

Broads Authority

30 April 2021

Agenda item number 9

Financial performance and direction

Report by Chief Financial Officer

Purpose

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

Recommended decision

- i. That the income and expenditure figures and the draft year end position and timetable be noted.
 - ii. That the recommended carry forward requests in 8.2 be approved and added to the 2021/22 budget as additional expenditure.
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1. Introduction

- 1.1. This report covers two items, the Consolidated Income and Expenditure from 1 April 2020 – 31 March 2021 and the recommended carry forward requests.

2. Overview of actual income and expenditure

Table 1

Actual consolidated income and expenditure by directorate to 31 March 2021

Directorate	Profiled latest available budget £	Actual income and expenditure £	Actual variance £
Income	(6,960,178)	(6,821,597)	-138,581
Operations	4,224,252	3,631,436	+592,816
Strategic Services	1,637,318	1,460,943	+176,375
Chief Executive	1,536,267	1,462,410	+73,857
Projects, Corporate Items and Contributions from Earmarked Reserves	(172,160)	57,589	-229,749
Net (Surplus) / Deficit	265,499	(209,219)	+474,718

- 2.1. Core navigation income is below the profiled budget at the end of month twelve. The overall position as at 31 March 2021 is a favourable variance of £474,718 or a 178.8% difference from the profiled LAB. However, it should be noted that the budget was not adjusted following the outbreak of COVID-19 and has been monitored against the forecast. When compared against the forecast, the favourable variance is £268,532. As in previous years the variances +/- £10,000 against the LAB are principally due to:

- An overall adverse variance of £138,581 within income:
 - Hire craft tolls is £94,323 behind the budget.
 - Private craft tolls is £15,596 behind the budget.
 - Short visit and other toll income is £9,996 behind the budget.
 - Interest is £18,666 behind the budget due to the fall in interest rates.
- An underspend within Operations relating to:
 - While some projects have been delayed until 2021/21 there have been some projects that have not been completed due circumstances beyond the

budget holders' control. Carry forward requests for these have been submitted and details of these can be found in paragraph 8.2.

- The move to electric vehicles has seen a reduction in fuel costs which has offset the increased electricity costs within premises.
- Within Dredging there has been an underspend following a reduction in costs on Waxham Dredging project and at Peto's Marsh.
- Ranger Services saw an underspend relating to the decreased costs in launch repairs and maintenance.
- The safety budget contains the pool vehicle budget, where one of the electric fleet was written off, due to getting wet. The insurance proceeds have been credited to the budget and transferred to the earmarked reserve to help fund future purchases.
- Premised saw an underspend due to the delayed expenditure on the Dockyard slipway piling project being transferred to 2021/22.
- An underspend within Strategic Services relating to:
 - Development Management received increased planning fee income and salary savings from delayed recruitment
 - The Catchment Partnership sits within Strategy and Projects and received an unbudgeted contribution towards the project. This has been transferred to the earmarked reserve. In addition, COVID-19 restrictions has meant the project budget has not been fully spent, these funds will also remain in the earmarked reserve.
 - Volunteers were also impacted by COVID-19 resulting in reduced numbers of volunteers being out and reducing the associated clothing and expenses budgets.
 - Within Communications COVID-19 has meant external events and interpretation projects such as the Forum have not been delivered during 2020/21. Education has also suffered similar issues and a carry forward has been submitted in paragraph 8.2. The UK Communications team have also secured additional income which has been transferred to the earmarked reserve.
- An underspend within Chief Executive relating to:
 - Governance has seen reduced expenditure due to committees being held online and not needing to pay members travelling expenses. With the majority of staff working from home the last year office costs such as postage have also reduced.

- Asset Management has seen reduced expenditure due to the planned works at How Hill Boatshed being delayed until 2021/22.
 - An adverse variance within reserves relating to:
 - Some capital and project expenditure have been delayed until 2021/22 due to COVID-19.
 - Additional income being received and credited to the reserves, such as Catchment and the UK Communications team.
- 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 2020/21. 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 2020/19 – deficit	Broads Authority 31/01/2020 Agenda item number 12	153,518
Approved budget carry-forwards from 2020/21	Broads Authority 22/05/2020 Agenda item number 9	111,981
LAB as at 31 March 2021	n/a	265,499

4. Overview of forecast outturn 2020/21

- 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 outturn remains unchanged since the report in March. It indicated that:
- The total income was forecast to be £6,818,178.
 - Total expenditure was forecast to be £6,877,491.
 - The resulting deficit for the year is forecast to be £59,313.

