

Broads Authority

13 May 2022

Agenda item number 9

Financial Performance and Direction

Report by Director of Finance

Purpose

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

Recommended decision

- i. That the income and expenditure figures and the draft year end position be noted.
 - ii. That the recommended carry forward request in 8.2 be approved and added to the 2022/23 budget as additional expenditure.
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1. Introduction

- 1.1. This report covers two items, the Consolidated Income and Expenditure from 1 April 2021 – 31 March 2022 and the recommended carry forward request.

2. Overview of actual income and expenditure

Table 1

Actual consolidated income and expenditure by directorate to 31 March 2022

Directorate	Profiled latest available budget £	Actual income and expenditure £	Actual variance £
Income	(6,924,478)	(7,128,297)	+ 203,819
Operations	4,484,480	4,098,603	+ 385,877
Strategic Services	1,525,721	1,516,178	+ 9,543
Finance & Support Services	1,594,064	1,612,271	- 18,207
Projects, Corporate Items and Contributions from Earmarked Reserves	(256,555)	18,593	-275,148
Net (Surplus) / Deficit	423,232	117,348	+ 305,884

- 2.1. Core navigation income is above the profiled budget at the end of month twelve. The overall position as at 31 March 2022 is a favourable variance of £305,884 difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £203,819 within income:
 - Hire craft tolls is £66,763 above the budget.
 - Private craft tolls is £130,865 above the budget.
 - Short visit and other toll income are £8,169 above the budget.
 - Interest income is £1,978 behind the budget.
- An underspend within Operations relating to:
 - Construction and Maintenance Salaries is £17,286 behind the budget due to 2% pay rise that was budgeted and only 1.75% being agreed. There have also been some vacancies within the team.

- Equipment, Vehicle and Vessels is £108,752 behind the budget due to the availability of purchasing new equipment and vehicle replacements. With order times being so long this has been deferred to 2022/23.
- Land Management is £10,241 behind the budget due to the uncertain nature in receipt of income from the Rural Payments Agency (RPA).
- Practical Maintenance is £91,142 behind the budget due to costs exceeding the available budget for Commissioners Cut and Dilham Mooring. This has resulted in a carry forward request being submitted.
- Ranger Services is £134,712 behind the budget due to the launch replacement being deferred until 2022/23. Also the 2% pay rise that was budgeted and only 1.75% being agreed. There have also been some vacancies within the team.
- Safety is £11,207 behind the budget due to the availability of electric vehicle replacements. This is in part where there is a shortage of electronic chips for new vehicles. The scheduled vehicles have instead been replaced with lease vehicles. This has been offset by the increase in the Hire Boat Licencing officer increased hours.
- Premises is £20,477 behind the budget due to reprioritising reserve expenditure plans which has meant some works have been deferred to 2022/23. This is so that solar panels for the Dockyard can be investigated.
- Head Office is £13,654 above the budget due to the increased facility management costs.
- An underspend within Strategic Services relating to:
 - Strategy and Projects (including salaries) is £61,334 behind the budget due to the initial vacancy within the Catchment partnership and the unbudgeted income and expenditure from the Nature for Climate Peatland Discovery grant.
 - Human Resources is £48,794 above the budget due to staff cover.
 - Volunteers is £11,894 behind the budget due to savings in volunteer training, room hire and advertising.
 - Visitor Centres and Yacht Station is £14,288 above the budget due to reduced income as an impact of COVID-19.
- An overspend within Finance and Support Services relating to:
 - Legal is £17,487 above the budget due to higher than anticipated legal fees.
 - Governance is £20,847 behind the budget due to vacancies and timing differences.

