

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

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

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(2,800,584)	(2,776,145)	(24,439)
Operations	764,204	828,714	(64,510)
Planning and Resources	456,298	440,030	16,268
Chief Executive	60,904	68,905	(8,001)
Projects, Corporate Items and Contributions from Earmarked Reserves	13,517	(53,231)	66,747
Net (Surplus) / Deficit	(1,505,661)	(1,491,726)	(13,935)

- 2.2 Core navigation income is slightly below the profiled budget at the end of month five. The overall position as at 31 August 2013 is an adverse variance of £13,935 or -0.93% difference from the profiled LAB.
- 2.3 Members may wish to note that overspends within the individual directorate lines are mainly offset by contributions from reserves (within the *Projects, Corporate Items and Contributions from Earmarked Reserves* line in Table 1).
- 2.4 Operations expenditure to 31 August 2013 includes costs of £54,008 in 2013/14 relating to the construction of the Authority's new launch and the laying up of a second hull and superstructure. This acquisition has been fully funded from earmarked reserves (initially from the Launch Replacement Reserve, which has now been consolidated into the Plant, Vessels and Equipment Reserve). The contract was let in March 2013 for the supply and fit out of a replacement launch alongside the laying up of a second hull and superstructure, in line with the *Future Strategy for the Broads Authority's Launches* considered by the Navigation Committee at its meeting 2 June 2011. The total costs of the new launch and the second hull and superstructure are estimated to be £102,734 (including a 10% retention which has yet to be paid). The cost of the new launch (excluding the second hull and superstructure) is estimated as £83,534 (valuing the hull and superstructure at £19,200), which is within the estimated cost produced for the 2011 strategy of £90,000 (including a £10,000 contingency).
- 2.5 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. Full details of the 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 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. The LAB facilitates scrutiny of budget management in that members are able to distinguish between planned budget changes and unplanned outturn variances.
- 3.3 A summary of changes in the navigation LAB since the last report to this committee are set out in Table 2 below.

Table 2 – Adjustments to Navigation LAB

	Ref	£
Original navigation budget 2013/14 (surplus)	Item 17 05/09/2013	(27,137)
Approved navigation carry-forwards	Item 17 05/09/2013	162,576
Virement: Yare House to Pool Car budget	Item 7a 24/10/2013	173
LAB at 31 August 2013		135,612

- 3.4 Taking account of these budget adjustments, the LAB therefore provides for a navigation deficit of £135,612 in 2013/14 as at 31 August 2013.

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 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 be refined and clarified through the financial year.
- 4.2 As at the end of August 2013, the forecast outturn indicates:
- Income is expected to be broadly in line with the original budget with total forecast income of £2,907,160.
 - Total expenditure is forecast to be £2,990,816.
 - The resulting deficit for the year is forecast to be £83,656.
- 4.3 The forecast outturn expenditure takes account of the adjustments to the LAB and in addition reflects the key changes from the previously reported forecast outturn as shown in Table 3. The forecast deficit has been reduced by £75,970 since the last report to the committee.

Table 3 – Adjustments to Forecast Outturn

	£
Forecast outturn deficit reported to Navigation Committee 5 September 2013	159,626
Decrease Breydon Water expenditure forecast	(46,000)
Additional income from private dredging (Hardley and Chet)	(18,000)
Decrease in rangers expenditure forecast	(6,000)
Decrease facilities maintenance forecast costs (Yare House)	(5,800)
Decrease in boat houses expenditure forecast	(3,000)
Increase hire craft tolls income forecast	(2,264)
Decrease removal of wrecks expenditure forecast	(2,000)
Decrease in boat safety expenditure forecast	(2,000)
Increase private craft tolls income forecast	(1,410)
Decrease in oil spill prevention expenditure forecast	(1,000)
Decrease volunteers expenditure (cancelled celebration day)	(600)
Decrease gas forecast costs (Yare House)	(215)
Increase energy forecast costs (Yare House)	986
Increase maintenance forecast costs (pool vehicles)	1,333
Increase in land management (waste) expenditure forecast	2,000
Remove duplicated Carrow Bridge income forecast (Assets)	8,000
Forecast outturn deficit as at 31 August 2013	83,656

4.4 The main reasons for the reduction in the forecast outturn relate to:

- a reduction in costs for works on Breydon Water as a result of savings achieved by undertaking activity in-house and procuring materials at lower than anticipated cost; and
- unbudgeted income from private dredging works being undertaken at Hardley Dyke and the Chet.

