

Broads Authority

23 September 2022

Agenda item number 10

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. To note the income and expenditure figures
 - ii. To note the latest pay negotiations in paragraph 4.2.
 - iii. To approve the waiver of Standing Orders for payroll and scaffolding in paragraphs 6.1 and 6.2.
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1. Introduction

- 1.1. This report covers three items: the Consolidated Income and Expenditure from 1 April – 31 July 2022, the latest pay negotiations and the waivers of Standing Orders for payroll and scaffolding services.

2. Overview of actual income and expenditure

Table 1

Actual consolidated income and expenditure by directorate to 31 July 2022

Directorate	Profiled latest available budget £	Actual income and expenditure £	Actual variance £
Income	(5,185,873)	(5,080,824)	- 105,049
Operations	1,888,317	1,643,206	+ 245,111
Strategic Services	523,644	616,473	- 92,829
Finance & Support Services	738,379	660,351	+ 78,028
Projects, Corporate Items and Contributions from Earmarked Reserves	(134,087)	(4,755)	- 129,332
Net (Surplus) / Deficit	(2,169,620)	(2,165,549)	- 4,071

- 2.1. Core navigation income is below the profiled budget at the end of month four. The overall position as at 31 July 2022 is an adverse variance of £4,071 or a 0.19% difference from the profiled LAB. This is principally due to:

- An overall adverse variance of £105,049 within income:
 - Hire Craft Tolls is £122,766 behind the profiled budget.
 - Private Craft Tolls is £7,064 behind the profiled budget.
 - Short Visit and Other Tolls is £13,874 above the profiled budget.
 - Investment Income is £10,907 above the profiled budget.
- An underspend within Operations relating to:
 - Construction, Maintenance and Ecology Salaries is under the profiled budget by £21,646 due to the 2% budgeted pay rise not being agreed by the National Joint Council (NJC) and the Unions.

- Equipment, Vehicles and Vessels is under the profiled budget by £90,102 due to delays in expenditure from the earmarked reserves.
- Land Management is over the profiled budget by £13,955 due to timing differences on receipt of the RPA income and a contract being completed ahead of profile.
- Ranger Services is under the profiled budget by £88,412 due to timing differences on salaries and expenditure. The salaries variance is due to the 2% budgeted pay rise not being agreed by the National Joint Council (NJC) and the Unions. There are also timing differences on launch repairs and maintenance and expenditure from the earmarked reserves.
- Premises is under the profiled budget by £20,792 due to delays in Dockyard expenditure from the earmarked reserves.
- Head Office is under the profiled budget by £29,039 due to Covid-19 relief being retrospectively applied to 2021/22 rates. This will be corrected in the next version of the 2021/22 Statement of Accounts.
- An overspend within Strategic Services relating to:
 - Strategy and Projects is over the profiled budget by £89,670 due to delays in the receipt of quarter one grant claim for Farming in Protected Landscapes (FiPL) being paid and costs being behind profile.
 - Human Resources is over the profiled budget by £13,001 due to staff cover.
 - Communications is over the profiled budget by £10,319 due to income for the UK Communications Team being behind profile which is offset by timing differences on expenditure.
 - Visitor Services is under the profiled budget by £31,720 due to timing difference on salaries. This is in part due to the 2% budgeted pay rise not being agreed by the National Joint Council (NJC) and the Unions.
- An underspend within Finance and Support Services relating to:
 - Legal is under the profiled budget by £14,307 due to invoicing being one month behind the profile.
 - Governance is under the profiled budget by £21,918 mainly due to a reduction in corporate subscriptions.
 - Asset Management is under the profiled budget by £15,177 mainly due to timing differences on lease payments.
 - Finance and Insurance is under the profiled budget by £18,173 due to timing differences on salaries and external contributions.
- An adverse variance within reserves relating to:

- Premises reserve is under the profiled budget due to delays in Dockyard expenditure.
- Property reserve is under the profiled budget due to work at Hoveton Riverside Park being delayed until 2023/24 and the works at South Walsham slipway no longer being a priority for this financial year.
- Plant, Vessels and Equipment is under the profiled budget due to the delays in equipment and vehicle replacements.
- UK Communications Team is under the profiled budget due to income being less than budgeted and being based on actual costs. Expenditure is slightly ahead of profile.
- Match Funding is under the profiled budget due to expenditure on the EXPERIENCE project being lower than expected.