- Asset Management is £13,053 behind the budget due to delays in contracting works for How Hill Boatshed (this has been transferred to 2022/23), additional income which has been offset through the purchase of Berney Mill 2 moorings.
- Collection of tolls is £86,503 above the budget due to transferring £88,000 to the earmarked reserve to fund the new tolls system, as previously agreed by committee.
- ICT is £40,622 behind the budget due to vacancies and office expenditure being less than budgeted.
- An adverse variance within reserves relating to:
 - Premises reserve is under the budget due to the delays in the Dockyard expenditure which has been deferred to 2022/23.
 - Property reserve is over the budget due to Mutford Lock 3D survey coming in cheaper than expected, this has been partly offset by the purchase of Berney Mill moorings 2.
 - Plant, Vessels and Equipment reserve is under the budget due to the delays in equipment and vehicle replacements.
 - Planning delivery grant reserve is under the budget due to the Nature and Biodiversity Planning Support Grant for Biodiversity Net Gain received in March.
 - Section 106 reserve is over the budget due to the unpredictable nature of when section 106 monies will require payment.
 - UK Communications reserve is over the budget due to timing differences National Park recharges and additional work being commissioned.
 - Catchment Partnership reserve is under the budget due to savings from when the post was vacant.

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	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
LAB as at 31 March 2022	n/a	423,232

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.
- 4.2. The forecast outturn has decreased slightly since the report in March. The forecast indicated that:
 - Total forecast income was to be £7,112,188.
 - Total expenditure is £7,431,548.
 - The resulting deficit for the year is forecast to be £319,360.
- 4.3. A summary of these adjustments is given in the table below:

Table 3

Adjustments to Forecast Outturn

Item	Amount £
Forecast outturn deficit per LAB	423,232
Adjustments previously reported	(91,102)
Increased electric card income	(3,420)
Increased Dockyard income	(4,000)
Increased Legal income	(5,350)
Forecast outturn deficit as at 31 March 2022	319,360

5. Reserves

- 5.1. Items funded from the Plant, Vessels and Equipment reserve include two replacement Ranger vehicles, a towed boat trailer and an aquatic echosounder system. The Property reserve has funded the purchase of Berney Mill moorings 2.
- 5.2. £1,305,261 of the current balance relates to Navigation reserves.

Table 4

Consolidated earmarked reserves

Reserve name	Balance at 1 April 2021 £	In-year movements £	Current reserve balance £
Property	(731,379)	(148,893)	(888,272)
Plant, Vessels and Equipment	(345,886)	(139,250)	(485,136)
Premises	(212,245)	(81,706)	(293,951)
Planning Delivery Grant	(227,643)	(17,166)	(244,809)
Upper Thurne Enhancement	(164,637)	(22,393)	(187,031)
Section 106	(33,741)	33,741	0
Heritage Lottery Fund	(32,258)	22,659	(9,600)
Catchment Partnership	(74,677)	(9,704)	(84,381)
CANAPE	(391,323)	(86,013)	(477,336)
Computer Software	(31,006)	(98,319)	(129,326)
UK Communications	(47,659)	9,314	(38,346)
Match Funding	(46,016)	(114)	(46,130)
Total	(2,338,470)	(537,848)	(2,876,318)

6. Summary

- 6.1. The figures above will be the basis of the draft Statement of Accounts and includes the year-end adjustments for stock, a new provision for audit fees, accruals and the transfer of interest to the earmarked reserves. The adjustment for audit fees relates to the additional fees requested by external audit for the 2020/21 audit. The total increase requested is £56,774 but the balance from the 2019/20 provision has reduced the total adjustment required in this year's accounts to £29,025. As with the 2019/20 request this will be discussed with the PSAA who will determine the final amount to be paid.
- 6.2. The current deficit on the National Park side is £78,392 and £38,956 on Navigation, resulting in a consolidated deficit of £117,348 which has been balanced through the use of National Park (general) and Navigation reserves. At this point in time, subject to any further adjustments identified, the National Park reserve is £810,158 and navigation is £852,033. A verbal update will be provided at the meeting on any further adjustments.

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 (Amendment) Regulations 2021. Following the government's response to the Redman review it is expected that these

will be further amended and the deadline to publish the audited statement of accounts to be moved from the 30 September 2022 to 30 November 2022. Based on this, this year's timetable is expected to be as follows:

- Director of Finance to sign off the draft Statement of Accounts by 31 July 2022. The amended regulations allow the 10-day public inspection to be delayed starting on or before the first working day of August 2021.
- External Audit (Ernst and Young) to commence the onsite audit work on 17 October 2022 for a period of four weeks.
- Audit and Risk Committee to scrutinise the accounts on 15 November 2022, and to recommend them for approval to the Broads Authority, subject to any suggested amendments.
- Broads Authority to consider and formally adopt the audited accounts at its meeting on 18 November 2022.