4.5 In addition to the above adjustments, it is also proposed that an anticipated underspend of approximately £60,000 within the moorings budget, which arises from the deferral of piling works at Hoveton Viaduct, be used to provide a contribution to the property reserve. This contribution would be used to fund piling activity to be undertaken following a strategic reassessment of the priority areas for moorings and piling maintenance required.

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 navigation earmarked reserves at the end of August 2013 is shown in Table 4 below.

Table 4 – Navigation Earmarked Reserves

	Balance at 1 April 2013	In-year movements	Current reserve balance
	£	£	£
Property	(426,700)	(500)	(427,200)
Plant, Vessels and Equipment	(215,948)	50,001	(165,947)
Premises	(30,455)	(6,560)	(37,015)
PRISMA	(210,246)	64,676	(145,570)
Total	(883,349)	107,617	(775,732)

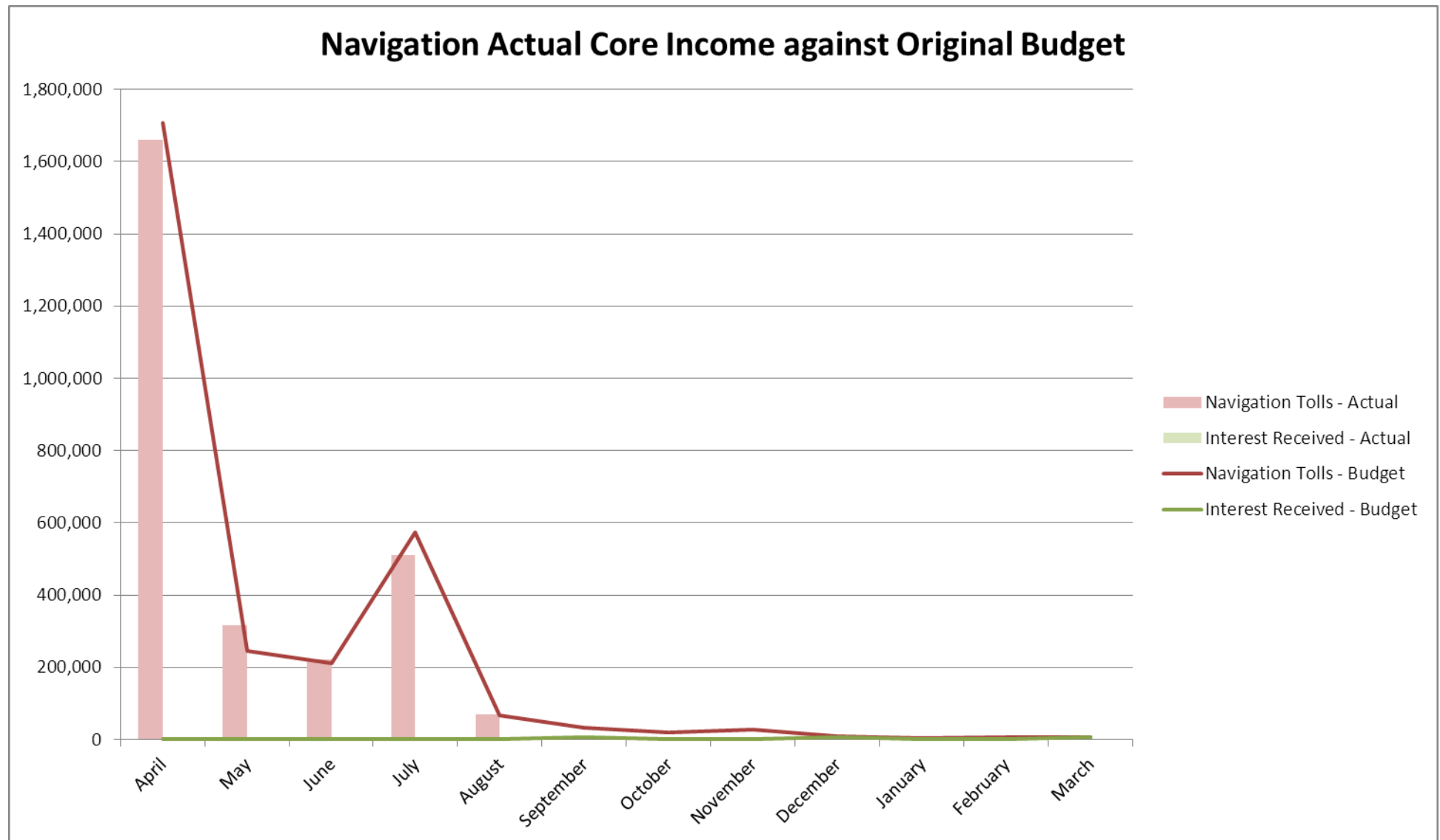
6 2012/13 Actual Outturn Income and Expenditure – Audit Update

