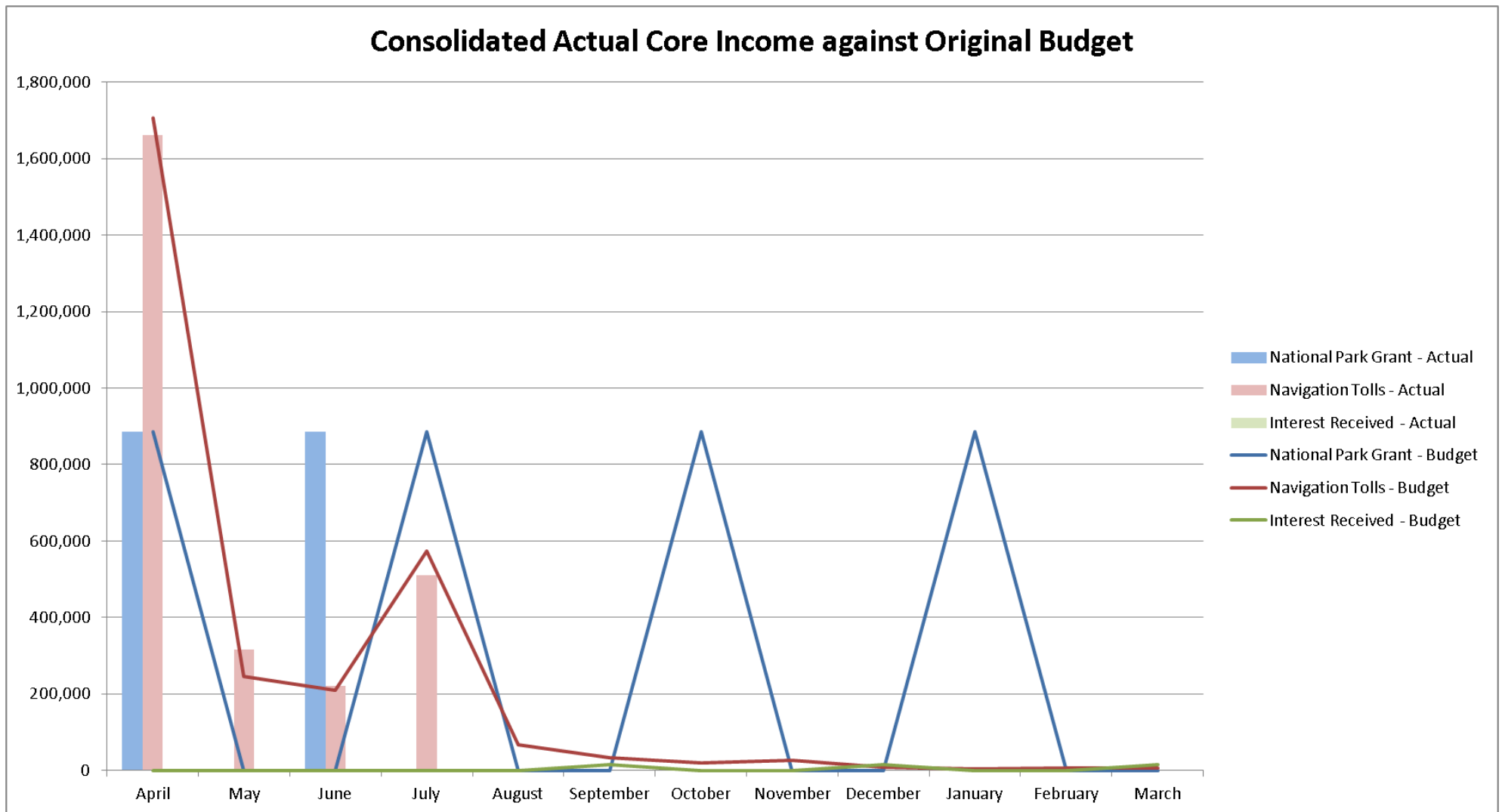
6.1 The current forecast outturn position for the year suggests a surplus of £92,975 for the national park side and a deficit of £155,931 on navigation resulting in an overall deficit within the consolidated budget, which would indicate a general fund reserve balance of approximately £698,000 and a navigation reserve balance of approximately £209,000 at the end of 2013/14. Although this is below the recommended level of 10% of net expenditure for the navigation reserve balance, when taken alongside the significant earmarked reserve balances it is considered to be adequate in the short to medium term. The impact of the navigation reserve balance will be taken into account when setting the budget and medium term financial strategy.

