

Consolidated Income and Expenditure: 1 April 2012 to 31 December 2012
Report by Head of Finance

Summary: This report summarises actual income and expenditure for the nine month period to 31 December 2012, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2013). The report provides details of major variances expected at year end and the reasons these are anticipated.

Recommendation: That the report be noted.

1 Introduction

- 1.1 This Budget Monitoring report is presented in the new format and includes details of the profiled original budget. The focus of the report is the forecast outturn for the year, which is intended to provide members with a more accurate picture of expected activity for the full financial year. This report provides details of the Authority's consolidated expenditure (National Park and Navigation).
- 1.2 Appendix 1 provides a forecast of the 2012/13 outturn (the expected actual expenditure at the end of the financial year), compared to the original budget for the year agreed by the Authority in January 2012. A commentary about significant variances from the original budget is provided within the appendix.
- 1.3 In addition, Appendix 1 shows the actual income received and expenditure incurred for the period April 2012 to December 2012 compared with the profiled original budget for the year.
- 1.4 Finally, Appendix 1 also presents details of actual movements in earmarked reserves for the period to date and the balance of earmarked reserves at the end of December 2012.

2 Overview of Actual Income and Expenditure

- 2.1 Total income for the period is £5,635,131, which is 84.78% of the original budget for the year and 99.56% of the profiled budget.
- 2.2 Total net expenditure is £5,142,619, which is 72.25% of the original budget and 97.06% of the profiled budget.

2.3 This results in an actual underspend against the profiled budget of £130,905 in December (a favourable variance). This position is due to the significant variances set out in paragraph 2.4 below. As reported in previous months, the forecast outturn continues to anticipate that there will be a significant deficit position by the end of the financial year.

2.4 The current actual underspend is explained by the following key variances (variances of +/- £10,000):

Consolidated Income & Expenditure as at 30/11/2012	£000s
Actual income	(5,635)
Actual expenditure	5,143
Actual surplus for period	(492)
Profiled surplus for period	(362)
Variance (actual surplus less profile) (favourable)	(130)
<i>Explained by (key variances only):</i>	
Net income variance (adverse) – reduced short visit tolls and outstanding interest income	(25)
Construction and Maintenance Salaries (underspend) – costs lower than budgeted	20
Equipment, Vehicles and Vessels (overspend) – vehicle purchases (capital)	(97)
Water Management (underspend) – works deferred until December	136
Land Management (underspend) – reduced planned activity	13
Practical Maintenance (underspend) – outstanding invoices (Breydon, Stokesby, Beccles)	193
Ranger Services (underspend) – lower than anticipated lease costs	13
Safety (overspend) – purchase of HAVS equipment, unbudgeted standby payments	(22)
Operations Income (favourable) – Breydon Water and Fen Management income not profiled	156
Strategy and Projects (overspend) – climate change consultation, conservation appraisals	(12)
Project Funding (underspend) – some slippage on projects	25
Planning and Strategy Income (favourable) – higher than anticipated planning income	64
Human Resources (overspend) – unbudgeted staff survey and additional consultancy costs	(16)
Finance and Insurance (underspend) – various insurance and bank charge underspends	17
Communications (underspend) – expenditure anticipated Jan-Mar	17
Visitor Centres and Yacht Stations (underspend) – various maintenance underspends	13
ICT (underspend) – various maintenance, hardware and software underspends	11
Legal (overspend) – invoice to September 2012 higher than budgeted	(17)
Premises (overspend) – payment of Yare House, Dragonfly House and Dockyard costs	(398)
Management and Admin (overspend) – payment of full year subscriptions not in profile	(11)
Resources Income (adverse) – outstanding income for Dragonfly House parking / reception	(21)
Prisma (underspend) – budget profile issue with timing of work and activity	120
Dockyard Site Maintenance – use of reserve in profile no longer planned	(43)
Total key variances	136

2.5 It should be emphasised that the majority of the variances identified above relate to timing differences between actual expenditure and the budget profiles and in many cases budgets have been committed in these areas – this is particularly significant for the Water Management, Practical Maintenance and PRISMA budget lines. Similarly, a large element of the variance relates to issues with profiling of income for Breydon Water (which was not included in the original budget) and Fen Management, where income has been profiled for the end of the year but has in fact been received throughout 2012/13. There is also a significant overspend on the Premises budget, in line with the capital investment plans previously agreed by the

Authority. As a result, the current underspend position is not expected to persist through the full financial year and this is reflected in the forecast outturn set out in Section 3 below. A full commentary on actual variances is provided within Appendix 1.

