

Broads Authority

22 September 2023

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.

Broads Plan context

Financial performance underpins all the strategic objectives of the Broads Plan.

Recommended decision

To note:

- i. the income and expenditure figures
 - ii. the latest pay negotiations in paragraph 4.2 and
 - iii. the prudential indicators in paragraph 6.1.
-

Contents

1.	Introduction	2
2.	Overview of actual income and expenditure	2
3.	Latest available budget	4
4.	Overview of forecast outturn 2023/24	4
5.	Reserves	5
6.	Prudential Indicators	6
7.	Conclusion	6
	Appendix 1 – Consolidated actual income and expenditure charts to 31 July 2023	8
	Appendix 2 – Financial monitor: Consolidated income and expenditure 2023/24	10

1. Introduction

- 1.1. This report covers three items: the Consolidated Income and Expenditure from 1 April –
1.2. 31 July 2023, the latest pay negotiations and the quarter one prudential indicators for 2023/24.

2. Overview of actual income and expenditure

Table 1

Actual consolidated income and expenditure by directorate to 31 July 2023

Directorate	Profiled latest available budget £	Actual income and expenditure £	Actual variance £
Income	(5,659,894)	(5,526,406)	- 133,488
Operations	1,851,437	1,668,967	+ 182,470
Strategic Services	575,802	684,420	- 108,618
Finance & Support Services	925,528	903,892	+ 21,636
Projects, Corporate Items and Contributions from Earmarked Reserves	(276,362)	(116,659)	- 159,703
Net (Surplus) / Deficit	(2,583,489)	(2,385,786)	- 197,703

- 2.1. Core navigation income is below the profiled budget at the end of month four. The overall position as at 31 July 2023 is an adverse variance of £197,703 or a 7.65% difference from the profiled LAB. This is principally due to:

- An overall adverse variance of £132,659 within income:
 - Hire Craft Tolls is £90,125 below the profiled budget (Note: this includes some outstanding hire boat split payments which were received in early August).
 - Private Craft is £49,612 below the profiled budget.
 - Short Visit and Other Toll income is £7,908 above the profiled budget.
 - Investment income is £1,659 below the profiled budget.
- An underspend within Operations relating to:
 - Construction, Maintenance and Ecology salaries is £27,064 under the profiled budget due to the 5% budgeted pay award not being agreed by the unions.

- Equipment, Vehicles and Vessel is under the profiled budget by £48,658 due to delays in expenditure from the earmarked reserves which has been slightly offset by the overspend on fuel.
- Land Management is over the profiled budget by £17,035 due to timing differences on the receipt of RPA income and a contract being completed ahead of profile.
- Practical Maintenance is under the profiled budget by £18,279 due to a timing difference on earmarked reserve expenditure.
- Ranger Services is under the profiled budget by £32,288 due to the 5% budgeted pay award not being agreed by the unions.
- Premises is under the profiled budget by £28,896 due to delays in expenditure at the Dockyard from the earmarked reserves.
- Project Funding is under the profiled budget by £39,078 due to timing differences.
- An overspend within Strategic Services relating to:
 - Strategy and Projects is over the profiled budget by £174,007 due to delays in the receipt of quarter one grant claim for Farming in Protected Landscapes (FiPL) being paid and the extension to the Nature for Climate Peatland Discovery Grant (NCPGS) being approved after the budget was set.
 - Communications is under the profiled budget by £46,097 due to the extension to the UK National Parks Communication service being approved after the budget was set. In addition, two grants have been received from Forest Holidays and Green pathways that were not budgeted for. Both of these variances will reduce as expenditure is incurred.
- An underspend within Finance and Support Services relating to:
 - Legal is over the profiled budget by £16,171 due to increased costs for Reedham Quay lease and Monitoring Officer recharges.
 - Finance and Insurance is under the profiled budget by £12,448 due to timing differences on audit recharges.
 - ICT in under the profiled budget by £16,782 due to timing differences.
- An adverse variance within reserves relating to:
 - Premises is under the profiled budget due to delays on Dockyard expenditure.
 - Property is under the profiled budget due to delays on Hoveton Riverside Park works.