8. Carry forward requests

8.1. Budget holders who have not fully spent their individual budget allocations can request that any underspends are carried forward and added to their 2022/23 budget allocation. These requests are reviewed by Management Team prior to requesting member approval. Requests to Management Team must relate to either:

- Projects already underway, that have been delayed by external events; or
- Ring-fenced income that has been provided by third parties and is earmarked for specific purposes.

8.2. Details of the 2021/22 carry forward request is set out in the table below.

Table 5

Carry forward requests

Budget Line	National Park £	Navigation £	Total £	Reason for carry forward request
Moorings, Maintenance and Repair	0	75,000	75,000	Work at Commissioners cut was delayed due to scope of project having to be revised due to costs exceeding budget and high water. Contractor is now on-site completing works with invoice expected in May
Total	0	75,000	75,000	n/a

8.3. If members agree the carry forwards the 2022/23 Latest Available Budget (LAB) will be as shown in Table 6.

Table 6

2022/23 LAB

Directorate	National Park £	Navigation £	Consolidated £
Income	(3,417,078)	(3,758,390)	(7,175,468)
Operations	1,663,813	3,102,533	4,766,346
Strategic Services	1,357,841	332,861	1,690,702
Finance & Support Services	894,213	766,562	1,660,775
Projects, Corporate Items and Contributions from Earmarked Reserves	(283,424)	52,962	146,600
Net (Surplus) / Deficit	215,365	212,120	427,485
Opening reserves	(810,158)	(852,033)	(1,662,191)
(Surplus) / Deficit	215,365	212,120	427,485
Interest transferred to earmarked reserves	1,500	1,500	3,000
Contribution to National Park Reserve	(50,000)	50,000	0
Closing reserves	(643,293)	(588,413)	(1,231,706)
Reserves as a % of net expenditure	17.7%	15.1%	16.4%