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 2022/23. 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 2022/23 – deficit	Broads Authority 28/01/22 Agenda item number 9	352,484
Approved budget carry-forwards	Broads Authority 13/05/22 Agenda item number 9	75,000
LAB as at 31 July 2022	n/a	427,484

4. Overview of forecast outturn 2022/23

- 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 deficit has increased when compared with the LAB and this will be balanced through the use of reserves. It is hoped this can be further reduced as the year progresses through additional savings. The increase is due to the latest pay

negotiations which are higher than the 2% that was budgeted for. The final offer from the NJC is a one-year deal and proposes to increase all spinal points by £1,925 rather than a percentage increase backdated to 1 April 2022. The effect of the offer is that those who are on the bottom of the scale would receive an increase equivalent to 10.5% and those at the top a 4.04%. Whilst UNITE have rejected the offer both UNISON and GMB are balloting members on whether to accept the offer. The UNSION ballot closes on 19 September and GMB on 21 October 2022. If UNSION and GMB members accept the offer then the new pay bands will be implemented. It is proposed, the timing subject to agreement with Norfolk County Council (who provide payroll), to implement the offer as soon as possible to help staff with the cost of living crisis. Any further changes to the pay negotiations would be adjusted at a later date. This is in line with the two of the other National Parks who have agreed to implement the offer. A verbal update will be provided at the meeting.

- 4.3. A summary of these adjustments are given in the table below:

Table 3

Adjustments to Forecast Outturn

Item	Amount £
Forecast outturn deficit per LAB	427,484
Increase to Hire Craft income	(8,690)
Decrease to Private craft income	6,950
Increase to Investment income due to rate increase	(46,000)
Increase to Salary costs based on latest pay offer	317,373
Increase to apprenticeship levy based on latest pay offer	1,700
Salary costs funded by external funding	(153,030)
Increase to other income	(6,125)
Increase to Vessels and Equipment fuel costs	82,400
Decrease to expenditure through savings	(99,402)
Forecast outturn deficit as at 31 July 2022	522,660

5. Reserves

- 5.1. As in previous years, the Authority's contributions to the reserves have all been made in full at the end of quarter one. This has resulted in some reserves showing increased balances at the end of July. These will reduce as planned purchases take place throughout the year.

- 5.2. Items funded from the Property reserve include repairs to the Eel Sett. The Plant, Vessels and Equipment reserve has the income from the disposal of vehicles and scrap metal.

Table 4

Consolidated earmarked reserves

Reserve name	Balance at 1 April 2022 £	In-year movements £	Current reserve balance £
Property	(880,273)	(67,213)	(947,486)
Plant, Vessels and Equipment	(485,138)	(197,271)	(682,409)
Premises	(293,951)	(80,000)	(373,951)
Planning Delivery Grant	(244,809)	0	(244,809)
Upper Thurne Enhancement	(187,031)	(21,000)	(208,031)
Heritage Lottery Fund	(9,266)	188,465	179,199
Catchment Partnership	(84,381)	(5,806)	(90,187)
CANAPE	(476,735)	156,843	(319,892)
Computer Software	(129,326)	(20,000)	(149,326)
UK Communications	(38,346)	(16,887)	(55,233)
Match Funding	(46,130)	29,038	(17,092)
Total	(2,875,386)	(33,831)	(2,909,217)