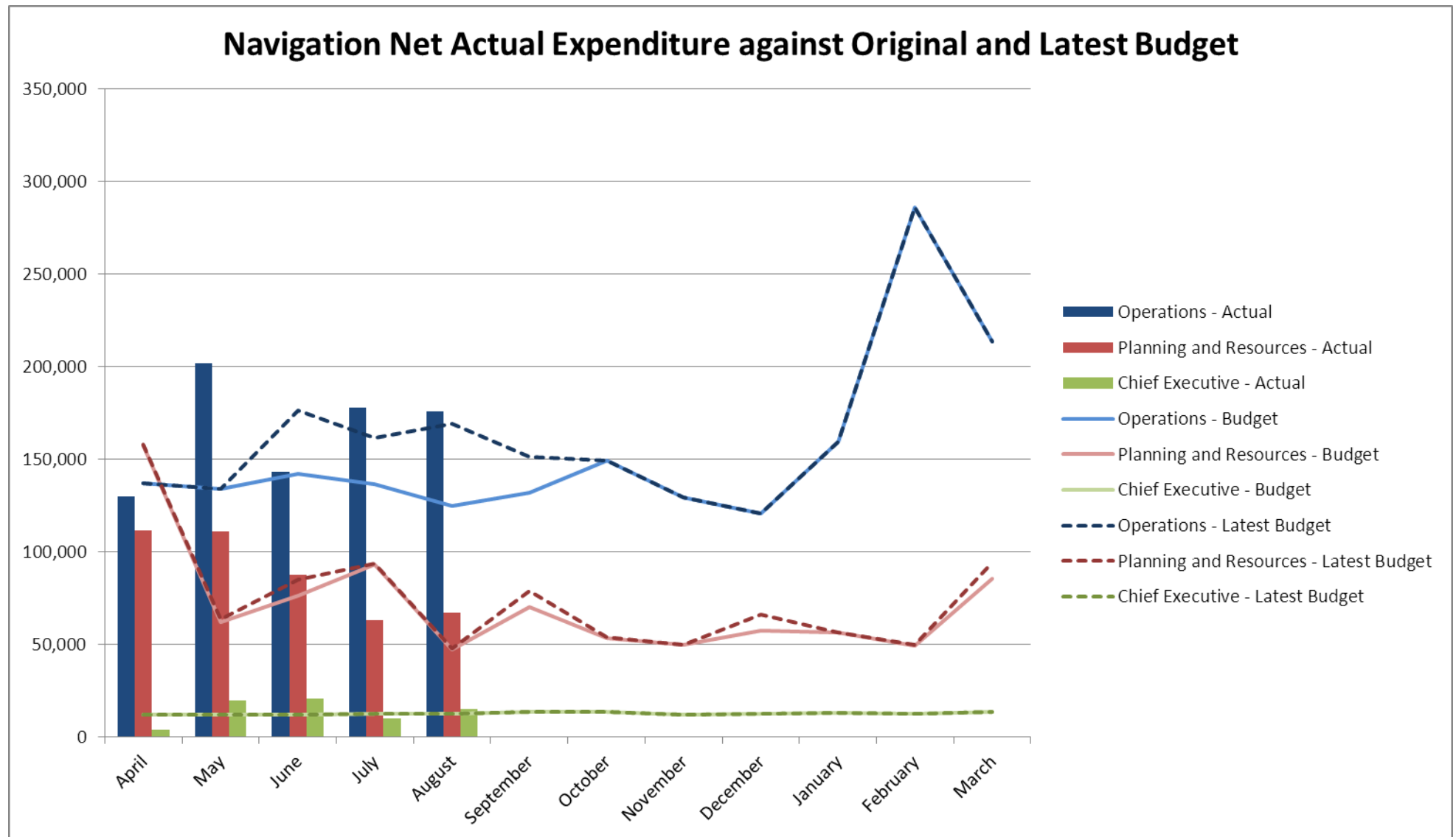
- 6.1 The Broads Authority Act 2009 requires the Authority to prepare a report as soon as reasonably possible after the end of each financial year describing the navigation income received by it and the navigation expenditure incurred by it in that year. This information was published on the Authority's website on 15 July 2013 and reported to the committee at its last meeting. As advised at that meeting, these figures are subject to audit by Ernst & Young. Following the completion of audit work on the Statement of Accounts, which identified an adjustment to the draft figures, an updated version of this report has now been published on the Authority's website. The audit adjustment relates to a correction for the over-accrual of Prisma income ineligible to be claimed in 2012/13. The net effect of the adjustment is a reduction of £11,563 in Prisma income for the year.
- 6.2 The actual outturn for 2012/13 was a deficit of £557,306 for navigation compared with a budgeted deficit for the year of £197,886. Toll income and interest for the year was in line with the budget at £2,840,845. The revised total net navigation expenditure in 2012/13 was £3,398,151. This adjustment results in a navigation reserve balance as at 31 March 2013 of £353,237.