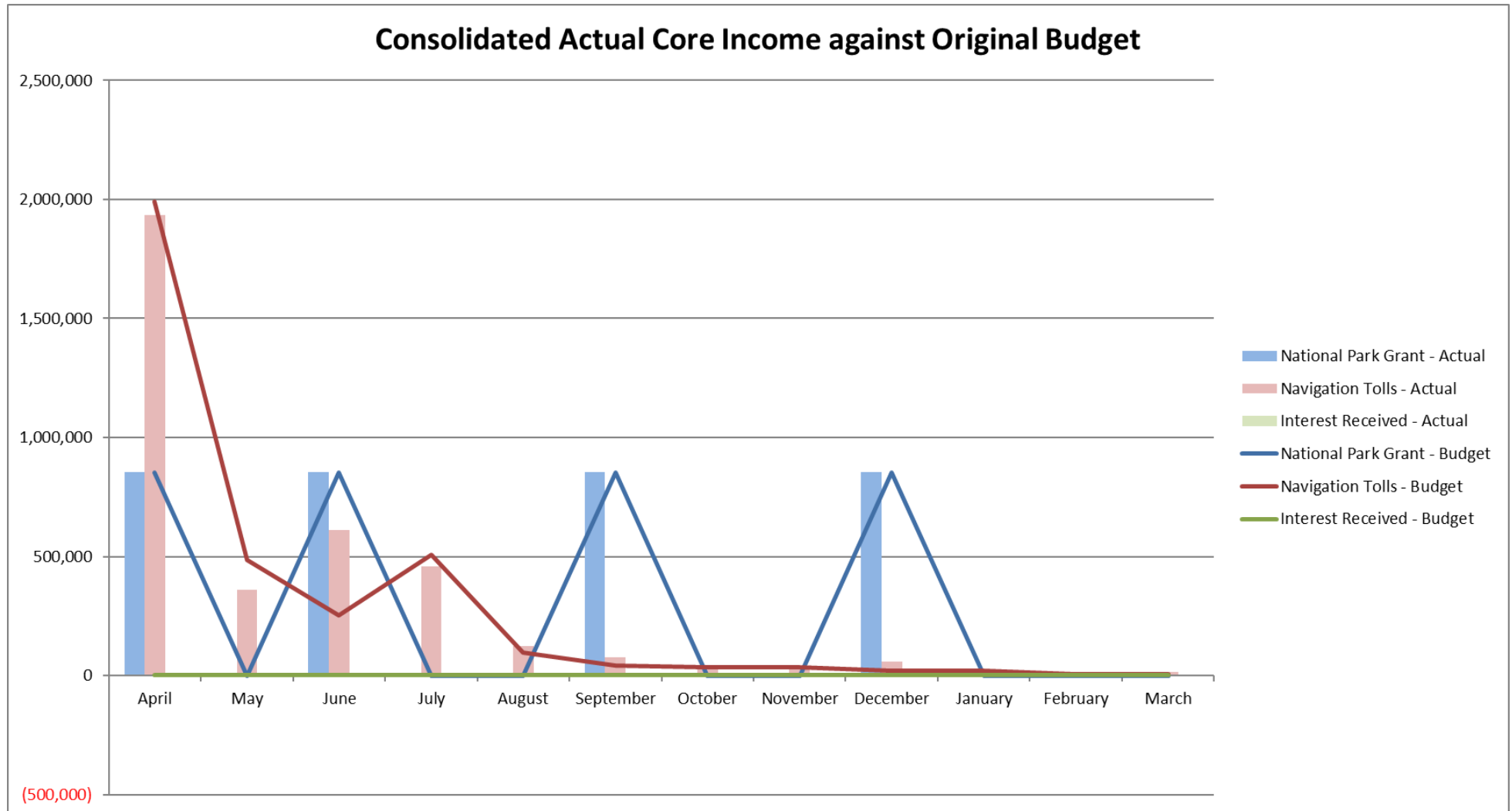
Author: Emma Krelle

Date of report: 29 April 2022

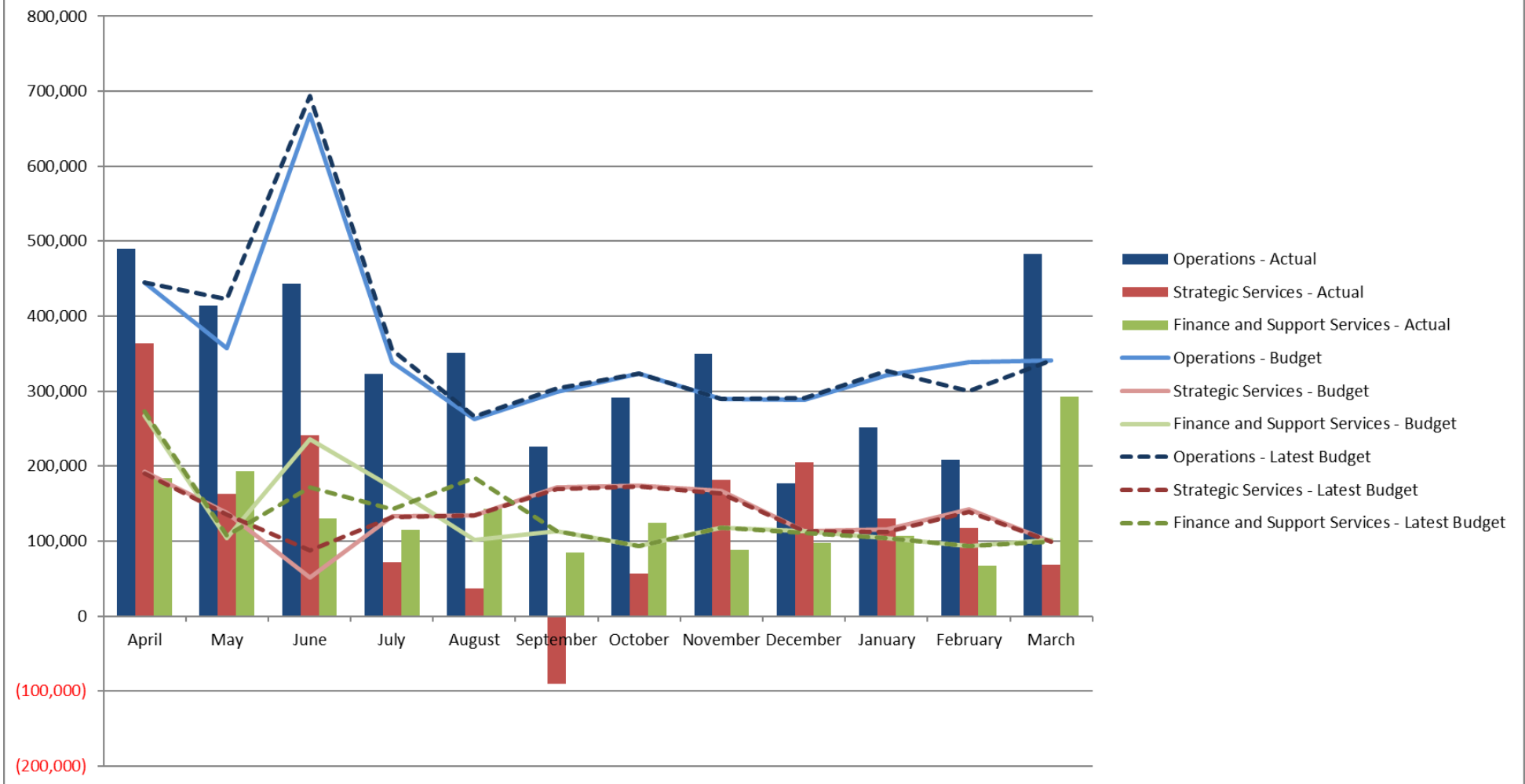
Appendix 1 – Consolidated actual income and expenditure charts to 31 March 2022

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

Appendix 1 – Consolidated actual income and expenditure charts to 31 March 2022



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) £
Total Income	(6,924,478)	0	(6,924,478)	(7,112,188)	187,710
National Park Grant	(3,414,078)	0	(3,414,078)	(3,414,078)	0
Hire Craft Tolls	(1,131,000)	0	(1,131,000)	(1,194,655)	63,655
Private Craft Tolls	(2,303,000)	0	(2,303,000)	(2,434,555)	131,555
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) £
Total Operations	4,399,095	85,385	4,484,480	4,196,809	287,671
Construction and Maintenance Salaries	1,331,370	0	1,331,370	1,331,370	0
Salaries	1,331,370	0	1,331,370	1,331,370	0
Expenditure	0	0	0	0	0
Equipment, Vehicles & Vessels	528,400	0	528,400	414,875	113,525
Income	(8,700)	0	(8,700)	(11,480)	2,780
Expenditure	537,100	0	537,100	426,355	110,745