3 Overview of Forecast Outturn 2012/13

3.1 Budget holders have been asked to comment on the expected expenditure at the end of the financial year in respect of all the 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 throughout the financial year. The Finance Team are supporting budget holders in developing accurate forecasting methods.

3.2 As at the end of December 2012, the forecast outturn indicates:

- Income is expected to be broadly in line with the original budget with total forecast income of £6,629,174.
- Total expenditure is forecast to be £7,711,770. This represents an increase of £594,402 or 8.35% on the original budget of £7,117,368.
- The resulting deficit for the year is forecast to be £1,082,596, an increase of £612,277 over the deficit set out in the original 2012/13 budget.

3.3 The forecast outturn expenditure takes account of the following key changes from the original budget:

- £470,571 expenditure to fund capital improvements of the workshop at the Dockyard.
- The inclusion of £355,000 expenditure in respect of costs arising from the relocation to Yare House.
- Additional costs and income relating to Breydon Water including hydraulic/sediment modelling, lay-by moorings and the acquisition of a new launch.
- Adjustment of salary costs to reflect the 0% pay award in 2012/13. This was previously budgeted at 1% for all salaries.

3.4 The forecast outturn position has been adjusted this month in light of:

- A net reduction of £35,000 in Practical Maintenance costs reflecting revised actual activity levels and planned works.
- A reduction of £14,000 in Strategy and Projects costs as a result of an anticipated delay in the Hardley Flood Weir project.
- An increase of £15,000 in the forecast costs of Legal services for the year based on higher actual invoices than budgeted for the first two quarters.
- An adjustment of £76,000 to the forecast use of reserves in respect of the New Office Accommodation reserve following a lower call on the reserve to fund the relocation to Yare House than anticipated.
- A number of other small adjustments based on actual activity levels and costs, as set out in Appendix 1.

3.5 Further commentary on all changes from the original budget is provided within Appendix 1.

4 Summary

4.1 The actual variance which persists in December results largely from timing differences and profiling issues as set out in section 2 of this report.

4.2 The forecast outturn represents a planned drawing down of reserves to fund one-off, mainly capital expenditure in 2012/13, and continues to anticipate a significant deficit position by the end of the year.

4.3 The impact of this deficit has been incorporated into the Authority's financial planning for 2013/14 and beyond, including in the re-profiling of planned contributions to reserves, with the expectation that general reserves will be built up once again from 2013/14.

Background Papers: Nil

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Broads Plan Objectives: None

Appendices: APPENDIX 1 - Consolidated Income and Expenditure to 31 December 2012

DIRECTORATE

	Consolidated Annual Budget 2012/13	Consolidated Use of Earmarked Reserves	Consolidated Forecast Outturn	Consolidated Forecast Variance	Consolidated Profiled Budget to December 2012	Consolidated Actual to December 2012	Consolidated Actual Variance as at December 2012	Commentary on forecast consolidated variance
INCOME								
National Park Grant	(3,774,799)	-	(3,774,799)	-	(2,831,099)	(2,831,099)	-	
<i>Navigation Charges</i>								
Hire Craft Tolls	(1,074,000)	-	(1,061,000)	(13,000)	(1,074,000)	(1,061,722)	(12,278)	Forecast outturn has been reduced by £13,000, including £6,000 which relates to Hire Boat Licence income. Increased use of online payment facility has led to earlier receipt of payments in 2012/13 resulting in the positive actual variance. The forecast additional income (£15,000) predicted from adjacent waters has been transferred from the Other Toll Income line. The forecast outturn has been reduced by £8k in light of the latest actual figures.
Private Craft Tolls	(1,692,000)	-	(1,699,000)	7,000	(1,672,247)	(1,694,044)	21,797	
Short Visit Tolls	(47,500)	-	(35,625)	(11,875)	(36,172)	(23,272)	(12,901)	Short visit sales are down as a result of the bad weather; outturn forecast has been reviewed in light of figures from outlets. Forecast additional income from adjacent waters transferred to Private Craft Tolls. £6,000 Hire Boat Licence income transferred from Hire Craft Tolls.
Other Toll Income	(18,750)	-	(18,750)	-	(18,750)	(16,945)	(1,805)	
Interest Received	(40,000)	-	(40,000)	-	(27,500)	(8,049)	(19,451)	Fixed term interest is payable on maturity of investment.
	(6,647,049)	-	(6,629,174)	(17,875)	(5,659,768)	(5,635,131)	(24,637)	
OPERATIONS								
<i>Construction & Maintenance</i>								
Construction & Maintenance Salaries	1,039,720	-	1,036,370	3,350	779,789	759,691	20,098	Salaries adjusted for impact of 0% pay award 2012/13. (Original budget 1%).
Equipment, Vehicles & Vessels	485,000	15,000	579,713	(79,713)	378,748	475,859	(97,111)	Budgeted £60,000 contribution to reserves will not be made 2012/13. Includes £78,000 carried forward from 2011/12 for acquisition of Uniflotes and additional £10,000 expenditure for electric outboard motors. In addition the capital purchase of 7 vehicles at a cost of £110,000 and the deposit for a new JCB (£21,000) has increased expenditure in 2012/13. 2012/13 budget is not expected to be fully spent due to revised planned activity level. Contract let for dredging works £100,000 in 2012/13. Hydrographic Survey (approx £20,000) to be undertaken. The actual variance arises from the profiled original budget for landowner payments and sediment removal where forecast outturn has been revised and limited expenditure is expected in 2012/13.
Water Management	230,000	-	182,500	47,500	167,750	31,387	136,363	

