

**Navigation Income and Expenditure:
1 April 2018 to 28 February 2019 Actual and 2018/19 Forecast Outturn**
Report by Chief Financial Officer

Purpose: The purpose of this report is to inform the Committee of the actual Navigation Income and Expenditure for the eleven month period to 28 February 2019, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2019).

1 Introduction

1.1 This report provides a summary of the Income and Expenditure for the Navigation Budget up until 28 February, any amendments to the Latest Available Budget (LAB), Forecast Outturn (predicted year end position) and the movements on the earmarked reserves.

2 Overview of Actual Income and Expenditure

Table 1 – Actual Navigation I&E by Directorate to 28 February 2019

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(3,331,301)	(3,363,022)	+ 31,721
Operations	2,118,416	2,087,754	+ 30,662
Strategic Services	539,413	511,472	+ 27,941
Chief Executive	401,542	410,169	- 8,627
Projects, Corporate Items and Contributions from Earmarked Reserves	(35,370)	(33,860)	- 1,510
Net (Surplus) / Deficit	(307,300)	(387,487)	+ 80,187

2.1 Core navigation income is above the profiled budget at the end of month eleven. The overall position as at 28 February 2019 is a favourable variance of £80,187 or 26.09% difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £25,873 within toll income:
 - Hire Craft Tolls is £10,558 above the profiled budget.
 - Private Craft Tolls is £11,305 above the profiled budget.
 - Other Toll Income is £4,011 above the profiled budget.

- An underspend within Operations budgets relating to:
 - Construction and Maintenance Salaries is under profiled budget by £12,387 due to a vacancy which was filled in January. The forecast has been adjusted to reflect this.
 - Water Management is under profiled budget by £26,426 due timing differences at the end of February. It should be noted anticipated Contractor work for March will not be completed and will result in an underspend. The forecast has been adjusted to reflect this.
 - Practical Maintenance is over budget by £38,031 due to outstanding VAT invoices (£25,000) which have been received in March. The contractor had originally submitted application for payment requests which meant the VAT could not be reclaimed. It is anticipated that this budget will be underspent at year end. The forecast has been adjusted to reflect this.
 - Ranger Services is under the profiled budget by £21,224 due to additional income received.
 - Safety is under the profiled budget by £11,146 due to timing differences.
- An underspend within Strategic Services budgets relating to a number of small variances within various budgets.
- An overspend within Chief Executive relating to:
 - Legal Services is over the profiled budget by £18,291. The salary costs for the solicitor in 2018/19 are split 67:33% National Park: Navigation. Legal costs for contractors are split between National Park and Navigation on the basis of actual costs incurred. The budgeted division did not reflect the actual expenditure which was in line with previous years. The forecast has been adjusted to reflect this.
 - Asset Management is under the profiled budget by £11,119 due to timing differences.

2.2 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 2018/19. 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 Navigation LAB

	Ref	£
Original navigation budget 2018/19 (deficit)	Item 1 26/01/18	2,798
Approved carry-forwards from 2017/18	Item 12 18/05/18	639
Virement from RIV to EAD for holiday cover	Director approved	(384)
LAB at 28 February 2019		3,053

3.2 The LAB therefore provides for a navigation deficit of £3,053 in 2018/19 as at 28 February 2019.

4 Overview of Forecast Outturn 2018/19

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.

4.2 As at the end of February 2019, the forecast outturn indicates:

- The total forecast income is £3,375,486, or £37,186 more than the LAB.
- Total expenditure is forecast to be £3,331,041.
- The resulting surplus for the year is forecast to be £44,445. This would result in the Navigation reserve balance of approximately £412,000 (12.3%).

4.3 The forecast outturn expenditure reflects the following changes from the LAB as shown in Table 3. The forecast surplus represents a favourable variance of £47,498 against the LAB.

Table 3 – Adjustments to Forecast Outturn

	£
Forecast outturn deficit per LAB	3,053
Adjustments reported 17 January 2019	(12,626)
Increase to Private Craft Income	(12,316)
Increase to Short Visit Toll Income	(1,163)
Increase to Other Toll Income	(3,778)
Increase to Investment Income	(2,500)
Decrease to Construction and Maintenance Salaries following a vacancy	(7,700)
Increase to Equipment, Vehicles and Vessels Expenditure	4,900
Decrease to Water Management Expenditure	(15,000)
Decrease to Practical Maintenance Expenditure	(5,000)
Increase to Premises Dockyard Expenditure	2,800
Increase to Yacht Station Income	(6,000)
Decrease to Legal Salaries to reflect new working arrangement	(4,365)
Increase to Legal expenditure to reflect actual split	15,250
Forecast outturn surplus as at 28 February 2019	(44,445)

4.4 The main reason for the difference between the forecast outturn and the LAB is the increase in income and savings within expenditure.

