

Financial Performance and Direction
Report by Head of Finance

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

Recommendations:

- (i) That the summary of the Statement of Accounts 2014/15 and the revenue account outturn figures be noted.
- (ii) That the carry forward proposals set out in paragraph 4.2, totalling £54,337, be approved, and that this amount be added to the 2015/16 budget as additional expenditure.
- (iii) That the additional expenditure from the Planning Delivery Grant (PDG) reserve set out in paragraph 5.4, totalling £108,000, be approved to be spent in 2015/16.

1 Introduction

- 1.1 This report provides a summary of the key issues arising out of the Authority's Statement of Accounts for the financial year ended 31 March 2015 and also summarises outturn figures for general and navigation income and expenditure for the year.

2 Summary of Statement of Accounts 2014/15

- 2.1 The timetable for the preparation of the Authority's Statement of Accounts is dictated by the requirements of The Accounts and Audit (England) Regulations 2011. The timetable for the adoption of the 2014/15 accounts is as follows:
- Treasurer and Financial Adviser to sign off the completed accounts by the end of June 2015.
 - Financial Scrutiny and Audit Committee to scrutinise the accounts on 7 July 2015, and to recommend them for approval to the Full Authority, subject to any suggested amendments.
 - External Audit (Ernst and Young) to undertake and complete the audit of the accounts by the end of September 2015.
 - Broads Authority to consider and formally adopt the audited accounts at its meeting on 25 September 2015.
- 2.2 As members will be aware, the Authority's accounts are required to be prepared in accordance International Financial Reporting Standards (IFRSs),

and the *Code of Practice on Local Authority Accounting* (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The production of the Statement of Accounts represents a sizeable technical exercise for the Authority's limited staff resources working to a very tight timetable.

- 2.3 This report summarises the draft (unaudited) Statement of Accounts for 2014/15 which has been approved for issue by the Treasurer and Financial Adviser. The consolidated income and expenditure outturn figures for 2014/15 are also appended.

3 Revenue Account Outturn Figures

- 3.1 The Statement of Accounts provides summaries of general and navigation fund income and expenditure for the year.
- 3.2 The original general fund budget provided for a contribution of £55,053 from reserves. The final Latest Available Budget (LAB) for the year allowed for a deficit of £164,536, while the final Forecast Outturn was a surplus of £73,557. The year end saw a net underspend of £183,229 against the final forecast (although it is proposed that £43,668 be carried forward as additional expenditure into 2015/16). The outcome was therefore a contribution of £109,672 to the general reserve. After accounting for the transfer of £3,969 interest to earmarked reserves, the closure of the STEP fund of £2,332, and the closure of the Sustainable Development Fund reserve of £43,030, the general reserve increased to £950,138 as at 31 March 2015.
- 3.3 The original navigation fund budget provided for a surplus contribution of £39,558 to reserves. The final Latest Available Budget (LAB) for the year allowed for a surplus of £7,449, while the final Forecast Outturn was a surplus of £16,166. The year end saw a net overspend of £18,148 against the final forecast (and it is proposed that a further £10,669 be carried forward as additional expenditure into 2015/16). The outcome was therefore a draw down of £1,982 from the navigation reserve. After accounting for the transfer of £7,653 interest to earmarked reserves, the navigation reserve reduced to £280,139 as at 31 March 2015.
- 3.4 The consolidated surplus for the year is £107,690, which reduces to £96,068 after taking account of £11,622 interest transferred to earmarked reserves. An additional £54,337 is proposed to be carried forward into the 2015/16 budget. There are a number of reasons for the 2014/15 underspend but in particular it arises from:
- significant difficulties in progressing projects, including the Whitlingham development project, for a variety of reasons including: capacity issues, difficulties in recruiting vacant posts, obtaining consents, and savings on new office equipment leases.
 - major success in obtaining additional external funding, particularly within Biodiversity Strategy budgets, and also as a result of introducing new products for sale at the Visitor Centres / Yacht Stations.

4 Carry Forward Requests

4.1 As indicated above, it is recommended by the Management Team that additional expenditure totalling £54,337 be carried forward into the 2015/16 budget as slippage / deferred expenditure, which would effectively reduce the net surplus for the year to £41,731. As in previous years, the Management Team has taken a very robust approach to requests to carry forward expenditure, and most of the requests below relate to either:

- 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.