	Consolidated Annual Budget 2012/13	Consolidated Use of Earmarked Reserves	Consolidated Forecast Outturn	Consolidated Forecast Variance	Consolidated Profiled Budget to December 2012	Consolidated Actual to December 2012	Consolidated Actual Variance as at December 2012	Commentary on forecast consolidated variance
Land Management	123,500	28,985	145,450	7,035	104,990	91,563	13,428	2012/13 budget is not expected to be fully spent due to revised planned activity level, and forecast outturn includes deposit for purchase of Fen Harvester (funded from reserves).
Practical Maintenance	368,580	55,000	442,580	(19,000)	307,741	114,335	193,406	Additional expenditure in relation to Breydon Water (£60,000 for modelling (note contract has been awarded but expenditure will not be incurred until March 2013) and £50,000 (funded from reserves) for provision of moorings), partly offset by additional income from Great Yarmouth Port Authority (£50,000 - see below). Repiling works have been undertaken in November 2012 at Stokesby (budgeted at £40,000 although final cost is approximately £21,000) and Beccles (£60,000 - to be completed in January 2013). £22,500 contribution to Mutford Lock reserve in 2012/13 has been deferred. Other adjustments have been made to reflect latest activity plans including reduced spend under the "Other Navigation Works" budget and increased costs for tree maintenance at How Hill.
	2,246,800	98,985	2,386,613	(40,828)	1,739,018	1,472,834	266,184	
Rangers Salaries	519,880	-	523,590	(3,710)	425,995	435,812	(9,817)	
Ranger Services	219,500	110,000	404,270	(74,770)	185,772	171,969	13,803	The forecast variance relates to the additional expenditure for the Breydon Water launch, which will be delivered in 2012/13. In addition, the capital purchase of 3 vehicles at a cost of £53,000 has increased expenditure in 2012/13. The forecast outturn and use of earmarked reserves have been reduced by £80,000 to reflect the slippage of fit out works on the new launch(es), which are now anticipated early in the next financial year. This activity will be funded from the launch replacement reserve.
	739,380	110,000	927,860	(78,480)	611,767	607,781	3,985	
Safety	105,520	-	129,000	(23,480)	78,637	100,852	(22,215)	Actual overspend and increased forecast outturn relates to purchase of HAVS equipment. The forecast outturn has been increased to take account of standby payments charged to this line which were not in the original budget profile.
Asset Management	100,160	-	99,600	560	73,623	70,525	3,098	
Volunteers	43,660	-	51,100	(7,440)	32,745	38,922	(6,177)	Actual overspend and increased forecast outturn relates to equipment costs and increased training costs.
Management & Admin	160,070	-	157,750	2,320	120,053	119,304	749	
	409,410	-	437,450	(28,040)	305,058	329,602	(24,544)	