5 Reserves

Table 4 – Navigation Earmarked Reserves

	Balance at 1 April 2018	In-year movements	Current reserve balance
	£	£	£
Property	(334,135)	(22,962)	(357,097)
Plant, Vessels and Equipment ¹	(193,430)	(51,323)	(244,753)
Premises	(64,990)	(10,290)	(75,280)
CANAPE	(36,129)	8,452	(27,677)
Computer Software	(13,302)	9,556	(3,746)
Total	(641,986)	(66,567)	(708,553)

- 5.1 Items funded from the Property Reserve include the cost of the Harbour Revision Orders relating to the transfer of Mutford Lock. The Plant, Vessel and Equipment Reserve includes the cost of the Dockyard crane and clamshell and four replacement vehicles. The Premises Reserve has continued to fund the works at the Dockyard Wet Shed and the repairs to the John Fox Cottage. The CANAPE Reserve contains the expenditure relating to the project. The Computer Software Reserve has funded the new Microsoft Office licences.

6 Summary

- 6.1 The current forecast outturn position for the year suggests a surplus within the navigation budget which would result in a navigation reserve balance of approximately £412,000 at the end of 2018/19 (before any year-end adjustments). This would mean the Navigation Reserve would be marginally above the recommended minimum of 10% at 12.3%. Year-end transfers of interest to the earmarked reserves will mean that it will fall to approximately 12.1%. This will be highly dependent on the actual level of interest received and the closing balances on the earmarked reserves.