- Plant, Vessels and Equipment is under the profiled budget due to timing differences on vehicle and equipment replacements.
- UK Communications Team is under the profiled budget due to the additional income received for the extension.

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 2023/24. 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 2023/24 – deficit	Broads Authority 20/01/23 Agenda item number 11	18,222
LAB as at 31 July 2023	n/a	18,222

4. Overview of forecast outturn 2023/24

- 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. Each year an estimate is made of what the salary increases will be for the budget and for 2023/24 this was estimated at 5%. In February this year the NJC made its full and final offer of £1,925 per spinal point. This has been considered by the Unions and rejected. In August the NJC reconfirmed that the £1,925 is their full and final offer after the unions asked for negotiations to be reopened. Despite Unison deciding against strike action, Unite and GMB are still considering this. This somewhat leaves the pay negotiations in stalemate. As well as the potential impact on this year’s outturn the cumulative effect on pay makes it difficult to estimate what the level will be for 2024/25 as part of the tolls and budget setting.
- 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	18,222
Decrease to Hire Craft Tolls	23,451
Decrease to Private Craft Tolls	47,527
Increase to Insurance costs	13,000
Forecast outturn deficit as at 31 July 2023	102,200

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 contains the income from land rental at Oulton Broad. The Plant, Vessels and Equipment reserve has funded three new vehicles. The Heritage Lottery Fund, Catchment Project, CANAPE, UK Communications and Match Funding reserve contains the income and expenditure relating to those projects. The Medium-Term Planning reserve had funded the expenditure for the reconfiguration of Yare House.

Table 4

Consolidated earmarked reserves

Reserve name	Balance at 1 April 2023 £	In-year movements £	Current reserve balance £
Property	(936,361)	(71,796)	(1,008,157)
Plant, Vessels and Equipment	(635,878)	(107,208)	(743,086)
Premises	(376,578)	(51,750)	(428,328)
Planning Delivery Grant	(261,209)	0	(261,209)
Upper Thurne Enhancement	(213,533)	(21,000)	(234,533)
HLF	(171,017)	160,868	(10,149)
Catchment Partnership	(84,887)	(16,571)	(101,458)
CANAPE	(463,385)	69,932	(393,453)
Computer Software	(152,592)	(20,000)	(172,592)
UK Communications	(4,820)	(7,623)	(12,443)

Reserve name	Balance at 1 April 2023 £	In-year movements £	Current reserve balance £
Match Funding (EXPERIENCE)	(17,466)	15,874	(1,592)
Medium-Term Planning	(449,623)	22,669	(426,954)
Total	(3,767,349)	(26,605)	(3,793,954)

5.3. £1,606,519 of the current reserve balance above relates to Navigation reserves.

6. Prudential Indicators

6.1. The Capital, treasury and investment strategy 2023/24, approved 17 March 2023, included the key prudential indicators necessary for an authority that has borrowing. The prudential indicators are designed to support and record local decision making in a publicly accountable manner. At the beginning of each year, estimates for the prudential indicators are set and agreed by members. In the past actual indicators were compared to the estimates once the annual accounts are produced in May each year. The updated CIPFA code requires these prudential indicators to be reported quarterly and are set out in table 5 below.

Table 5

Prudential Indicators 2023/24

Prudential Indicator	Opening 01/04/23 £	Closing estimate 31/03/24 £	Q1 Actual £
Capital expenditure	0	350,000	81,002
Authorised limit for external debt	500,000	500,000	500,000
Operational Boundary	400,000	400,000	400,000
Capital Financing Requirement	127,140	91,648	116,696

7. Conclusion

7.1. The forecast position for the year suggests a surplus within the National Park and a deficit within the Navigation budget. This would result in a National Park Reserve balance of approximately £642,000 and a Navigation Reserve balance of £478,000 at the end of 2023/24 (before any year-end adjustments). This would mean that both reserves would be above the recommended levels, with National Park at 18.6% and Navigation at 10.9%. Year-end transfers of interest to the earmarked reserves and closure of the CANAPE reserve mean it will rise to approximately 22.9% and 12%. This will be highly dependent on the level of interest received.