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Operations Income	(251,940)	-	(319,840)	67,900	(86,251)	(241,893)	155,642	£50,000 relating to transfer of responsibilities for Breydon Water not included in the original budget has been received from Great Yarmouth Port Authority. Income relating to Trinities is outstanding. The remaining actual variance arises from Fen Management income which is being received through the year but has been profiled to be received December 2012 - March 2013.
OPERATIONS TOTAL	3,143,650	208,985	3,432,083	(79,448)	2,569,592	2,168,325	401,267	
PLANNING & STRATEGY								
Development Management	272,320	15,000	285,590	1,730	219,234	214,300	4,934	Actual overspend results from additional support for development control activity, agreed to be funded from reserves but not included in original budget.
<i>Strategy & Projects</i>								
Strategy & Projects Salaries	440,010	-	423,880	16,130	330,008	319,944	10,064	Cancellation of Lound project (£20,730) and impact of 0% pay award in 2012/13.
Biodiversity Strategy	107,500	-	131,267	(23,767)	40,065	33,848	6,217	Actual variance results from lower than profiled costs in relation to Fen Strategy - options for future expenditure are currently under review. The forecast outturns for these budgets have been revised in November in light of income received and actual planned activity, resulting in a net increase in forecast of £23,767.
Partnerships/HLF	-	-	-	-	-	-	-	Increase in projected expenditure relates to delivery of climate change adaptation plan consultation work (£5,000) and cost of maintaining programme of conservation area appraisals (£5,000), although forecast has now been reduced based on actual planned activity and the anticipated slippage of the works at Hardley Flood Weir.
Strategy & Projects	65,000	23,814	87,000	1,814	51,421	63,251	(11,830)	
Waterways & Recreation	90,000	-	90,000	-	67,500	65,023	2,477	Environment Agency funding for Upper Thurne has been carried forward from 2011/12. Work is currently focussed on developing project plan and forecast reduced in November in light of actual work anticipated in 2012/13. For other projects, project strategies are being developed in 2012/13 with the consequence that fewer projects will be ready for implementation in the year.
Strategy								
Project Funding	169,000	-	97,837	71,163	83,500	58,209	25,291	
SDF transfer to reserves	150,000	-	150,000	-	112,500	112,500	-	
SDF	-	150,000	150,000	-	144,434	144,434	-	
Management & Admin	133,020	-	145,050	(12,030)	99,765	108,170	(8,405)	Adjustment for posts not funded from Planning Delivery Grant in 2012/13. Forecast outturn reduced by £5,000 for anticipated lower administration expenses.

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Planning & Strategy Income	(107,500)	-	(177,042)	69,542	(66,372)	(130,757)	64,385	Additional income has been received from Norfolk County Council to fund works at Hardley Weir (£20,000). Income received in relation to two large planning applications (Ditchingham Maltings and Pegasus) has increased the actual total income resulting in the actual variance. Accrued income from 2011/12 for the Upper Thurne remains outstanding and is being pursued.
PLANNING TOTAL	1,319,350	188,814	1,383,582	124,582	1,082,054	988,922	93,132	
RESOURCES								
Human Resources	155,780	-	173,800	(18,020)	116,835	132,903	(16,068)	Actual overspend relates to staff survey and other consultancy costs. The forecast outturn for Staff Training has been increased by £10,000 in November and the Human Resources forecast by £5,000 in December in light of additional recruitment and advice costs.
Finance & Insurance	329,065	-	309,832	19,233	270,214	253,351	16,863	Revised staff costs for new finance team structure from May 2012 in forecast outturn. Actual underspend arises from various small underspends on insurance, bank charges and salaries.
Governance	173,030	-	174,930	(1,900)	129,769	134,488	(4,719)	The forecast outturn has been reduced in light of lower than budgeted printing costs.
Communications	289,790	-	296,210	(6,420)	215,592	198,557	17,035	Actual underspend results from difference to profile as significant expenditure now expected early 2013 for Outdoor Festival and publications and TIC interpretation items in advance of 2013/14 season.
Visitor Centres & Yacht Stations	450,133	-	444,070	6,063	381,694	368,618	13,076	Actual underspend results from various minor underspends across Visitor Centres, Yacht Stations and Boat Trips, including lower than profiled maintenance costs.
Collection of Tolls	103,300	-	105,470	(2,170)	75,208	71,722	3,486	
ICT	236,000	12,655	235,278	13,376	198,654	188,056	10,598	Actual underspend arising from various small underspends on computer maintenance, hardware and software budgets.
Legal	100,000	-	125,000	(25,000)	50,000	67,478	(17,478)	Actual underspend results from Q2 invoice outstanding. Q2 invoice (£40,000) received in December and forecast outturn now increased further in light of higher than anticipated quarterly costs.