6. Waiver of Standing Orders

- 6.1. Members may recall last September it was agreed to waiver Standing Orders for the payroll contract with Norfolk County Council (NCC) until 2022/23 after which we would go out to tender. From 1 April this year NCC implemented a new system which has meant there has been significant time spent correcting teething problems to ensure staff are paid correctly. This, together with staff absences, has diverted work from starting the tender process. Reluctantly, officers have agreed that the timetable is now too tight to tender and parallel run between now and 1 April 2023 and therefore a further year's waiver is sought. In recognition for the extra work caused, NCC has agreed to retain prices as per 2021/22 for 2022/23 and a small increase for 2023/24. Due to the previous extension exceeding the CEO delegated powers members are asked to approve an additional £7,500 for 2023/24.
- 6.2. As part of the Heritage Lottery Project, scaffolding has been assembled at Mutton's Mill to complete repairs. Due to staff sickness the scaffolding needs to be retained for longer than originally planned. The waiver proposes to extend the contract for a further six months at a cost of £3,510. The driver behind this request is that obtaining

additional quotes would involve the Authority paying for potentially new scaffolding to be erected and would further extend the project. The extension equates to over a 10% extension and therefore exceeds the CEO delegated powers. Members are requested to approve this waiver of Standing Orders.

7. Conclusion

- 7.1. The forecast position for the year suggests a deficit within the National Park and Navigation budget, which will be balanced through the use of reserves. This would result in a National Park Reserve balance of approximately £602,000 and a Navigation Reserve balance of £504,000 at the end of 2022/23 (before any year-end adjustments). This would mean that both reserves would be above the recommended levels, with National Park at 16.4% and Navigation at 12.4%.