Water Management	98,635	0	98,635	98,635	0
Expenditure	98,635	0	98,635	98,635	0
Land Management	(29,856)	7,885	(21,971)	(21,971)	0
Income	(87,606)	0	(87,606)	(87,606)	0
Expenditure	57,750	7,885	65,635	65,635	0
Practical Maintenance	480,386	77,500	557,886	554,466	3,420
Income	(11,000)	0	(11,000)	(14,420)	3,420
Expenditure	491,386	77,500	568,886	568,886	0
Waterways and Recreation Strategy	47,580	0	47,580	34,664	12,916

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	25,664	12,916
Expenditure	9,000	0	9,000	9,000	0
Ranger Services	1,113,430	0	1,113,430	1,013,430	100,000
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
Safety	147,520	0	147,520	123,710	23,810
Income	(1,000)	0	(1,000)	(1,000)	0
Salaries	62,070	0	62,070	65,760	-3,690
Expenditure	86,450	0	86,450	58,950	27,500
Premises	223,160	0	223,160	189,160	34,000
Income	(3,500)	0	(3,500)	(7,500)	4,000
Expenditure	226,660	0	226,660	196,660	30,000
Premises - Head Office	258,880	0	258,880	258,880	0
Income	0	0	0	0	0
Expenditure	258,880	0	258,880	258,880	0