Author: Emma Krelle

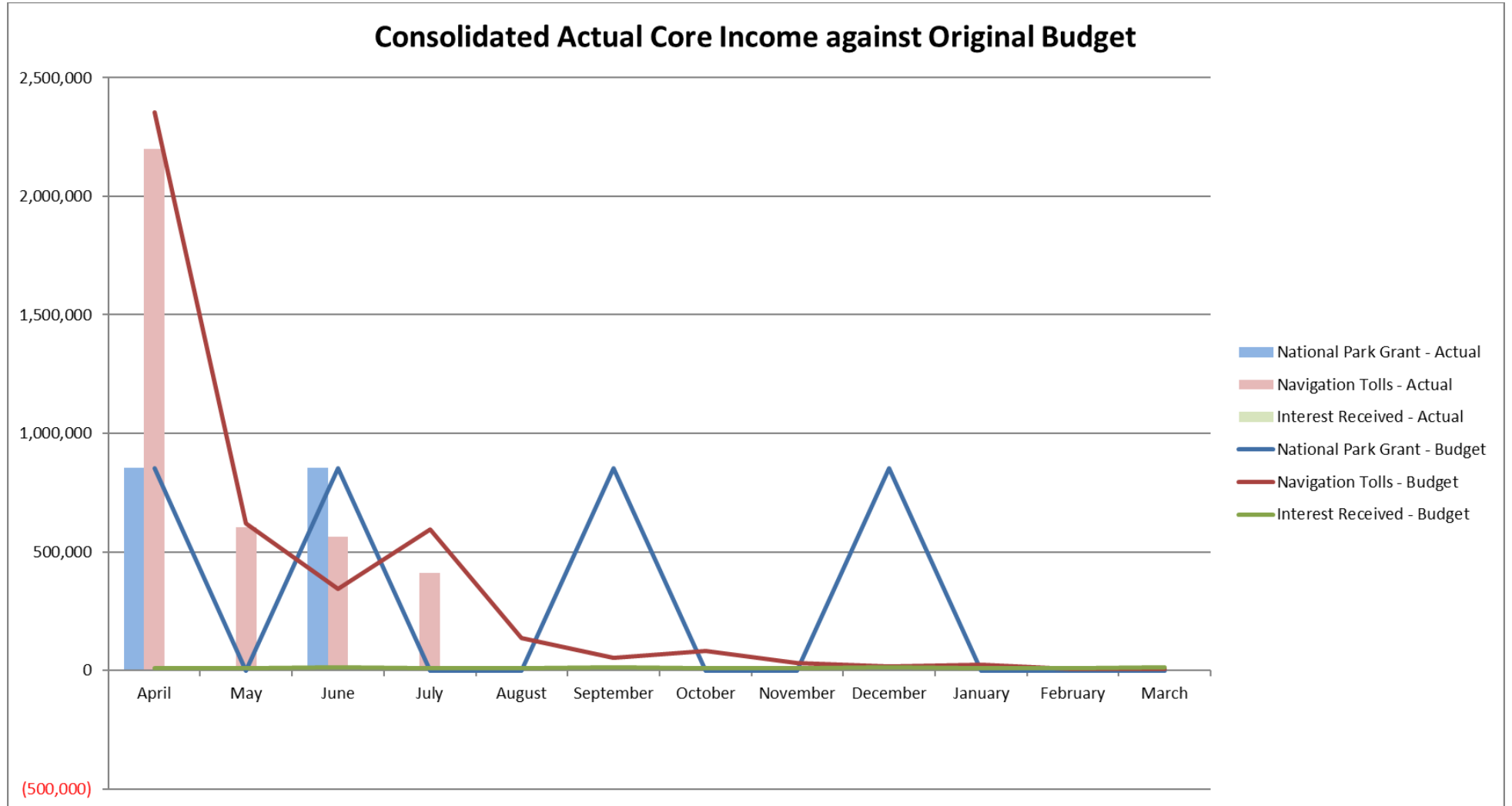
Date of report: 04 September 2023

[Broads Plan](#) strategic objectives: All