7 Summary

- 7.1 The forecast outturn position for the year suggests a deficit within the navigation budget which would result in a navigation reserve balance of approximately £270,000 at the end of 2013/14. Although this is below the recommended level of 10% of net expenditure, taken alongside the significant navigation earmarked reserve balances it is considered to be adequate in the short to medium term. The impact of the navigation reserve balance has been taken into account within the budgetary options paper on this agenda and will be further considered when preparing the final navigation budget and medium term financial strategy.

Background Papers:	Nil
Author:	Titus Adam
Date of Report:	10 October 2013
Broads Plan Objectives:	None
Appendices:	APPENDIX 1 – Navigation Actual Income and Expenditure Charts to 31 August 2013 APPENDIX 2 – Financial Monitor: Navigation Income and Expenditure 2013/14





To 31 August 2013

Budget Holder

(All)

Row Labels	Values				
	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income	(2,928,984)		(2,928,984)	(2,907,160)	(21,824)
Hire Craft Tolls	(1,092,830)		(1,092,830)	(1,084,172)	(8,658)
Income	(1,092,830)		(1,092,830)	(1,084,172)	(8,658)
Private Craft Tolls	(1,758,210)		(1,758,210)	(1,745,043)	(13,167)
Income	(1,758,210)		(1,758,210)	(1,745,043)	(13,167)
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	(22,500)		(22,500)	(22,500)	0
Income	(22,500)		(22,500)	(22,500)	0
Operations	1,832,507	123,000	1,955,507	1,926,502	29,005
Construction and Maintenance Salaries	564,552		564,552	564,552	0
Salaries	564,552		564,552	564,552	0
Expenditure			0		0
Equipment, Vehicles & Vessels	268,438		268,438	268,438	0
Income	(962)		(962)	(962)	0
Expenditure	269,400		269,400	269,400	0
Water Management	90,000		90,000	111,595	(21,595)
Income	0		0	(18,000)	18,000
Expenditure	90,000		90,000	129,595	(39,595)
Land Management	0		0	0	0
Income	0		0	0	0
Expenditure	0		0	0	0
Practical Maintenance	252,200	123,000	375,200	329,200	46,000
Income	(2,000)		(2,000)	(2,000)	0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Expenditure	254,200	123,000	377,200	331,200	46,000
Ranger Services	442,671		442,671	434,671	8,000
Income	(8,000)		(8,000)	(8,000)	0
Salaries	329,671		329,671	329,671	0
Expenditure	121,000		121,000	113,000	8,000
Pension Payments			0		0
Safety	66,195		66,195	63,195	3,000
Income	(5,000)		(5,000)	(5,000)	0
Salaries	47,195		47,195	47,195	0
Expenditure	24,000		24,000	21,000	3,000
Asset Management	59,348		59,348	66,348	(7,000)
Income	(9,000)		(9,000)	(1,000)	(8,000)
Salaries	14,598		14,598	14,598	0
Expenditure	53,750		53,750	52,750	1,000