4.2 Details of all 2014/15 carry forward requests are set out in the table below.

| Budget Line | National Park | Navigation | Total | Reason for carry-forward request |
|-----------------------|------------------|------------------|------------------|--|
| | £ | £ | £ | |
| IT | 20,100.00 | 9,900.00 | 30,000.00 | Additional budget allocated in 14/15 (£26,080) following the departure of a temporary member of staff and the decision not to replace but to use contractors instead. A further staff vacancy within IT has meant that the capacity to support additional work has not been available. |
| Biodiversity Strategy | 800.00 | 0.00 | 800.00 | Ring fenced Love The Broads income for Barn Owl Project. |
| Biodiversity Strategy | 1,500.00 | 0.00 | 1,500.00 | Ring fenced income from NBP (invoiced from H & O Trust) for Barn Owl project. NBP support carry forward and work areas. |
| Biodiversity Strategy | 13,491.42 | 0.00 | 13,491.42 | Ring fenced Partner income for Catchment Partnership. |
| Strategy & Projects | 7,776.86 | 769.14 | 8,546.00 | Carry-forward of funding for extension to Catchment Officer post. |
| | 43,668.28 | 10,669.14 | 54,337.42 | |

4.3 Approval of these carry forward amounts would result in a general reserve balance of £906,470 and navigation reserve balance of £269,470. This represents 30.2% and 9.4% of net expenditure for 2014/15 respectively and although in the case of the navigation reserve this is slightly below the minimum recommended level of 10% of net expenditure, the 2015/16 budget anticipates a small navigation surplus which will restore this balance. In addition, once the significant earmarked reserve balances are taken into account, this level of navigation reserve is considered to be adequate in the short to medium term.

5 Additional Reserve Expenditure

- 5.1 The Authority has a Planning Delivery Grant Reserve (PDG) which stood at £353,676 as of 1st April 2015, which was 'won' in the past for the excellent planning service provided. Although this fund is not ring-fenced and can be used on any National Park expenditure it has been targeted to support the Authority's forward planning function which involves significant one off expenditure.
- 5.2 The production of a new Broads Plan, the Local Plan and the Sustainable Tourism Strategy are important pieces of work for the current financial year. Officers have now established a better understanding of some of the specific costs associated with the plan production and are recommending that they be funded from PDG.
- 5.3 Previous Sustainable Tourism Strategies have been developed with the support of external expert advice with the added advantage of bringing independent involvement in developing the Strategy with the local tourism businesses. Officers are suggesting the same approach is taken this time.
- 5.4 The Authority has submitted its Landscape Partnership bid (LPS) to the Heritage Lottery Fund for £2.6 million and the outcome of the Stage 1 bid will be known at the end of October. The Project Manager has led the development of the bid and his temporary contract has been extended to 31st December 2015 to take advantage of his expertise in developing other funding bids while we await the outcome of the LPS. It is proposed to continue to fund the additional cost from PDG.

| Reason | £ |
|---|-----------------|
| Local Plan supporting evidence base Economic Development, Transport, Housing, Flood risk and Waterside Building Guidance (Local Plan Annual budget is £10k and already subscribed this year for Duty To Co- operate Work and Objectively Assessed Housing Needs). | £40,000 |
| Habitats Regulation Assessments Broads Plan, Local Plan and Sustainable Tourism Strategy - (No other budget provision identified for either Broads Plan or Sustainable Tourism Strategy) | £30,000 |
| Broads Plan and Sustainable Tourism Strategy external expert advice, consultation and publication | £25,000 |
| Extension of Project Manager post until 31 st December 2015 | £13,000 |
| TOTAL | £108,000 |

- 5.5 There is some uncertainty whether all of the monies will be spent in 2015/16 due to the production of Broads Plan straddling two financial years and the Local Plan 3 years. If the total amount is agreed and looks to be unspent by

the end of the Financial Year this would be taken into account and reflected in the 2016/17 budget setting process. If agreed and fully spent this would indicate a reserve balance of £205,176.

6 Balance Sheet

- 6.1 The Broads Authority has the following earmarked reserves shown on the Balance Sheet, which contain funds in addition to the General and Navigation Funds for specific purposes. The Authority uses these earmarked reserve accounts to make provision for known future liabilities which are unlikely to be affordable from revenue expenditure.
- 6.2 The closing balance of the earmarked reserves in 2014/15 are shown in the table below.