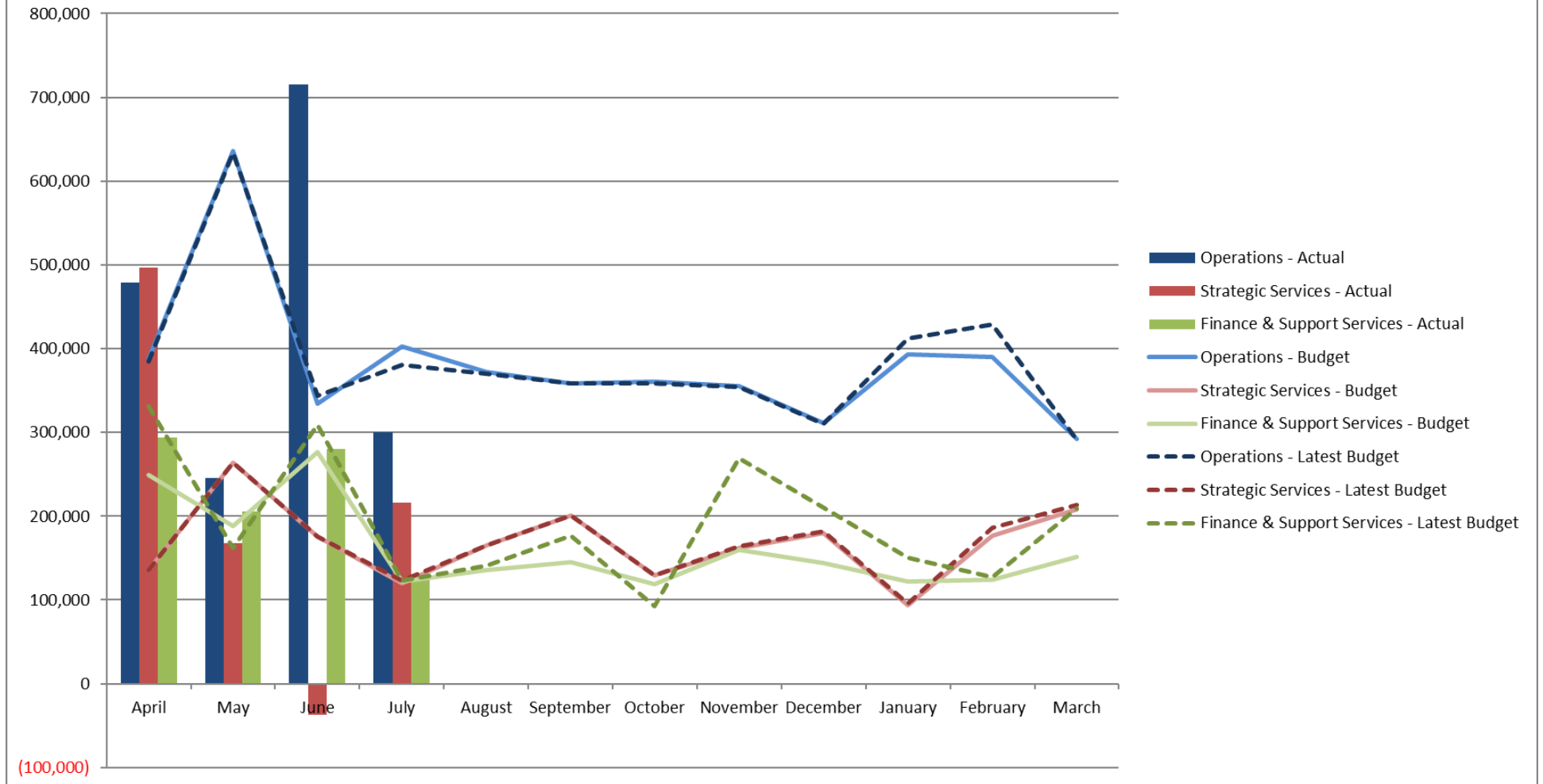
Appendix 1 – Consolidated actual income and expenditure charts to 31 July 2023