5. Reserves

- 5.1. Items funded from the Plant, Vessel and Equipment reserve include two replacement vehicles, a second hand JCB telehandler, mini excavator and NATO floats. Items funded from the Premises reserve relate to COVID-19 expenditure.

Table 3

Consolidated earmarked reserves

Reserve name	Balance at 1 April 2020 £	In-year movements £	Current reserve balance £
Property	(663,487)	(63,814)	(727,301)
Plant, Vessels and Equipment	(349,280)	27,336	(321,944)
Premises	(246,701)	35,639	(211,062)
Planning Delivery Grant	(220,082)	(6,292)	(226,374)
Upper Thurne Enhancement	(146,317)	(17,403)	(163,720)
Section 106	(43,561)	10,008	(33,553)
Heritage Lottery Fund	(11,955)	(21,945)	(33,900)
Catchment Partnership	(75,185)	924	(74,261)
CANAPE	(311,844)	(77,297)	(389,141)
Computer Software	(21,770)	(9,063)	(30,833)
UK Communications	(28,140)	(19,254)	(47,394)
Match Funding	0	(45,759)	(45,759)
Total	(2,118,322)	(186,920)	(2,305,242)

6. Summary

- 6.1. The figures above will be the basis of the draft Statement of Accounts and includes the year-end adjustments for stock, accruals and the change in Ranger services split between National Park and Navigation (from 40/60 to 30/70). The current surplus on the National Park side is £63,249 and £145,970 on Navigation, resulting in a consolidated surplus of £209,219. At this stage, the year-end adjustment for the interest to the earmarked reserves has not been completed. At this point in time, the National Park (general) reserve is £927,708 and navigation is £939,170 due to the transfer of £250,000 as agreed by DEFRA to cover the safety package costs in 2021/22

and 2022/23. A verbal update will be provided at the meeting on any further adjustments.

7. Statement of Accounts

7.1. The timetable for the preparation of the Authority's Statement of Accounts is dictated by the requirements of The Accounts and Audit (Amendment) Regulations 2021; these amend the Accounts and Audit Regulations 2015. This year's timetable is as follows:

- Chief Financial Officer to sign off the draft Statement of Accounts by 31 May 2021. The amended regulations allow the 10-day public inspection to be delayed starting on or before the first working day of August 2021.
- External Audit (Ernst and Young) to commence the onsite audit work on 19 July 2021 for a period of four weeks.
- Audit and Risk Committee to scrutinise the accounts on 21 September 2021, and to recommend them for approval to the Broads Authority, subject to any suggested amendments.
- Broads Authority to consider and formally adopt the audited accounts at its meeting on 24 September 2021.

8. Carry forward requests

8.1. Budget holders who have not fully spent their individual budget allocations can request that any underspends are carried forward and added to their 2021/22 budget allocation. These requests are reviewed by Management Team prior to requesting member approval. Requests to Management Team must relate to either:

- Projects already underway, that have been delayed by external events; or
- Ring-fenced income that has been provided by third parties and is earmarked for specific purposes.

8.2. Details of all the 2020/21 carry forward requests are set out in the table below.

Table 4

Carry forward requests

Budget Line	National Park £	Navigation £	Total £	Reason for carry forward request
Fen Management	7,885	0	7,885	High water at sites persisted throughout the autumn and winter which meant contractors could not access the sites. We are obligated to undertake the works to fulfil Agri-environment obligations.