Volunteers	16,032		16,032	15,432	600
Income	(300)		(300)	(300)	0
Salaries	9,732		9,732	9,732	0
Expenditure	6,600		6,600	6,000	600
Operations Management and Administration	73,072		73,072	73,072	0
Salaries	66,128		66,128	66,128	0
Expenditure	6,944		6,944	6,944	0
Planning and Resources	856,883	39,750	896,633	851,858	44,775
Strategy and Projects Salaries	19,612	4,576	24,188	24,188	0
Income	0		0	0	0
Salaries	19,612	4,576	24,188	24,188	0
Expenditure	0		0	0	0
Strategy and Projects	3,199		3,199	3,199	0
Salaries	3,199		3,199	3,199	0
Expenditure	0		0	0	0
Waterways and Recreation Strategy	53,010		53,010	53,010	0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Salaries	44,010		44,010	44,010	0
Expenditure	9,000		9,000	9,000	0
Project Funding	3,963	35,000	38,963	38,963	0
Income	0		0	0	0
Salaries	3,963		3,963	3,963	0
Expenditure	0	35,000	35,000	35,000	0
Pension Payments			0		0
Finance and Insurance	148,077		148,077	148,077	0
Salaries	58,077		58,077	58,077	0
Expenditure	90,000		90,000	90,000	0
Communications	84,768		84,768	84,768	0
Income			0		0
Salaries	72,768		72,768	72,768	0
Expenditure	12,000		12,000	12,000	0
Visitor Centres and Yacht Stations	47,963		47,963	47,963	0
Income	(76,875)		(76,875)	(76,875)	0
Salaries	93,938		93,938	93,938	0
Expenditure	30,900		30,900	30,900	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	91,443		91,443	91,443	0
Salaries	51,576		51,576	51,576	0
Expenditure	39,867		39,867	39,867	0
Legal	20,500		20,500	20,500	0
Income			0		0
Expenditure	20,500		20,500	20,500	0
Premises	199,250	(1,160)	198,090	152,221	45,869
Income	(3,000)		(3,000)	(45,000)	42,000
Expenditure	202,250	(1,160)	201,090	197,221	3,869

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Planning and Resources Management and Administration	76,600	1,333	77,933	79,026	(1,093)
Income			0		0
Salaries	43,910		43,910	43,910	0
Expenditure	32,690	1,333	34,023	35,116	(1,093)
Chief Executive	150,816		150,816	150,816	0
Human Resources	54,060		54,060	54,060	0
Salaries	26,060		26,060	26,060	0
Expenditure	28,000		28,000	28,000	0
Governance	57,030		57,030	57,030	0
Income			0		0
Salaries	36,914		36,914	36,914	0
Expenditure	20,116		20,116	20,116	0
Chief Executive	39,727		39,727	39,727	0
Salaries	39,727		39,727	39,727	0
Expenditure			0		0
Projects and Corporate Items	61,640		61,640	61,640	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	29,200		29,200	29,200	0
Expenditure			0		0
Pension Payments	29,200		29,200	29,200	0
Contributions from Earmarked Reserves			0		0
Earmarked Reserves			0		0
Expenditure			0		0
Grand Total	(27,137)	162,750	135,612	83,656	51,956