Appendix 2 – Financial monitor: Consolidated income and expenditure 2023/24

Appendix 1 – Consolidated actual income and expenditure charts to 31 July 2023



Consolidated Net Actual Expenditure against Original and Latest Budget



Appendix 2 – Financial monitor: Consolidated income and expenditure 2023/24

Table 1

Income

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Total Income	(7,803,688)	0	(7,803,688)	(7,732,710)	-70,978
National Park Grant	(3,414,078)	0	(3,414,078)	(3,414,078)	0
Hire Craft Tolls	(1,333,000)	0	(1,333,000)	(1,309,549)	-23,451
Private Craft Tolls	(2,844,000)	0	(2,844,000)	(2,796,473)	-47,527
Short Visit Tolls	(55,000)	0	(55,000)	(55,000)	0
Other Toll Income	(32,610)	0	(32,610)	(32,610)	0
Interest	(125,000)	0	(125,000)	(125,000)	0

Table 2
Operations

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Total Operations	4,861,285	32,050	4,893,335	4,893,335	0
Construction and Maintenance Salaries	1,549,230	0	1,549,230	1,549,230	0
Salaries	1,549,230	0	1,549,230	1,549,230	0
Expenditure	0	0	0	0	0
Equipment, Vehicles & Vessels	769,670	0	769,670	769,670	0
Income	(1,000)	0	(1,000)	(1,000)	0
Expenditure	770,670	0	770,670	770,670	0
Water Management	88,700	0	88,700	88,700	0
Expenditure	88,700	0	88,700	88,700	0
Land Management	(31,145)	0	(31,145)	(31,145)	0
Income	(87,500)	0	(87,500)	(87,500)	0
Expenditure	56,355	0	56,355	56,355	0
Practical Maintenance	592,475	0	592,475	592,475	0
Income	(56,185)	0	(56,185)	(56,185)	0
Expenditure	648,660	0	648,660	648,660	0
Waterways and Recreation Strategy	55,920	0	55,920	55,920	0

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	47,920	0	47,920	47,920	0
Expenditure	8,000	0	8,000	8,000	0
Ranger Services	1,117,940	32,050	1,149,990	1,149,990	0
Income	0	0	0	0	0
Salaries	986,990	0	986,990	986,990	0
Expenditure	130,700	32,050	162,750	162,750	0
Pension Payments	250	0	250	250	0
Safety	143,315	0	143,315	143,315	0
Income	(500)	0	(500)	(500)	0
Salaries	87,870	0	87,870	87,870	0
Expenditure	55,945	0	55,945	55,945	0
Premises	294,450	0	294,450	294,450	0
Income	(2,600)	0	(2,600)	(2,600)	0
Expenditure	297,050	0	297,050	297,050	0
Project Funding	130,600	0	130,600	130,600	0
Expenditure	118,100	0	118,100	118,100	0
Pension Payments	12,500	0	12,500	12,500	0