Budget Line	National Park £	Navigation £	Total £	Reason for carry forward request
Human Resources	678.50	471.50	1,150	Hearing testing for some employees was due to take place in 20/21 but Covid-19 restrictions meant occupational health were unable to undertake assessments in person.
Moorings, Maintenance and Repair	0	59,500	59,500	Delays to the St Benet's Abbey lease negotiations meant work could not be completed by 31 March 2021. Work at Burgh Castle was also delayed due to the Environment Agency working on site.
Other Navigation Works	0	18,000	18,000	The piling contract for Breydon could not be started due to Breydon Bridge being closed, resulting in the contractor being unable to access the site.
Education	6,857.33	0	6,857.33	£5,833.33 relates to ring-fenced income received to deliver the youth social action and engagement project. This was not delivered due to Covid-19. The remainder relates to a microscope order that was placed, but there has been a delay in delivery.
Total	15,420.83	77,971.50	93,392.33	n/a

8.3. If members agree the carry forwards the 2021/22 Latest Available Budget (LAB) will be as shown in Table 5.

Table 5
2021/22 LAB

Directorate	National Park £	Navigation £	Consolidated £
Income	(3,420,828)	(3,503,650)	(6,924,478)
Operations	1,506,324	2,980,156	4,486,480
Strategic Services	1,210,429	305,292	1,515,721

Directorate	National Park £	Navigation £	Consolidated £
Chief Executive	870,511	733,553	1,604,064
Projects, Corporate Items and Contributions from Earmarked Reserves	(43,090)	(215,465)	(257,555)
Net (Surplus) / Deficit	123,346	299,886	423,232
Opening Reserves (these will reduce slightly due to the interest transfer yet to be completed)	927,708	939,170	1,866,878
(Surplus)/Deficit	123,346	299,886	423,232
Interest transferred to earmarked reserves	3,375	3,375	6,750
Closing Reserves	800,987	635,909	1,436,896
Reserves as a % of net expenditure	22.8%	17.2% ¹	19.9%

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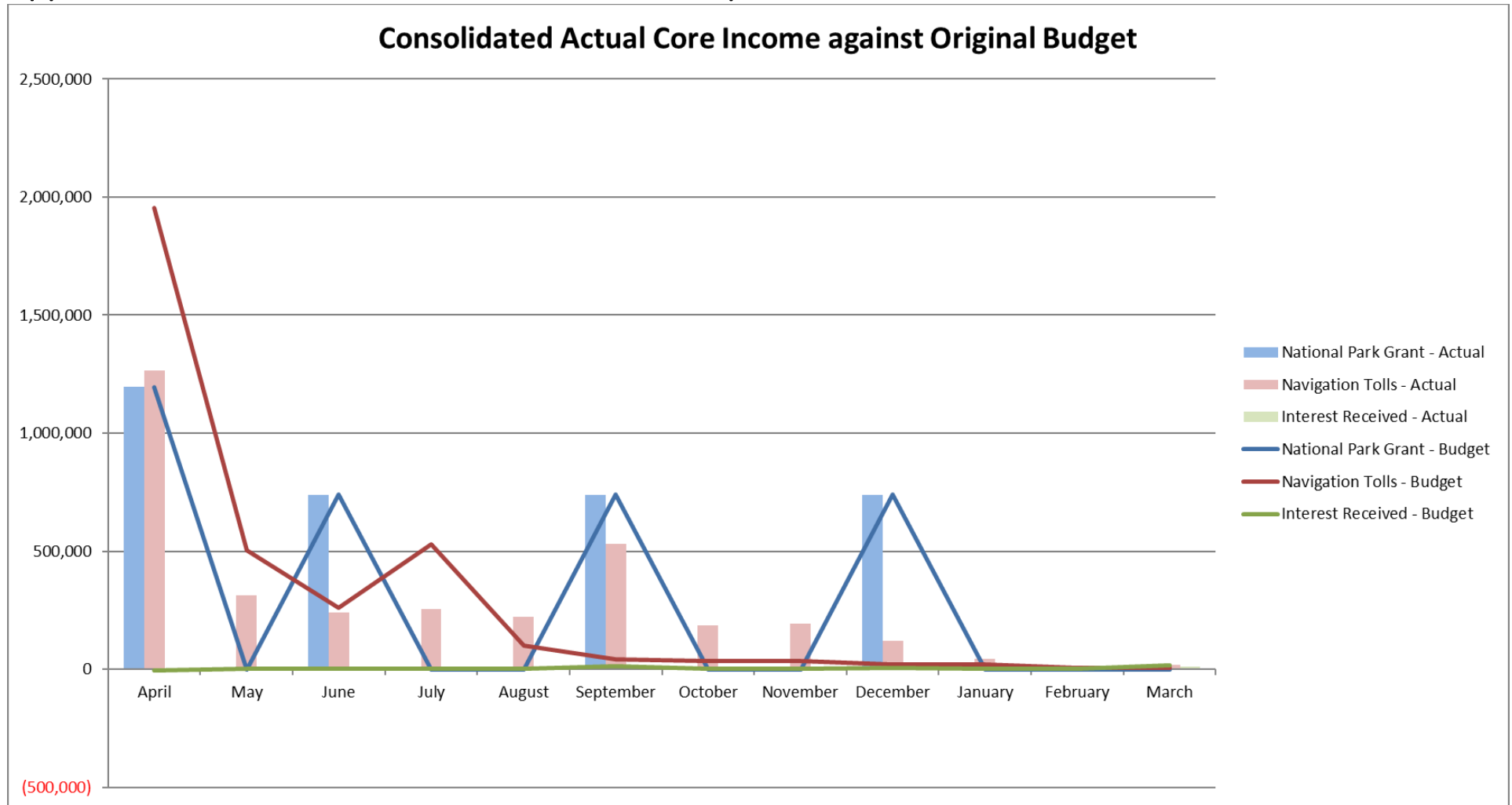
Date of report: 20 April 2021