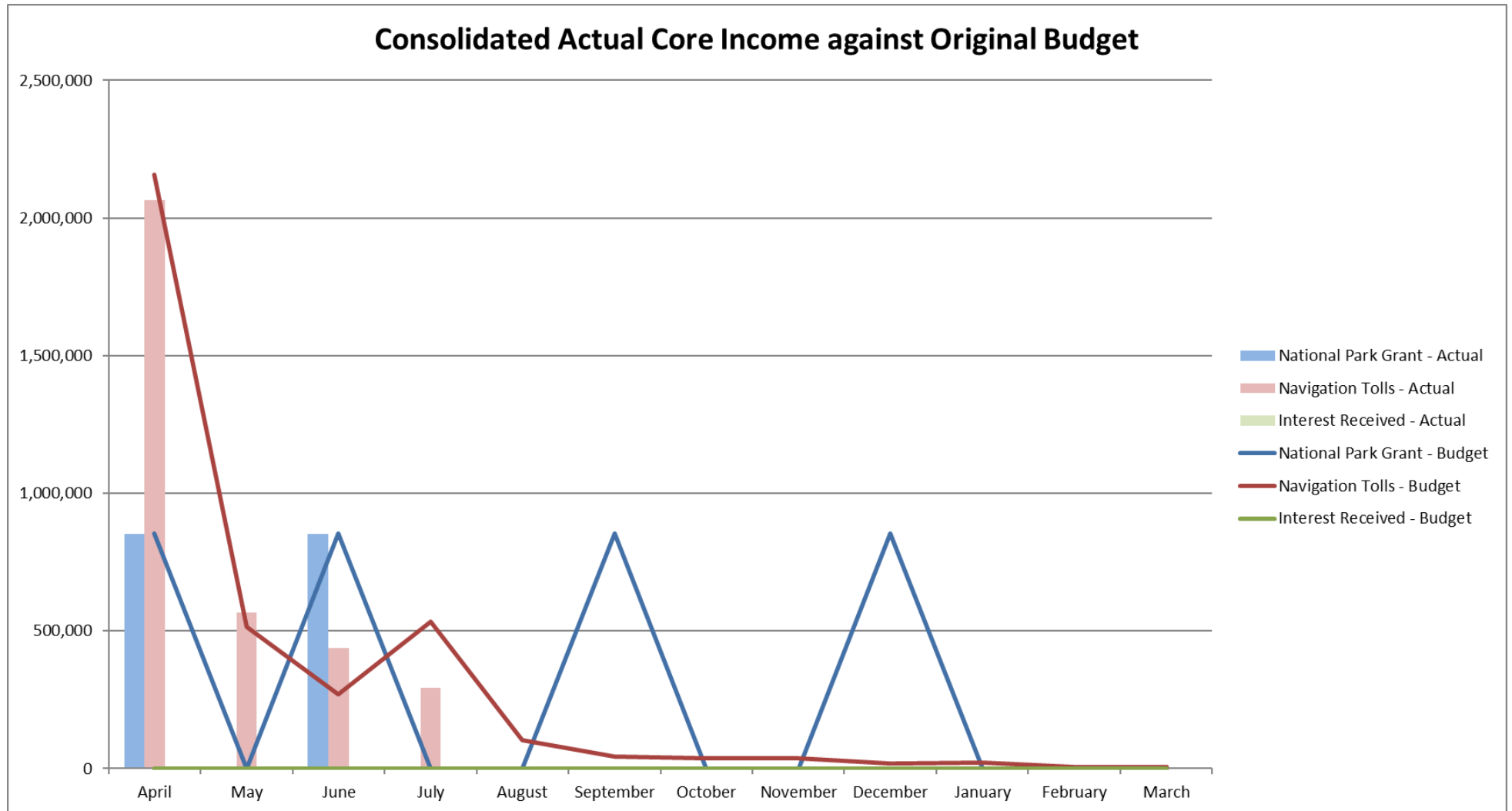
Author: Emma Krelle

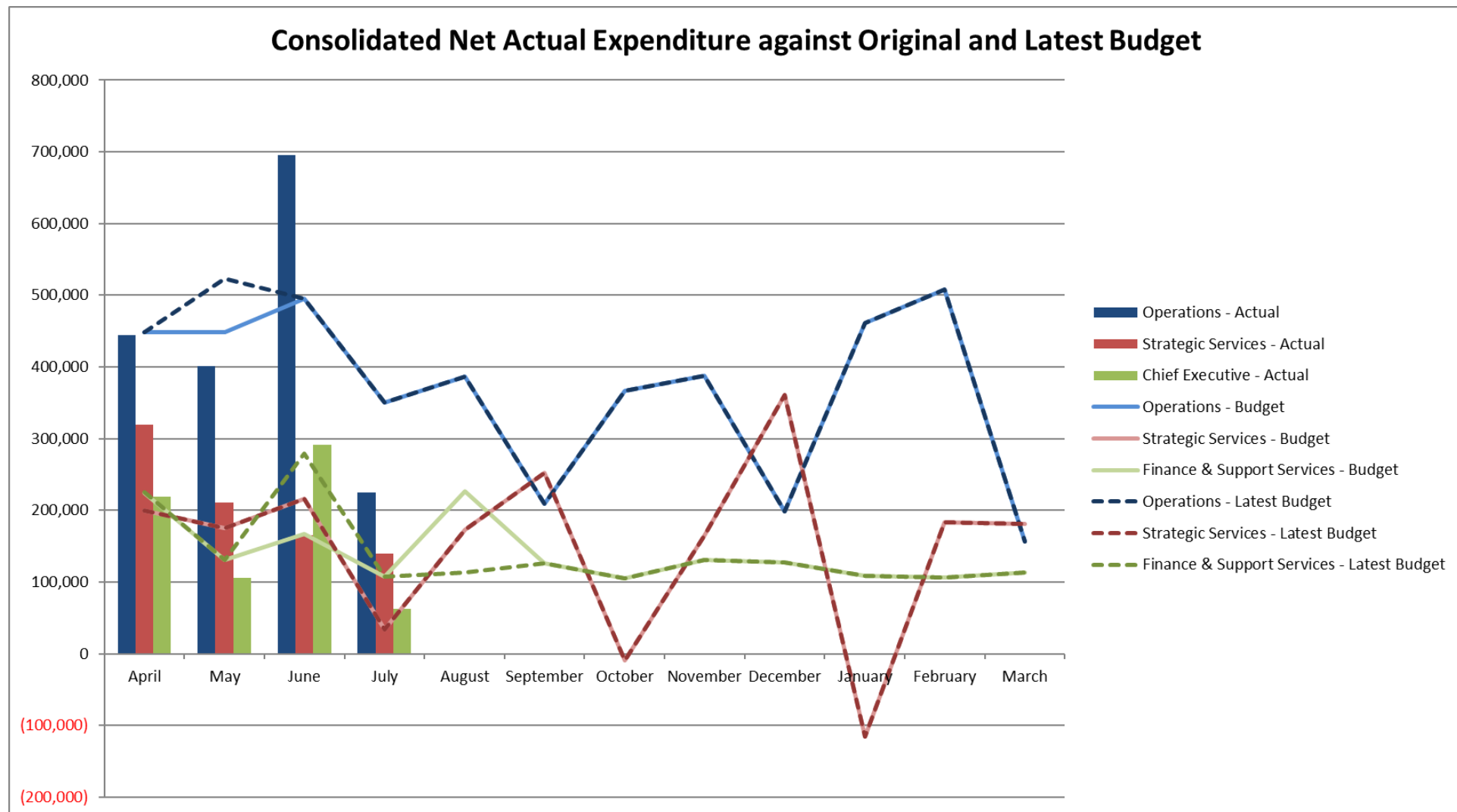
Date of report: 06 September 2022

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

Appendix 2 – Financial monitor: Consolidated income and expenditure 2022/23

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





Appendix 2 – Financial monitor: Consolidated income and expenditure 2022/23

Table 1

Income

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Total Income	(7,175,468)	0	(7,175,468)	(7,223,208)	47,740
National Park Grant	(3,414,078)	0	(3,414,078)	(3,414,078)	0
Hire Craft Tolls	(1,186,000)	0	(1,186,000)	(1,194,690)	8,690
Private Craft Tolls	(2,489,000)	0	(2,489,000)	(2,482,050)	-6,950
Short Visit Tolls	(48,000)	0	(48,000)	(48,000)	0
Other Toll Income	(32,390)	0	(32,390)	(32,390)	0
Interest	(6,000)	0	(6,000)	(52,000)	46,000

Table 2
Operations

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Total Operations	4,691,344	75,000	4,766,344	4,885,816	-119,472
Construction and Maintenance Salaries	1,382,480	0	1,382,480	1,434,583	-52,103
Salaries	1,384,240	0	1,384,240	1,434,662	-50,422
Expenditure	(1,760)	0	(1,760)	(79)	-1,681
Equipment, Vehicles & Vessels	730,645	0	730,645	772,745	-42,100