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Project Funding	62,100	0	62,100	62,100	0
Expenditure	50,000	0	50,000	50,000	0
Pension Payments	12,100	0	12,100	12,100	0
Operations Management and Administration	137,490	0	137,490	137,490	0
Salaries	128,990	0	128,990	128,990	0
Expenditure	8,500	0	8,500	8,500	0

Table 3

Strategic Services

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Strategic Services	1,510,714	15,007	1,525,721	1,588,565	-62,844
Development Management	382,900	0	382,900	382,900	0
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
Strategy and Projects Salaries	218,295	0	218,295	201,445	16,850
Income	0	0	0	(280,661)	280,661
Salaries	151,120	0	151,120	134,270	16,850
Expenditure	67,175	0	67,175	347,836	-280,661
Strategy and Projects	3,000	0	3,000	3,000	0
Expenditure	3,000	0	3,000	3,000	0
Biodiversity Strategy	11,270	0	11,270	11,270	0
Income	(11,653)	0	(11,653)	(11,653)	0
Expenditure	22,923	0	22,923	22,923	0
Human Resources	139,714	8,150	147,864	208,424	-60,560

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	80,940	0	80,940	141,500	-60,560
Expenditure	58,774	8,150	66,924	66,924	0
Volunteers	74,190	0	74,190	69,780	4,410
Salaries	51,070	0	51,070	51,070	0
Expenditure	23,120	0	23,120	18,710	4,410
Communications	328,105	6,857	334,962	334,962	0
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
Visitor Centres and Yacht Stations	240,030	0	240,030	263,574	-23,544
Income	(206,100)	0	(206,100)	(185,056)	-21,044
Salaries	357,280	0	357,280	346,280	11,000
Expenditure	88,850	0	88,850	102,350	-13,500
Strategic Services Management and Administration	113,210	0	113,210	113,210	0
Salaries	109,860	0	109,860	109,860	0
Expenditure	3,350	0	3,350	3,350	0

Table 4

Finance & Support Services

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Finance & Support Services	1,601,064	(7,000)	1,594,064	1,609,974	-15,910
Legal	77,500	0	77,500	72,150	5,350
Income	(2,500)	0	(2,500)	(7,850)	5,350
Expenditure	80,000	0	80,000	80,000	0
Governance	251,850	0	251,850	239,440	12,410
Salaries	169,760	0	169,760	157,350	12,410
Expenditure	82,090	0	82,090	82,090	0
Chief Executive	123,080	0	123,080	123,080	0
Salaries	120,730	0	120,730	120,730	0
Expenditure	2,350	0	2,350	2,350	0
Asset Management	147,033	0	147,033	142,153	4,880
Income	(23,000)	0	(23,000)	(23,000)	0
Salaries	46,710	0	46,710	46,710	0
Expenditure	123,323	0	123,323	118,443	4,880
Finance and Insurance	410,111	(7,000)	403,111	371,621	31,490
Salaries	170,460	0	170,460	159,500	10,960

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	212,121	20,530
Collection of Tolls	152,530	0	152,530	240,530	-88,000
Salaries	141,330	0	141,330	141,330	0
Expenditure	11,200	0	11,200	99,200	-88,000
ICT	438,960	0	438,960	421,000	17,960
Income	0	0	0	0	0
Salaries	201,460	0	201,460	183,500	17,960
Expenditure	237,500	0	237,500	237,500	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) £
Total Projects and Corporate Items	141,666	0	141,666	141,666	0
Partnerships / HLF	(734)	0	(734)	(734)	0
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
Corporate Items	142,400	0	142,400	142,400	0
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) £
Total Contributions from Earmarked Reserves	(398,221)	0	(398,221)	(105,466)	-292,755
Earmarked Reserves	(398,221)	0	(398,221)	(105,466)	-292,755

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)	(105,466)	-292,755

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	319,360	103,872