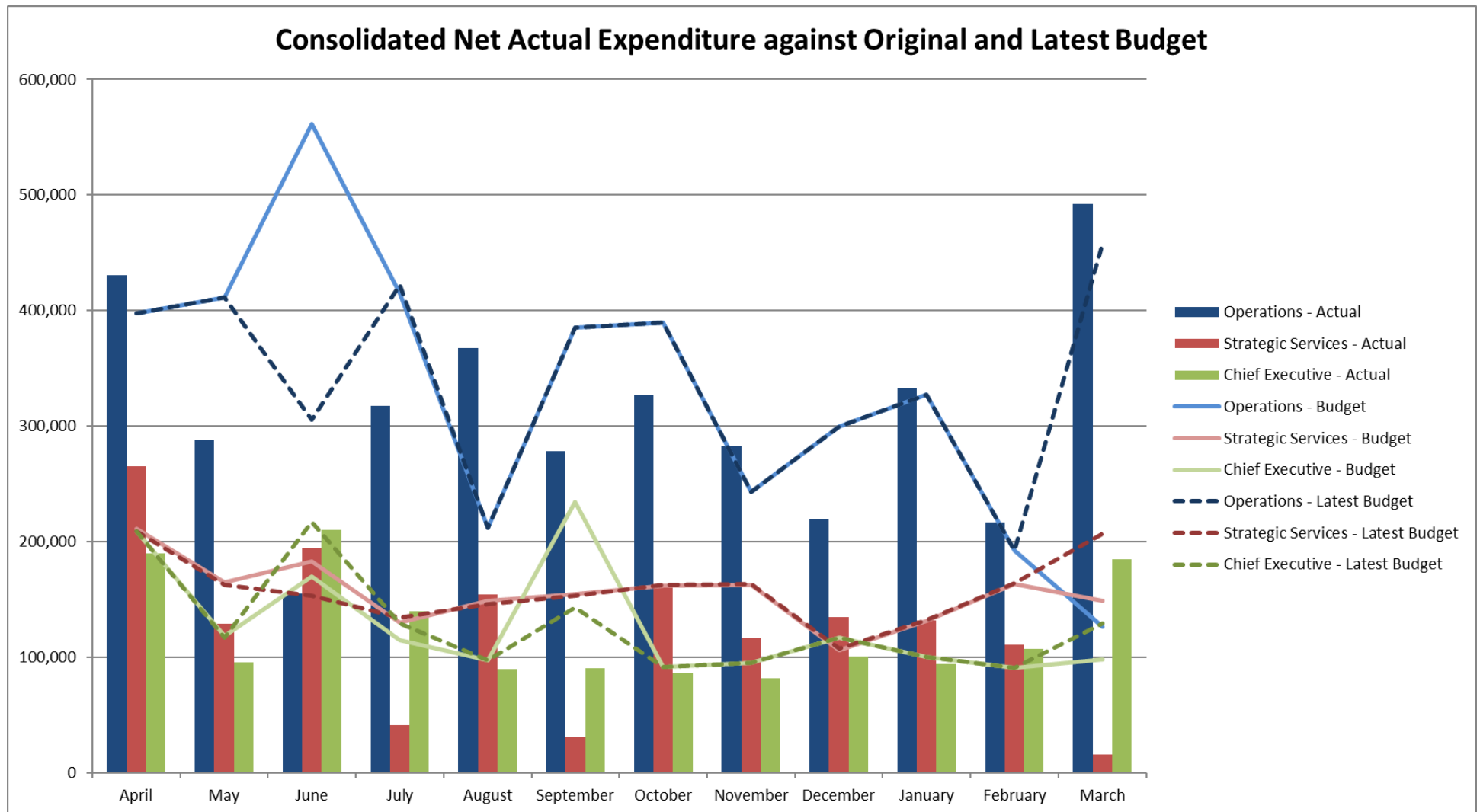
Appendix 1 – Consolidated actual income and expenditure charts to 31 March 2021