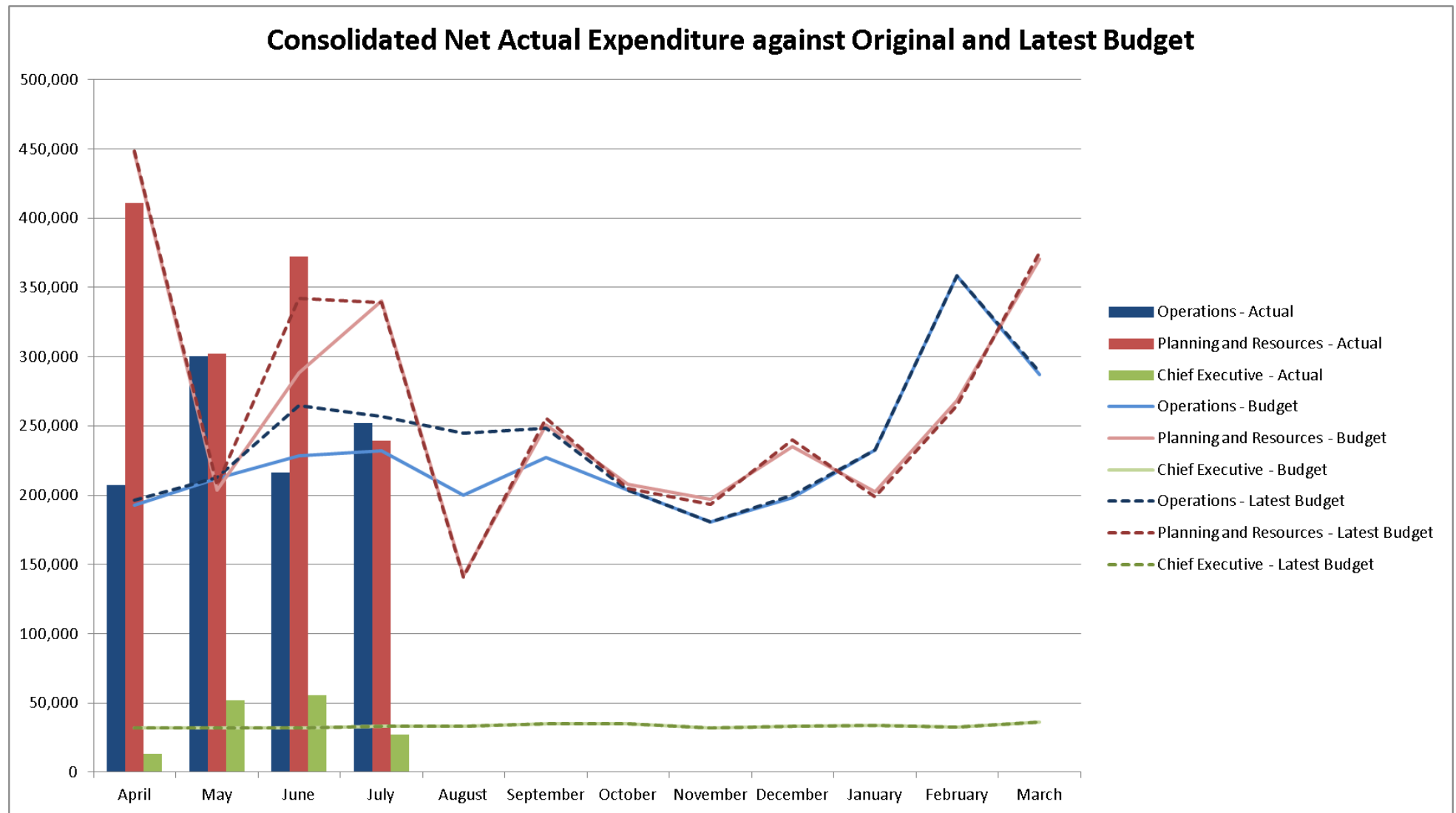
Background Papers: Nil

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Date of Report: 7 September 2013

Broads Plan Objectives: None

Appendices: APPENDIX 1 –Consolidated Actual Income and Expenditure
Charts to 31 July 2013
APPENDIX 2 – Financial Monitor: Consolidated Income and
Expenditure 2013/14





To 31 July 2013

Budget Holder

(All)

Row Labels	Values				
	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,498,931)		(6,498,931)	(6,473,433)	(25,498)
National Park Grant	(3,547,447)		(3,547,447)	(3,547,447)	0
Income	(3,547,447)		(3,547,447)	(3,547,447)	0
Hire Craft Tolls	(1,092,830)		(1,092,830)	(1,081,908)	(10,922)
Income	(1,092,830)		(1,092,830)	(1,081,908)	(10,922)
Private Craft Tolls	(1,758,210)		(1,758,210)	(1,743,633)	(14,577)
Income	(1,758,210)		(1,758,210)	(1,743,633)	(14,577)
Short Visit Tolls	(36,694)		(36,694)	(36,694)	0
Income	(36,694)		(36,694)	(36,694)	0
Other Toll Income	(18,750)		(18,750)	(18,750)	0
Income	(18,750)		(18,750)	(18,750)	0
Interest	(45,000)		(45,000)	(45,000)	0
Income	(45,000)		(45,000)	(45,000)	0
Operations	2,721,085	135,246	2,856,331	2,895,926	(39,595)
Construction and Maintenance Salaries	1,056,460		1,056,460	1,056,460	0
Salaries	1,056,460		1,056,460	1,056,460	0
Expenditure			0		0
Equipment, Vehicles & Vessels	333,000		333,000	333,000	0
Income	(1,000)		(1,000)	(1,000)	0
Expenditure	334,000		334,000	334,000	0
Water Management	96,000	4,628	100,628	140,223	(39,595)
Expenditure	96,000	4,628	100,628	140,223	(39,595)
Land Management	(44,500)	7,618	(36,882)	(36,882)	0
Income	(135,000)		(135,000)	(135,000)	0
Expenditure	90,500	7,618	98,118	98,118	0
Practical Maintenance	287,200	123,000	410,200	410,200	0
Income	(2,000)		(2,000)	(2,000)	0
Expenditure	289,200	123,000	412,200	412,200	0
Ranger Services	618,620		618,620	618,620	0