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Operations Management and Administration	150,130	0	150,130	150,130	0
Salaries	144,030	0	144,030	144,030	0
Expenditure	6,100	0	6,100	6,100	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	1,722,479	24,739	1,747,218	1,747,218	0
Development Management	419,510	0	419,510	419,510	0
Income	(87,500)	0	(87,500)	(87,500)	0
Salaries	459,380	0	459,380	459,380	0
Expenditure	42,930	0	42,930	42,930	0
Pension Payments	4,700	0	4,700	4,700	0
Strategy and Projects Salaries	264,590	0	264,590	264,590	0
Income	(209,000)	0	(209,000)	(354,833)	145,833
Salaries	215,230	0	215,230	222,073	-6,843
Expenditure	258,360	0	258,360	397,350	-138,990
Biodiversity Strategy	9,300	0	9,300	9,300	0
Expenditure	9,300	0	9,300	9,300	0
Human Resources	161,810	0	161,810	161,810	0
Salaries	102,110	0	102,110	102,110	0
Expenditure	59,700	0	59,700	59,700	0
Volunteers	75,360	0	75,360	75,360	0

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Salaries	61,860	0	61,860	61,860	0
Expenditure	13,500	0	13,500	13,500	0
Communications	393,974	0	393,974	393,974	0
Income	(250)	0	(250)	(21,432)	21,182
Salaries	312,910	0	312,910	312,910	0
Expenditure	81,314	0	81,314	102,496	-21,182
Visitor Centres and Yacht Stations	265,175	24,739	289,914	289,914	0
Income	(306,550)	0	(306,550)	(306,550)	0
Salaries	444,070	0	444,070	444,070	0
Expenditure	127,655	24,739	152,394	152,394	0
Strategic Services Management and Administration	132,760	0	132,760	132,760	0
Salaries	130,260	0	130,260	130,260	0
Expenditure	2,500	0	2,500	2,500	0

Table 4

Chief Executive

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Finance & Support Services	1,937,520	364,056	2,301,576	2,314,576	-13,000
Legal	104,000	0	104,000	104,000	0
Income	(6,000)	0	(6,000)	(6,000)	0
Expenditure	110,000	0	110,000	110,000	0
Governance	245,350	0	245,350	245,350	0
Salaries	185,750	0	185,750	185,750	0
Expenditure	59,600	0	59,600	59,600	0
Chief Executive	133,060	0	133,060	133,060	0
Salaries	132,060	0	132,060	132,060	0
Expenditure	1,000	0	1,000	1,000	0
Asset Management	153,880	0	153,880	153,880	0
Income	(24,300)	0	(24,300)	(24,300)	0
Salaries	53,320	0	53,320	53,320	0
Expenditure	124,860	0	124,860	124,860	0
Premises – Head Office	161,940	364,056	525,996	525,996	0
Expenditure	161,940	364,056	525,996	525,996	0

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Finance and Insurance	495,510	0	495,510	508,510	-13,000
Income	0	0	0	0	0
Salaries	268,010	0	268,010	268,010	0
Expenditure	227,500	0	227,500	240,500	-13,000
Collection of Tolls	208,680	0	208,680	208,680	0
Salaries	198,080	0	198,080	198,080	0
Expenditure	10,600	0	10,600	10,600	0
ICT	435,100	0	435,100	435,100	0
Salaries	224,000	0	224,000	224,000	0
Expenditure	211,100	0	211,100	211,100	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	28,625	0	28,625	28,625	0
Partnerships / HLF	21,925	0	21,925	21,925	0
Income	(91,535)	0	(91,535)	(91,535)	0
Salaries	96,460	0	96,460	96,460	0
Expenditure	17,000	0	17,000	17,000	0
Corporate Items	6,700	0	6,700	6,700	0
Expenditure	6,700	0	6,700	6,700	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	(727,999)	(420,845)	(1,148,844)	(1,148,844)	0
Earmarked Reserves	(727,999)	(420,845)	(1,148,844)	(1,148,844)	0
Expenditure	(727,999)	(420,845)	(1,148,844)	(1,148,844)	0

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	18,222	0	18,222	102,200	-83,978