Earmarked Reserves 2014/15

| Reserve | Balance as at 01/04/2015 £ |
|---------------------------------|---------------------------------------|
| Mobile Phone Upgrade / IT | (469) |
| Planning Delivery Grant | (353,676) |
| Sustainable Development Fund | 0 |
| STEP | 0 |
| PRISMA | (171,869) |
| Upper Thurne Enhancement Scheme | (53,285) |
| Section 106 Agreements | (16,652) |
| Property | (586,757) |
| Plant, Vessels and Equipment | (240,790) |
| Premises | (169,930) |
| Total | (1,593,428) |

- 6.3 The balance of Navigation earmarked reserves within this total is £962,956.

7 Other Significant Issues

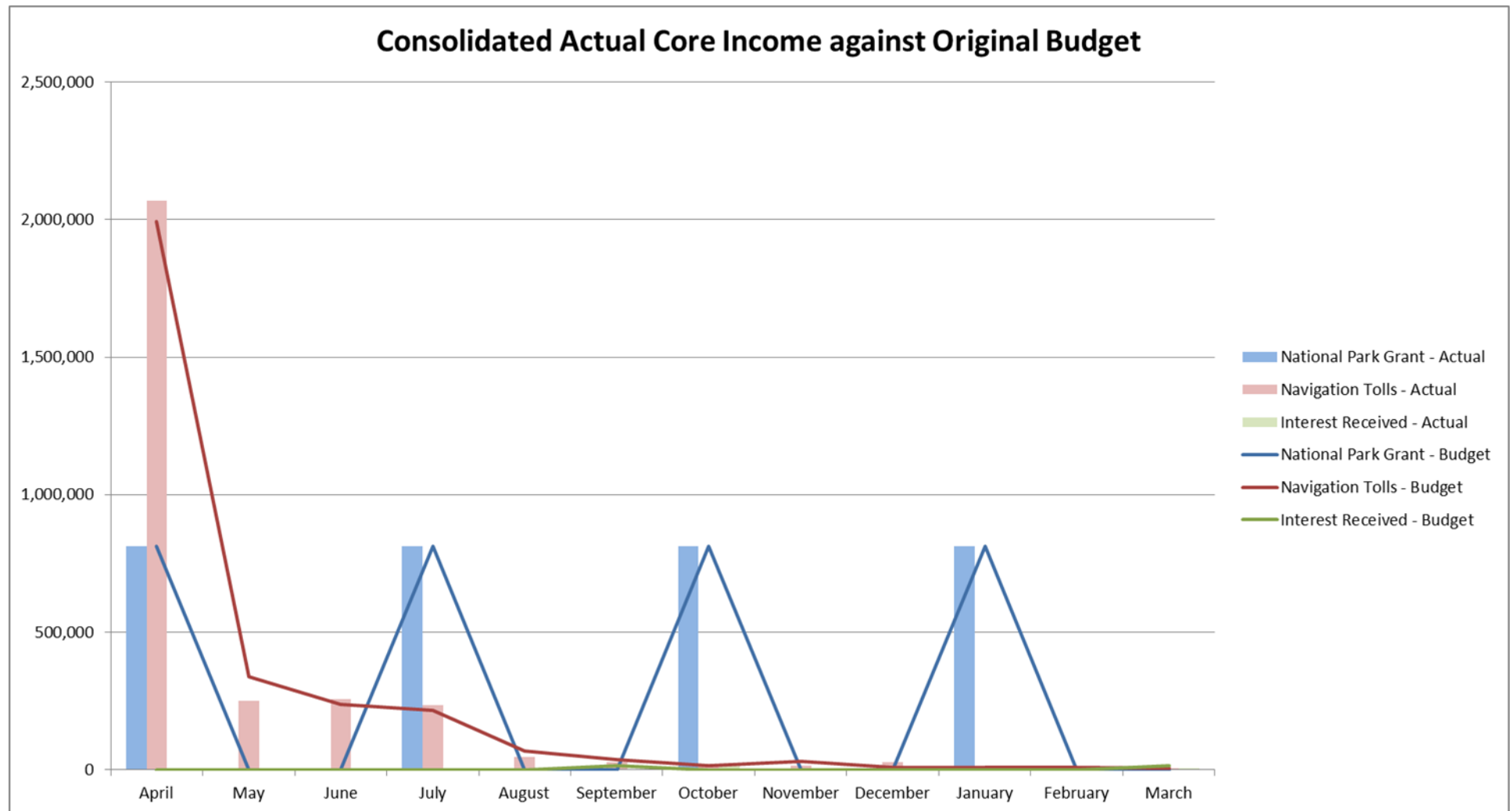
- 7.1 There are no other significant issues arising from the preparation of the accounts which it is considered need to be drawn to the attention of the Authority at this stage.