Income	(61,500)		(61,500)	(61,500)	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	533,120		533,120	533,120	0
Expenditure	147,000		147,000	147,000	0
Pension Payments			0		0
Safety	99,440		99,440	99,440	0
Income	(5,000)		(5,000)	(5,000)	0
Salaries	70,440		70,440	70,440	0
Expenditure	34,000		34,000	34,000	0
Asset Management	90,940		90,940	90,940	0
Income	(9,000)		(9,000)	(9,000)	0
Salaries	32,440		32,440	32,440	0
Expenditure	67,500		67,500	67,500	0
Volunteers	53,440		53,440	53,440	0
Income	(1,000)		(1,000)	(1,000)	0
Salaries	32,440		32,440	32,440	0
Expenditure	22,000		22,000	22,000	0
Operations Management and Administration	130,485		130,485	130,485	0
Salaries	118,085		118,085	118,085	0
Expenditure	12,400		12,400	12,400	0
Planning and Resources	3,153,616	58,180	3,211,796	3,134,806	76,990
Development Management	194,770		194,770	194,770	0
Income	(85,000)		(85,000)	(85,000)	0
Salaries	252,270		252,270	252,270	0
Expenditure	27,500		27,500	27,500	0
Pension Payments			0		0
Strategy and Projects Salaries	224,410	50,849	275,259	275,259	0
Income	(3,500)		(3,500)	(3,500)	0
Salaries	217,910	50,849	268,759	268,759	0
Expenditure	10,000		10,000	10,000	0
Biodiversity Strategy	60,000		60,000	52,100	7,900
Income	0		0	(7,900)	7,900
Expenditure	60,000		60,000	60,000	0
Strategy and Projects	75,540		75,540	75,540	0
Salaries	35,540		35,540	35,540	0
Expenditure	40,000		40,000	40,000	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Waterways and Recreation Strategy	95,300		95,300	95,300	0
Salaries	80,300		80,300	80,300	0
Expenditure	15,000		15,000	15,000	0
Project Funding	255,056	7,331	262,387	262,387	0
Income	(19,000)		(19,000)	(19,000)	0
Salaries	44,030		44,030	44,030	0
Expenditure	230,026	7,331	237,357	237,357	0
Pension Payments			0		0
SDF	150,000		150,000	150,000	0
Expenditure	150,000		150,000	150,000	0
Finance and Insurance	329,060		329,060	329,060	0
Salaries	129,060		129,060	129,060	0