Income	(13,700)	0	(13,700)	(14,000)	300
Expenditure	744,345	0	744,345	786,745	-42,400
Water Management	79,840	0	79,840	79,840	0
Expenditure	79,840	0	79,840	79,840	0
Land Management	(40,786)	0	(40,786)	(40,786)	0
Income	(97,606)	0	(97,606)	(97,606)	0
Expenditure	56,820	0	56,820	56,820	0
Practical Maintenance	640,195	75,000	715,195	714,770	425
Income	(11,000)	0	(11,000)	(11,425)	425
Expenditure	651,195	75,000	726,195	726,195	0
Waterways and Recreation Strategy	54,100	0	54,100	55,420	-1,320

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Salaries	42,100	0	42,100	43,420	-1,320
Expenditure	12,000	0	12,000	12,000	0
Ranger Services	1,067,690	0	1,067,690	1,087,924	-20,234
Income	0	0	0	0	0
Salaries	866,570	0	866,570	884,517	-17,947
Expenditure	200,870	0	200,870	203,157	-2,287
Pension Payments	250	0	250	250	0
Safety	122,430	0	122,430	126,400	-3,970
Income	(1,000)	0	(1,000)	(1,000)	0
Salaries	78,100	0	78,100	82,070	-3,970
Expenditure	45,330	0	45,330	45,330	0
Premises	232,190	0	232,190	230,590	1,600
Income	(3,500)	0	(3,500)	(3,500)	0
Expenditure	235,690	0	235,690	234,090	1,600
Premises – Head Office	263,880	0	263,880	263,880	0
Income	0	0	0	0	0
Expenditure	263,880	0	263,880	263,880	0
Project Funding	12,100	0	12,100	12,100	0