8 Summary

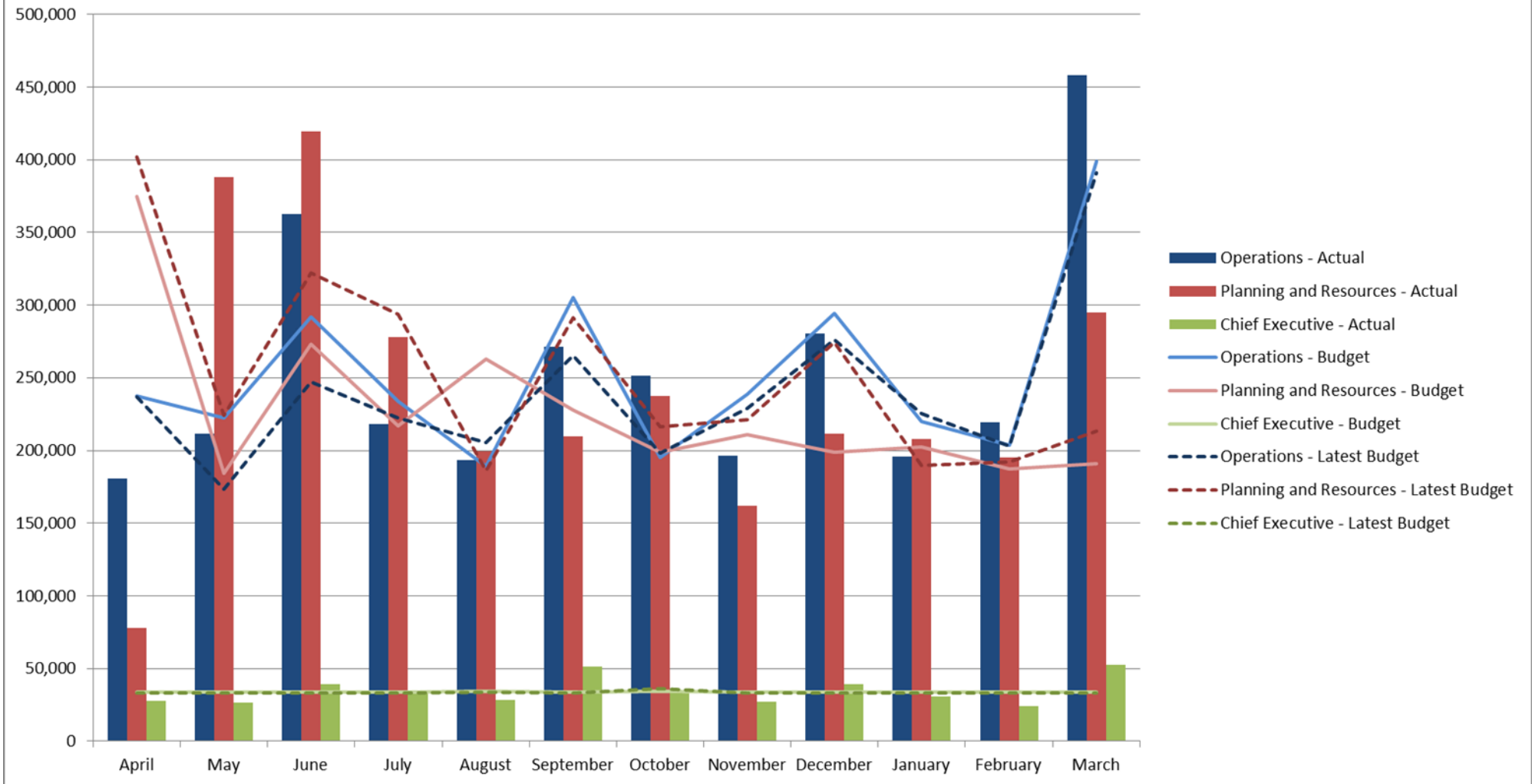
- 8.1 The draft Statement of Accounts for 2014/15 shows revenue reserves of £1,230,277 (general reserves £950,138, navigation reserves £280,139) that are considered to be adequate and which are in line with the levels considered by the Authority in setting the Financial Strategy for the period up to 2017/18. After the proposed carry-forwards are taken into account, navigation reserves will fall slightly below the recommended levels, as previously advised to the Authority, although the current budget and financial strategy would anticipate the restoration of this balance in 2015/16. Taken