Expenditure	200,000		200,000	200,000	0
Communications	335,510		335,510	336,760	(1,250)
Income			0		0
Salaries	245,510		245,510	246,760	(1,250)
Expenditure	90,000		90,000	90,000	0
Visitor Centres and Yacht Stations	241,800		241,800	241,800	0
Income	(207,500)		(207,500)	(207,500)	0
Salaries	297,350		297,350	297,350	0
Expenditure	151,950		151,950	151,950	0
Collection of Tolls	108,500		108,500	108,500	0
Salaries	96,100		96,100	96,100	0
Expenditure	12,400		12,400	12,400	0
ICT	276,890		276,890	276,890	0
Salaries	156,290		156,290	156,290	0
Expenditure	120,600		120,600	120,600	0
Legal	102,500		102,500	102,500	0
Income			0		0
Expenditure	102,500		102,500	102,500	0
Premises	438,769	(4,000)	434,769	351,429	83,340
Income	(5,000)		(5,000)	(75,000)	70,000
Expenditure	443,769	(4,000)	439,769	426,429	13,340
Planning and Resources Management and Administration	265,510	4,000	269,510	282,510	(13,000)

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income			0		0
Salaries	143,310		143,310	143,310	0
Expenditure	122,200	4,000	126,200	139,200	(13,000)
Chief Executive	400,217		400,217	400,217	0
Human Resources	128,560		128,560	128,560	0
Salaries	63,560		63,560	63,560	0
Expenditure	65,000		65,000	65,000	0
Governance	171,260		171,260	171,260	0
Income			0		0
Salaries	111,860		111,860	111,860	0
Expenditure	59,400		59,400	59,400	0
Chief Executive	100,397		100,397	100,397	0
Salaries	100,397		100,397	100,397	0
Expenditure			0		0
Projects and Corporate Items	105,440		105,440	105,440	0
PRISMA	32,440		32,440	32,440	0
Income			0		0
Salaries	32,440		32,440	32,440	0
Expenditure			0		0
STEP			0		0
Salaries			0		0
Expenditure			0		0
Corporate Items	73,000		73,000	73,000	0
Expenditure			0		0
Pension Payments	73,000		73,000	73,000	0
Contributions from Earmarked Reserves			0		0
Earmarked Reserves			0		0
Expenditure			0		0
Grand Total	(118,573)	193,426	74,853	62,956	11,897