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Premises	635,000	24,103	1,317,891	(658,788)	411,686	810,123	(398,437)	The forecast variance results from additional costs relating to development of the new workshop at the Dockyard and the cost of the Authority's relocation to Yare House. The forecast cost of relocating to Yare House has been reduced by £20,000 in November based on the actual costs incurred. Actual overspend arises from payments in November and December for Dockyard development works (£183k) and Yare House fit-out works (£117k) not in original budget profiles. A final payment of £202k for accrued costs relating to Dragonfly House in 2011/12 and prior years based on rates in the original stakeholder paper was made in December 2012 and this has also impacted on the actual position for the month.
Management & Admin	235,620	-	242,030	(6,410)	179,465	190,515	(11,050)	The actual variance results from the payment of annual subscriptions which were not included in the profile for the start of the year. The forecast outturn has been increased by £4,000 in light of additional pool car maintenance and acquisition costs.
Resources Income	(221,850)	-	(201,850)	(20,000)	(195,165)	(174,588)	(20,577)	The actual variance results from outstanding income relating to contribution payments for Dragonfly House reception and rental of car parking spaces for 2012/13 and lower than profiled income from Yacht Station moorings. The original budget included £20k in relation to a grant for Norwich Yacht Station from the City Council. This funding ceased in 2011/12. Forecast resources income has been reduced by £18k in light of actual Yacht Station income.
RESOURCES TOTAL	2,485,868	36,758	3,222,661	(700,036)	1,833,952	2,241,222	(407,270)	
Redundancy and Reorganisation costs	110,500	-	50,000	60,500	-	2,172	(2,172)	
Pension Lump Sum Payments	58,000	-	58,000	-	-	-	-	
STEP transfer to reserves				-			-	
STEP		-	-	-	68,956	69,973	(1,017)	Actual variance arises from some outstanding invoices relating to equipment purchases, difficulties in identifying land for purchase and issues with the original budget profiles which are due to the difficulty of profiling the PRISMA budget which operates on a different timescale to the Authority's financial year. The experience of this year's activity should inform improved budget profiling in 2013/14.
PRISMA		-	-	-	363,841	243,813	120,028	
Contributions from Earmarked Reserves								
Planning Delivery Grant		(45,000)	(45,000)	-	(24,690)	(24,690)	-	

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New Office Accommodation		(9,103)	(9,103)	-	(9,013)	(9,013)	(0)	Forecast outturn reduced to reflect lower use of reserve to fund relocation to Yare House.
Mobile Phone		(1,655)	(1,655)	-	(1,655)	(1,655)	-	
IEG		(4,813)	(4,813)	-	(4,813)	(4,813)	-	
Sustainable Development		(150,000)	(150,000)	-	(144,434)	(144,434)	-	
Asset Management		-	-	-	-	-	-	
PRISMA		-	-	-	(243,541)	(243,541)	-	
Fen Management Equipment		(28,985)	(28,985)	-	(28,985)	(28,985)	-	
Section 106 Agreements		-	-	-	-	5,000	(5,000)	
STEP		-	-	-	(68,956)	(68,956)	-	
Launch Replacement		(110,000)	(110,000)	-	(37,221)	(37,221)	-	
Mutford Lock		(5,000)	(5,000)	-	1,500	1,500	-	
Dredging Disposal		(50,000)	(50,000)	-	-	-	-	
Dockyard Vessels & Equipment		(15,000)	(15,000)	-	(15,000)	(15,000)	-	
Dockyard Site Maintenance		(15,000)	(15,000)	-	(43,426)	-	(43,426)	
	-	(434,557)	(434,557)	-	(620,234)	(571,808)	(48,426)	
NET EXPENDITURE	7,117,368	-	7,711,770	(594,402)	5,298,162	5,142,619	155,543	
(SURPLUS) / DEFICIT	470,319	-	1,082,596	(612,277)	(361,606)	(492,511)	130,905	
	470,318		1,082,596	(612,278)	(361,606)	(492,511)	(130,905)	
	-1		0	-1	0	0	0	

Earmarked Reserve Movements	Balance as at March 2012	Transfers in	Transfers out	Balance as at December 2012	
Planning Delivery Grant	(521,564)	-	24,690	(496,875)	0
New Office Accommodation	(85,103)	(40)	9,053	(76,090)	0
Mobile Phone	(16,550)	-	1,655	(14,895)	0
IEG	(4,813)	-	4,813	-	0
Sustainable Development	(75,142)	(112,500)	144,434	(43,208)	0
Asset Management	(74,346)	-	-	(74,346)	0
PRISMA	(205,573)	(298,329)	429,370	(74,532)	0
Fen Management Equipment	(50,647)	(37,500)	28,985	(59,161)	0
Section 106 Agreements	-	(5,000)	-	(5,000)	0
STEP	(79,924)	(78,489)	91,195	(67,218)	0
Launch Replacement	(150,369)	(16,875)	37,220	(130,024)	0
Mutford Lock	(270,374)	(1,500)	-	(271,874)	0
Dredging Disposal	(182,950)	-	45,000	(137,950)	0
Dockyard Vessels & Equipment	(164,056)	(31,377)	60,000	(135,433)	0
Dockyard Site Maintenance	(71,836)	(22,500)	53,877	(40,459)	0
Total	(1,953,247)	(604,110)	930,292	(1,627,065)	0