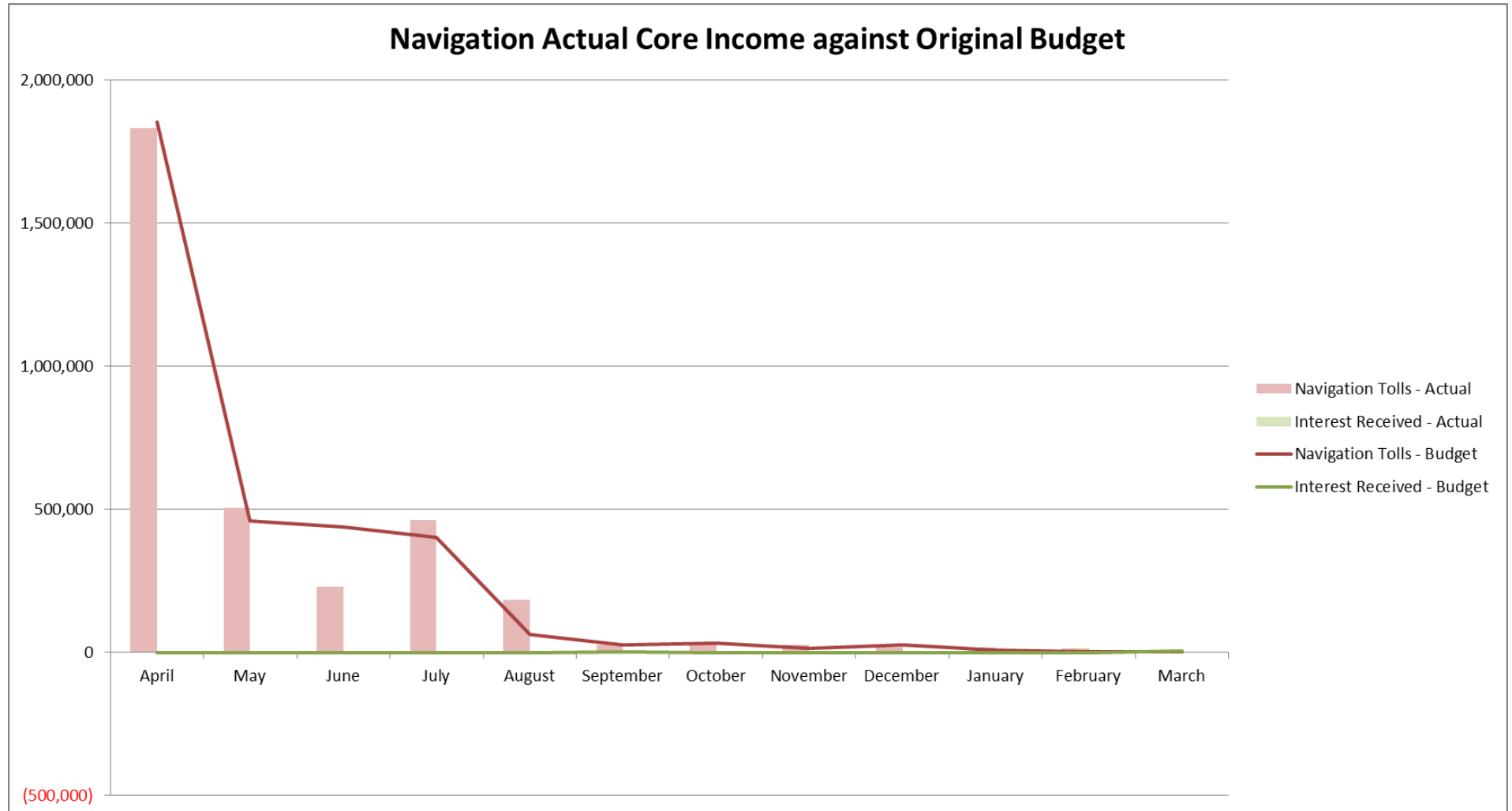
Background Papers: Nil

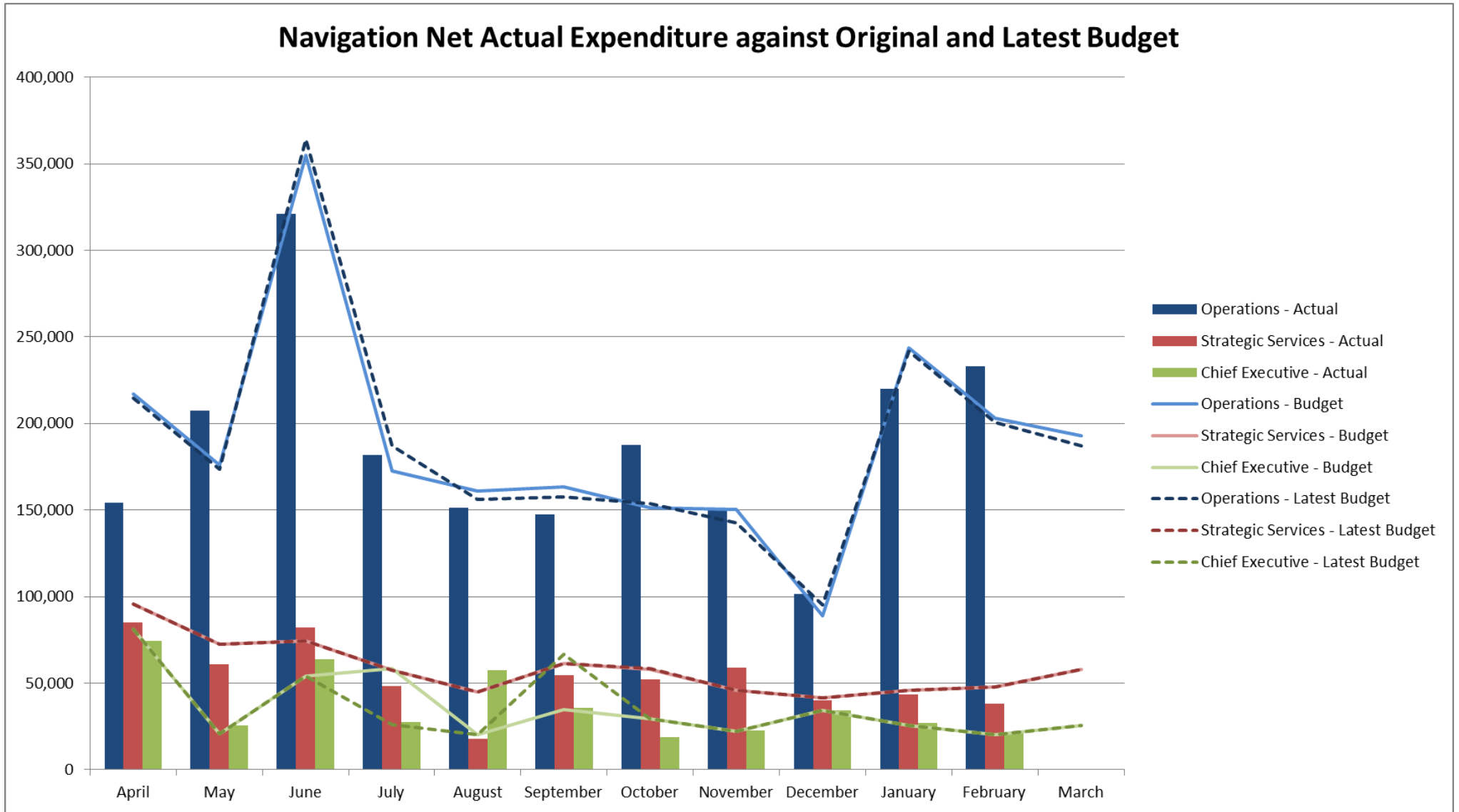
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Date of Report: 28 March 2019