alongside the significant earmarked reserve balances, the Authority's reserves are therefore considered to be sound. The outturn figures for 2014/15, and their implication for the overall level of reserves, will be taken into account in future budgeting proposals, and when making decisions about income and expenditure in 2015/16.

| | |
|-------------------------|--|
| Background Papers: | Nil |
| Author: | Emma Krelle |
| Date of Report: | 24 June 2015 |
| Broads Plan Objectives: | None |
| Appendices: | APPENDIX 1: Consolidated Actual Income and Expenditure Charts to 31 March 2015 APPENDIX 2: Financial Monitor: Consolidated Income and Expenditure 2014/15 |



Consolidated Net Actual Expenditure against Original and Latest Budget



To 31 March 2015

Budget Holder

(All)

| Row Labels | Values | | | | |
|---------------------------------------|-----------------------------------|---|--|------------------------------------|--|
| | Original Budget (Consolidated) | Budget Adjustments (Consolidated) | Latest Available Budget (Consolidated) | Forecast Outturn (Consolidated) | Forecast Outturn Variance (Consolidated) |
| Income | (6,242,264) | | (6,242,264) | (6,230,354) | (11,910) |
| National Park Grant | (3,245,393) | | (3,245,393) | (3,245,393) | 0 |
| Income | (3,245,393) | | (3,245,393) | (3,245,393) | 0 |
| Hire Craft Tolls | (1,118,300) | | (1,118,300) | (1,073,105) | (45,195) |
| Income | (1,118,300) | | (1,118,300) | (1,073,105) | (45,195) |
| Private Craft Tolls | (1,792,100) | | (1,792,100) | (1,833,384) | 41,284 |
| Income | (1,792,100) | | (1,792,100) | (1,833,384) | 41,284 |
| 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 | (30,000) | | (30,000) | (22,000) | (8,000) |
| Income | (30,000) | | (30,000) | (22,000) | (8,000) |
| Operations | 3,030,715 | 30,113 | 3,060,828 | 3,116,126 | (55,298) |
| Construction and Maintenance Salaries | 1,074,770 | | 1,074,770 | 1,065,359 | 9,411 |
| Salaries | 1,074,770 | | 1,074,770 | 1,065,359 | 9,411 |
| Expenditure | | | 0 | | 0 |
| Equipment, Vehicles & Vessels | 405,000 | (17,450) | 387,550 | 387,550 | 0 |
| Income | | | 0 | | 0 |
| Expenditure | 405,000 | (17,450) | 387,550 | 387,550 | 0 |
| Water Management | 67,500 | 14,350 | 81,850 | 80,535 | 1,315 |
| Income | 0 | | 0 | (1,315) | 1,315 |
| Expenditure | 67,500 | 14,350 | 81,850 | 81,850 | 0 |
| Land Management | (41,000) | 14,850 | (26,150) | (28,275) | 2,125 |
| Income | (90,000) | | (90,000) | (100,500) | 10,500 |
| Expenditure | 49,000 | 14,850 | 63,850 | 72,225 | (8,375) |