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Expenditure	0	0	0	0	0
Pension Payments	12,100	0	12,100	12,100	0
Operations Management and Administration	146,580	0	146,580	148,350	-1,770
Salaries	138,080	0	138,080	139,850	-1,770
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	1,691,702	0	1,691,702	1,743,608	-51,906
Development Management	364,240	0	364,240	381,540	-17,300
Income	(100,000)	0	(100,000)	(100,000)	0
Salaries	408,840	0	408,840	426,140	-17,300
Expenditure	50,850	0	50,850	50,850	0
Pension Payments	4,550	0	4,550	4,550	0
Strategy and Projects Salaries	212,500	0	212,500	211,160	1,340
Income	(962,486)	0	(962,486)	(962,486)	0
Salaries	175,350	0	175,350	187,300	-11,950
Expenditure	999,636	0	999,636	986,346	13,290
Strategy and Projects	1,000	0	1,000	1,000	0
Expenditure	1,000	0	1,000	1,000	0
Biodiversity Strategy	11,900	0	11,900	11,900	0
Income	0	0	0	0	0
Expenditure	11,900	0	11,900	11,900	0
Human Resources	150,610	0	150,610	173,000	-22,390

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Income	0	0	0	(370)	370
Salaries	91,960	0	91,960	114,720	-22,760
Expenditure	58,650	0	58,650	58,650	0
Volunteers	73,300	0	73,300	75,660	-2,360
Salaries	53,900	0	53,900	56,260	-2,360
Expenditure	19,400	0	19,400	19,400	0
Communications	428,704	0	428,704	429,776	-1,072
Income	(115,272)	0	(115,272)	(91,980)	-23,292
Salaries	303,810	0	303,810	376,360	-72,550
Expenditure	240,166	0	240,166	145,396	94,770
Visitor Centres and Yacht Stations	339,370	0	339,370	340,344	-974
Income	(200,600)	0	(200,600)	(200,600)	0
Salaries	396,620	0	396,620	397,594	-974
Expenditure	143,350	0	143,350	143,350	0
Strategic Services Management and Administration	110,078	0	110,078	119,228	-9,150
Salaries	112,950	0	112,950	122,100	-9,150
Expenditure	(2,872)	0	(2,872)	(2,872)	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	1,659,775	0	1,659,775	1,654,335	5,440
Legal	96,000	0	96,000	94,000	2,000
Income	(4,000)	0	(4,000)	(6,000)	2,000
Expenditure	100,000	0	100,000	100,000	0
Governance	249,960	0	249,960	231,610	18,350
Salaries	173,060	0	173,060	171,310	1,750
Expenditure	76,900	0	76,900	60,300	16,600
Chief Executive	125,240	0	125,240	126,320	-1,080
Salaries	124,240	0	124,240	125,320	-1,080
Expenditure	1,000	0	1,000	1,000	0
Asset Management	146,609	0	146,609	148,519	-1,910
Income	(24,000)	0	(24,000)	(24,000)	0
Salaries	47,970	0	47,970	49,880	-1,910
Expenditure	122,639	0	122,639	122,639	0
Finance and Insurance	452,746	0	452,746	468,426	-15,680
Salaries	234,620	0	234,620	250,300	-15,680

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	218,126	0	218,126	218,126	0
Collection of Tolls	193,760	0	193,760	196,360	-2,600
Salaries	182,760	0	182,760	185,360	-2,600
Expenditure	11,000	0	11,000	11,000	0
ICT	395,460	0	395,460	389,100	6,360
Salaries	202,560	0	202,560	207,750	-5,190
Expenditure	192,900	0	192,900	181,350	11,550

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	(5,387)	0	(5,387)	(3,687)	-1,700
Partnerships / HLF	(151,987)	0	(151,987)	(151,987)	0
Income	(681,924)	0	(681,924)	(681,924)	0
Salaries	104,180	0	104,180	184,370	-80,190
Expenditure	425,757	0	425,757	345,567	80,190
Corporate Items	146,600	0	146,600	148,300	-1,700
Expenditure	19,600	0	19,600	21,300	-1,700
Pension Payments	127,000	0	127,000	127,000	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	(509,482)	0	(509,482)	(534,204)	24,722
Earmarked Reserves	(509,482)	0	(509,482)	(534,204)	24,722

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	(509,482)	0	(509,482)	(534,204)	24,722

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	352,484	75,000	427,484	522,660	-95,176