Appendix 2 – Financial monitor: Consolidated income and expenditure 2020/21

¹ Although the reserve appears to exceed 10%, £120,000 is to be used in 22/23 to fund the safety package. Removing this the reserve equates to 13.9%.

Appendix 1 – Consolidated actual income and expenditure charts to 31 March 2021





Appendix 2 – Financial monitor: Consolidated income and expenditure 2020/21

Table 1

Income

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Total Income	(6,960,178)	0	(6,960,178)	(6,818,178)	-142,000
National Park Grant	(3,414,078)	0	(3,414,078)	(3,414,078)	0
Hire Craft Tolls	(1,199,000)	0	(1,199,000)	(1,106,000)	-93,000
Private Craft Tolls	(2,244,000)	0	(2,244,000)	(2,214,000)	-30,000
Short Visit Tolls	(43,000)	0	(43,000)	(43,000)	0
Other Toll Income	(19,100)	0	(19,100)	(19,100)	0
Interest	(41,000)	0	(41,000)	(22,000)	-19,000

Table 2
Operations

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Total Operations	4,141,314	82,938	4,224,252	3,818,664	405,588
Construction and Maintenance Salaries	1,291,720	0	1,291,720	1,271,460	20,260
Salaries	1,291,720	0	1,291,720	1,271,460	20,260
Expenditure	0	0	0	0	0
Equipment, Vehicles & Vessels	536,800	0	536,800	439,300	97,500
Income	0	0	0	0	0
Expenditure	536,800	0	536,800	439,300	97,500
Water Management	103,670	13,000	116,670	99,980	16,690
Income	0	0	0	0	0
Expenditure	103,670	13,000	116,670	99,980	16,690
Land Management	(45,086)	0	(45,086)	(39,586)	-5,500
Income	(103,796)	0	(103,796)	(103,796)	0
Expenditure	58,710	0	58,710	64,210	-5,500
Practical Maintenance	510,560	69,938	580,498	438,015	142,483
Income	(9,000)	0	(9,000)	(9,000)	0
Expenditure	519,560	69,938	589,498	447,015	142,483

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Waterways and Recreation Strategy	45,360	0	45,360	48,225	-2,865
Income	0	0	0	0	0
Salaries	36,360	0	36,360	36,600	-240
Expenditure	9,000	0	9,000	11,625	-2,625
Ranger Services	864,960	0	864,960	842,090	22,870
Income	0	0	0	0	0
Salaries	718,260	0	718,260	695,390	22,870
Expenditure	145,550	0	145,550	145,550	0
Pension Payments	1,150	0	1,150	1,150	0
Safety	148,970	0	148,970	118,490	30,480
Income	(1,500)	0	(1,500)	(1,500)	0
Salaries	61,670	0	61,670	58,690	2,980
Expenditure	88,800	0	88,800	61,300	27,500
Premises	230,910	0	230,910	145,910	85,000
Income	(1,000)	0	(1,000)	(1,000)	0
Expenditure	231,910	0	231,910	146,910	85,000
Premises - Head Office	258,880	0	258,880	258,880	0
Income	0	0	0	0	0