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Navigation Actual Income and Expenditure Charts to 28 February 2019
APPENDIX 2 – Financial Monitor: Navigation Income and Expenditure 2018/19

¹ Includes launch replacement fund of £47,307





To 28 February 2019

Budget Holder (All)

Values					
Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income	(3,338,300)		(3,338,300)	(3,375,486)	+ 37,186
National Park Grant	0		0	0	+ 0
Income	0		0	0	+ 0
Hire Craft Tolls	(1,149,300)		(1,149,300)	(1,159,229)	+ 9,929
Income	(1,149,300)		(1,149,300)	(1,159,229)	+ 9,929
Private Craft Tolls	(2,121,800)		(2,121,800)	(2,134,116)	+ 12,316
Income	(2,121,800)		(2,121,800)	(2,134,116)	+ 12,316
Short Visit Tolls	(40,900)		(40,900)	(42,063)	+ 1,163
Income	(40,900)		(40,900)	(42,063)	+ 1,163
Other Toll Income	(18,800)		(18,800)	(22,578)	+ 3,778
Income	(18,800)		(18,800)	(22,578)	+ 3,778
Interest	(7,500)		(7,500)	(17,500)	+ 10,000
Income	(7,500)		(7,500)	(17,500)	+ 10,000
Operations	2,347,147	16,556	2,363,703	2,341,158	+ 22,545
Construction and Maintenance Salaries	755,238	(384)	754,854	745,104	+ 9,750
Income	(2,836)		(2,836)	(4,886)	+ 2,050
Salaries	758,074	(384)	757,690	749,990	+ 7,700
Expenditure			0		+ 0
Equipment, Vehicles & Vessels	316,050	8,400	324,450	329,350	- 4,900
Income			0		+ 0
Expenditure	316,050	8,400	324,450	329,350	- 4,900
Water Management	98,000		98,000	83,000	+ 15,000
Income			0		+ 0
Expenditure	98,000		98,000	83,000	+ 15,000