| Row Labels | Original Budget (Consolidated) | Budget Adjustments (Consolidated) | Latest Available Budget (Consolidated) | Forecast Outturn (Consolidated) | Forecast Outturn Variance (Consolidated) |
|--|-----------------------------------|---|--|------------------------------------|--|
| Practical Maintenance | 339,035 | 7,170 | 346,205 | 346,527 | (322) |
| Income | (7,000) | | (7,000) | (8,700) | 1,700 |
| Expenditure | 346,035 | 7,170 | 353,205 | 355,227 | (2,022) |
| Ranger Services | 663,010 | | 663,010 | 696,340 | (33,330) |
| Income | (35,000) | | (35,000) | (35,000) | 0 |
| Salaries | 580,010 | | 580,010 | 613,340 | (33,330) |
| Expenditure | 118,000 | | 118,000 | 118,000 | 0 |
| Pension Payments | | | 0 | | 0 |
| Safety | 76,900 | | 76,900 | 83,542 | (6,642) |
| Income | (9,000) | | (9,000) | (1,000) | (8,000) |
| Salaries | 51,900 | | 51,900 | 51,542 | 358 |
| Expenditure | 34,000 | | 34,000 | 33,000 | 1,000 |
| Asset Management | 104,650 | | 104,650 | 123,912 | (19,262) |
| Income | (1,000) | | (1,000) | (1,000) | 0 |
| Salaries | 37,900 | | 37,900 | 37,662 | 238 |
| Expenditure | 67,750 | | 67,750 | 87,250 | (19,500) |
| Volunteers | 61,340 | | 61,340 | 61,373 | (33) |
| Income | (1,000) | | (1,000) | (1,000) | 0 |
| Salaries | 42,340 | | 42,340 | 42,373 | (33) |
| Expenditure | 20,000 | | 20,000 | 20,000 | 0 |
| Premises | 151,970 | 11,193 | 163,163 | 172,363 | (9,200) |
| Income | (11,200) | | (11,200) | (2,000) | (9,200) |
| Expenditure | 163,170 | 11,193 | 174,363 | 174,363 | 0 |
| Operations Management and Administration | 127,540 | | 127,540 | 126,900 | 640 |
| Income | | | 0 | | 0 |
| Salaries | 115,040 | | 115,040 | 114,400 | 640 |
| Expenditure | 12,500 | | 12,500 | 12,500 | 0 |
| Planning and Resources | 2,729,004 | 111,479 | 2,840,484 | 2,657,409 | 183,075 |
| Development Management | 224,910 | | 224,910 | 215,699 | 9,211 |
| Income | (60,000) | | (60,000) | (75,000) | 15,000 |
| Salaries | 259,910 | | 259,910 | 255,699 | 4,211 |

| Row Labels | Original Budget (Consolidated) | Budget Adjustments (Consolidated) | Latest Available Budget (Consolidated) | Forecast Outturn (Consolidated) | Forecast Outturn Variance (Consolidated) |
|-----------------------------------|-----------------------------------|---|--|------------------------------------|--|
| Expenditure | 25,000 | | 25,000 | 35,000 | (10,000) |
| Pension Payments | | | 0 | | 0 |
| Strategy and Projects Salaries | 231,575 | 8,546 | 240,121 | 209,837 | 30,284 |
| Income | (27,500) | | (27,500) | (39,000) | 11,500 |
| Salaries | 249,075 | 8,546 | 257,621 | 238,837 | 18,784 |
| Expenditure | 10,000 | | 10,000 | 10,000 | 0 |
| Biodiversity Strategy | 35,000 | 42,298 | 77,298 | 77,298 | 0 |
| Income | | | 0 | | 0 |
| Expenditure | 35,000 | 42,298 | 77,298 | 77,298 | 0 |
| Strategy and Projects | 84,900 | 2,020 | 86,920 | 86,453 | 467 |
| Income | | | 0 | | 0 |
| Salaries | 44,900 | | 44,900 | 44,433 | 467 |
| Expenditure | 40,000 | 2,020 | 42,020 | 42,020 | 0 |
| Waterways and Recreation Strategy | 84,920 | | 84,920 | 78,618 | 6,302 |
| Salaries | 69,920 | | 69,920 | 63,618 | 6,302 |
| Expenditure | 15,000 | | 15,000 | 15,000 | 0 |
| Project Funding | 101,780 | 46,615 | 148,395 | 148,023 | 372 |
| Income | (19,000) | | (19,000) | (19,000) | 0 |
| Salaries | 41,780 | | 41,780 | 41,408 | 372 |
| Expenditure | 79,000 | 46,615 | 125,615 | 125,615 | 0 |
| Pension Payments | | | 0 | | 0 |
| Partnerships / HLF | 50,000 | | 50,000 | 0 | 50,000 |
| Expenditure | 50,000 | | 50,000 | 0 | 50,000 |
| SDF | 12,000 | | 12,000 | 12,000 | 0 |
| Expenditure | 12,000 | | 12,000 | 12,000 | 0 |
| Finance and Insurance | 336,569 | 10,000 | 346,569 | 327,632 | 18,937 |
| Income | | | 0 | | 0 |
| Salaries | 133,970 | | 133,970 | 130,033 | 3,937 |
| Expenditure | 202,599 | 10,000 | 212,599 | 197,599 | 15,000 |
| Communications | 316,260 | | 316,260 | 318,598 | (2,338) |
| Income | | | 0 | | 0 |