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Expenditure	258,880	0	258,880	258,880	0
Project Funding	61,860	0	61,860	61,860	0
Expenditure	50,000	0	50,000	50,000	0
Pension Payments	11,860	0	11,860	11,860	0
Operations Management and Administration	132,710	0	132,710	134,040	-1,330
Salaries	124,710	0	124,710	126,040	-1,330
Expenditure	8,000	0	8,000	8,000	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	1,608,275	29,043	1,637,318	1,601,683	35,635
Development Management	396,170	0	396,170	349,685	46,485
Income	(74,500)	0	(74,500)	(85,000)	10,500
Salaries	407,970	0	407,970	373,505	34,465
Expenditure	57,900	0	57,900	56,380	1,520
Pension Payments	4,800	0	4,800	4,800	0
Strategy and Projects Salaries	266,785	4,534	271,319	264,654	6,665
Income	0	0	0	0	0
Salaries	148,770	0	148,770	145,430	3,340
Expenditure	118,015	4,534	122,549	119,224	3,325
Biodiversity Strategy	11,870	0	11,870	11,870	0
Income	(43,823)	0	(43,823)	(43,823)	0
Expenditure	55,693	0	55,693	55,693	0
Human Resources	139,230	0	139,230	137,726	1,504
Salaries	78,260	0	78,260	93,750	-15,490
Expenditure	60,970	0	60,970	43,976	16,994

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Volunteers	73,480	0	73,480	58,810	14,670
Salaries	48,230	0	48,230	48,560	-330
Expenditure	25,250	0	25,250	10,250	15,000
Communications	327,650	24,509	352,159	352,469	-310
Income	(112,880)	0	(112,880)	(113,480)	600
Salaries	336,060	0	336,060	338,370	-2,310
Expenditure	104,470	24,509	128,979	127,579	1,400
Visitor Centres and Yacht Stations	284,780	0	284,780	317,609	-32,829
Income	(174,100)	0	(174,100)	(123,296)	-50,804
Salaries	356,330	0	356,330	348,960	7,370
Expenditure	102,550	0	102,550	91,946	10,604
Strategic Services Management and Administration	108,310	0	108,310	108,860	-550
Salaries	104,310	0	104,310	105,110	-800
Expenditure	4,000	0	4,000	3,750	250

Table 4

Chief Executive

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Chief Executive	1,536,267	0	1,536,267	1,490,184	46,083
Legal	97,500	0	97,500	97,500	0
Income	(2,500)	0	(2,500)	(2,500)	0
Expenditure	100,000	0	100,000	100,000	0
Governance	297,884	0	297,884	261,494	36,390
Income	0	0	0	0	0
Salaries	171,620	0	171,620	161,240	10,380
Expenditure	126,264	0	126,264	100,254	26,010
Chief Executive	122,240	0	122,240	121,922	318
Salaries	117,490	0	117,490	118,360	-870
Expenditure	4,750	0	4,750	3,562	1,188
Asset Management	153,293	0	153,293	128,613	24,680
Income	(23,000)	0	(23,000)	(23,000)	0
Salaries	46,220	0	46,220	46,540	-320
Expenditure	130,073	0	130,073	105,073	25,000
Finance and Insurance	390,550	0	390,550	391,680	-1,130

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Salaries	165,040	0	165,040	166,170	-1,130
Expenditure	225,510	0	225,510	225,510	0
Collection of Tolls	146,440	0	146,440	147,380	-940
Salaries	135,240	0	135,240	136,180	-940
Expenditure	11,200	0	11,200	11,200	0
ICT	328,360	0	328,360	341,595	-13,235
Salaries	194,860	0	194,860	196,220	-1,360
Expenditure	133,500	0	133,500	145,375	-11,875

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	200,487	0	200,487	246,537	-46,050
Partnerships / HLF	76,987	0	76,987	115,537	-38,550
Income	(598,083)	0	(598,083)	(601,123)	3,040
Salaries	158,640	0	158,640	163,530	-4,890
Expenditure	516,430	0	516,430	553,130	-36,700
Corporate Items	123,500	0	123,500	131,000	-7,500
Expenditure	3,500	0	3,500	11,000	-7,500
Pension Payments	120,000	0	120,000	120,000	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	(372,647)	0	(372,647)	(279,577)	-93,070
Earmarked Reserves	(372,647)	0	(372,647)	(279,577)	-93,070

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	(372,647)	0	(372,647)	(279,577)	-93,070

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	153,518	111,981	265,499	59,313	206,186