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Land Management	0		0	0	+ 0
Income	0		0	0	+ 0
Expenditure	0		0	0	+ 0
Practical Maintenance	418,700		418,700	413,700	+ 5,000
Income	(10,500)		(10,500)	(10,500)	+ 0
Expenditure	429,200		429,200	424,200	+ 5,000
Ranger Services	470,996		470,996	470,996	+ 0
Income	(78,612)		(78,612)	(78,612)	+ 0
Salaries	404,508		404,508	404,508	+ 0
Expenditure	145,100		145,100	145,100	+ 0
Pension Payments			0		+ 0
Safety	101,358		101,358	101,358	+ 0
Income	(2,000)		(2,000)	(2,000)	+ 0
Salaries	43,213		43,213	43,213	+ 0
Expenditure	60,145		60,145	60,145	+ 0
Volunteers	30,140		30,140	30,140	+ 0
Income	(400)		(400)	(400)	+ 0
Salaries	20,180		20,180	20,180	+ 0
Expenditure	10,360		10,360	10,360	+ 0
Premises	116,319	8,540	124,859	127,659	- 2,800
Income			0		+ 0
Expenditure	116,319	8,540	124,859	127,659	- 2,800
Operations Management and Administration	40,346		40,346	39,851	+ 495
Income	(779)		(779)	(779)	+ 0
Salaries	37,000		37,000	37,000	+ 0
Expenditure	4,125		4,125	3,630	+ 495
Strategic Services	585,393	639	586,032	581,900	+ 4,131
Development Management	4,091	0	4,091	4,091	+ 0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income	0		0	0	+ 0
Salaries	4,091	0	4,091	4,091	+ 0
Expenditure	0	0	0	0	+ 0
Pension Payments			0		+ 0
Strategy and Projects Salaries	21,069		21,069	21,069	+ 0
Income	0		0	0	+ 0
Salaries	19,269		19,269	19,269	+ 0
Expenditure	1,800		1,800	1,800	+ 0
Biodiversity Strategy	0		0	0	+ 0
Income			0		+ 0
Expenditure	0		0	0	+ 0
Human Resources	55,231	639	55,870	53,718	+ 2,153
Income	0		0	(2,153)	+ 2,153
Salaries	30,836		30,836	30,836	+ 0
Expenditure	24,395	639	25,034	25,034	+ 0
Waterways and Recreation Strategy	47,990		47,990	47,990	+ 0
Income			0		+ 0
Salaries	38,990		38,990	38,990	+ 0
Expenditure	9,000		9,000	9,000	+ 0
Project Funding	0		0	0	+ 0
Expenditure	0		0	0	+ 0
Pension Payments			0		+ 0
Communications	74,362		74,362	74,362	+ 0
Income	(208)		(208)	(208)	+ 0
Salaries	64,070		64,070	64,070	+ 0
Expenditure	10,500		10,500	10,500	+ 0
Visitor Centres and Yacht Stations	79,065		79,065	73,065	+ 6,000
Income	(60,000)		(60,000)	(66,000)	+ 6,000

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Salaries	115,065		115,065	115,065	+ 0
Expenditure	24,000		24,000	24,000	+ 0
Collection of Tolls	134,180		134,180	124,900	+ 9,280
Salaries	121,480		121,480	112,200	+ 9,280
Expenditure	12,700		12,700	12,700	+ 0
ICT	101,934		101,934	115,235	- 13,301
Salaries	62,185		62,185	62,185	+ 0
Expenditure	39,749		39,749	53,050	- 13,301
Strategic Services Management and Administration	67,472		67,472	67,472	+ 0
Income	(219)		(219)	(219)	+ 0
Salaries	43,922		43,922	43,922	+ 0
Expenditure	23,769		23,769	23,769	+ 0
Chief Executive	427,128		427,128	456,794	- 29,666
Legal	28,127		28,127	52,012	- 23,885
Income	(102)		(102)	(2,102)	+ 2,000
Salaries	16,229		16,229	11,864	+ 4,365
Expenditure	12,000		12,000	42,250	- 30,250
Governance	41,168		41,168	41,168	+ 0
Salaries	24,041		24,041	24,041	+ 0
Expenditure	17,127		17,127	17,127	+ 0
Chief Executive	44,354		44,354	44,354	+ 0
Salaries	44,354		44,354	44,354	+ 0
Expenditure			0		+ 0
Asset Management	69,949		69,949	69,949	+ 0
Income	(2,725)		(2,725)	(2,725)	+ 0
Salaries	21,299		21,299	21,299	+ 0
Expenditure	51,375		51,375	51,375	+ 0
Finance and Insurance	169,960		169,960	175,741	- 5,781

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income	(2,965)		(2,965)	(2,965)	+ 0
Salaries	77,045		77,045	77,045	+ 0
Expenditure	95,880		95,880	101,661	- 5,781
Premises - Head Office	73,571		73,571	73,571	+ 0
Income			0		+ 0
Expenditure	73,571		73,571	73,571	+ 0
Projects and Corporate Items	62,304		62,304	62,304	+ 0
Partnerships / HLF	30,904		30,904	30,904	+ 0
Income	(131,546)		(131,546)	(131,546)	+ 0
Salaries	21,980		21,980	21,980	+ 0
Expenditure	140,470		140,470	140,470	+ 0
Corporate Items	31,400		31,400	31,400	+ 0
Expenditure	1,000		1,000	1,000	+ 0
Pension Payments	30,400		30,400	30,400	+ 0
Contributions from Earmarked Reserves	(80,874)	(16,940)	(97,814)	(111,115)	+ 13,301
Earmarked Reserves	(80,874)	(16,940)	(97,814)	(111,115)	+ 13,301
Expenditure	(80,874)	(16,940)	(97,814)	(111,115)	+ 13,301
Grand Total	2,798	255	3,053	(44,445)	+ 47,498