| Row Labels | Original Budget (Consolidated) | Budget Adjustments (Consolidated) | Latest Available Budget (Consolidated) | Forecast Outturn (Consolidated) | Forecast Outturn Variance (Consolidated) |
|--|-----------------------------------|---|--|------------------------------------|--|
| Salaries | 241,260 | | 241,260 | 243,598 | (2,338) |
| Expenditure | 75,000 | | 75,000 | 75,000 | 0 |
| Visitor Centres and Yacht Stations | 235,660 | 2,000 | 237,660 | 222,236 | 15,424 |
| Income | (213,000) | | (213,000) | (213,000) | 0 |
| Salaries | 317,660 | | 317,660 | 302,236 | 15,424 |
| Expenditure | 131,000 | 2,000 | 133,000 | 133,000 | 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 | 267,820 | | 267,820 | 272,142 | (4,322) |
| Income | | | 0 | | 0 |
| Salaries | 127,120 | | 127,120 | 131,442 | (4,322) |
| Expenditure | 140,700 | | 140,700 | 140,700 | 0 |
| Legal | 120,000 | | 120,000 | 104,112 | 15,888 |
| Income | 0 | | 0 | (13,000) | 13,000 |
| Salaries | 0 | | 0 | 7,112 | (7,112) |
| Expenditure | 120,000 | | 120,000 | 110,000 | 10,000 |
| Premises - Head Office | 240,000 | | 240,000 | 224,547 | 15,453 |
| Expenditure | 240,000 | | 240,000 | 224,547 | 15,453 |
| Planning and Resources Management and Administration | 273,950 | | 273,950 | 247,021 | 26,929 |
| Income | 0 | | 0 | (11,000) | 11,000 |
| Salaries | 146,750 | | 146,750 | 148,821 | (2,071) |
| Expenditure | 127,200 | | 127,200 | 109,200 | 18,000 |
| Chief Executive | 405,040 | | 405,040 | 421,098 | (16,058) |
| Human Resources | 133,140 | | 133,140 | 158,206 | (25,066) |
| Salaries | 73,140 | | 73,140 | 98,206 | (25,066) |
| Expenditure | 60,000 | | 60,000 | 60,000 | 0 |
| Governance | 170,410 | | 170,410 | 160,659 | 9,751 |
| Income | | | 0 | | 0 |
| Salaries | 109,210 | | 109,210 | 104,459 | 4,751 |
| Expenditure | 61,200 | | 61,200 | 56,200 | 5,000 |

| Row Labels | Original Budget (Consolidated) | Budget Adjustments (Consolidated) | Latest Available Budget (Consolidated) | Forecast Outturn (Consolidated) | Forecast Outturn Variance (Consolidated) |
|---------------------------------------|-----------------------------------|---|--|------------------------------------|--|
| Chief Executive | 101,490 | | 101,490 | 102,233 | (743) |
| Salaries | 101,490 | | 101,490 | 102,233 | (743) |
| Expenditure | | | 0 | | 0 |
| Projects and Corporate Items | 93,000 | | 93,000 | 93,113 | (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 | 93,000 | | 93,000 | 93,000 | 0 |
| Pension Payments | 93,000 | | 93,000 | 93,000 | 0 |
| Contributions from Earmarked Reserves | | | 0 | | 0 |
| Earmarked Reserves | | | 0 | | 0 |
| Expenditure | | | 0 | | 0 |
| Grand Total | 15,495 | 141,592 | 157,087 | 57,391 | 99,696 |