

Consolidated Income and Expenditure: 1 April 2012 to 30 November 2012
Report by Head of Finance

Summary: This report summarises actual income and expenditure for the eight month period to 30 November 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 Monitor 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 November 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 November 2012.

2 Overview of Actual Income and Expenditure

- 2.1 Total income for the period is £5,626,996, which is 84.65% of the original budget for the year and 99.61% of the profiled budget.
- 2.2 Total net expenditure is £4,230,923, which is 59.45% of the original budget and 91.17% of the profiled budget.
- 2.3 This results in an actual underspend against the profiled budget of £387,454 in November (a favourable variance). This position is due to a number of

relatively significant variances on specific budget lines as set out in paragraph 2.4 below. However, as indicated by the forecast outturn, it remains anticipated 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	(5,627)
Actual expenditure	4,231
Actual surplus for period	(1,396)
Profiled surplus for period	(1,009)
Variance (actual surplus less profile) (favourable)	(387)
<i>Explained by (key variances only):</i>	
Net income variance (adverse) – reduced short visit tolls and outstanding interest income	(22)
Construction and Maintenance Salaries (underspend) – costs lower than budgeted	21
Equipment, Vehicles and Vessels (overspend) – vehicle purchases (capital)	(104)
Water Management (underspend) – works deferred until December	110
Practical Maintenance (underspend) – outstanding invoices (Breydon, Stokesby, Beccles)	179
Safety (overspend) – purchase of HAVS equipment	(18)
Operations Income (favourable) – Breydon Water and Fen Management income not profiled	138
Biodiversity Strategy (underspend) – Fen Strategy costs lower than anticipated	16
Strategy and Projects (overspend) – Climate change consultation, conservation appraisals	(10)
Planning and Strategy Income (favourable) – higher than anticipated planning income	44
Human Resources (overspend) – unbudgeted staff survey and additional consultancy costs	(16)
Communications (underspend) – expenditure anticipated Jan-Mar	15
Visitor Centres and Yacht Stations (underspend) – various maintenance underspends	11
Legal (underspend) – invoice to September 2012 outstanding (paid December)	23
Premises (overspend) – payment of Yare House and Dockyard costs in November	(51)
Management and Admin (overspend) – payment of full year subscriptions not in profile	(17)
Resources Income (adverse) – outstanding income for Dragonfly House parking / reception	(22)
Prisma (underspend) – budget profile issue with timing of work and activity	93
Total key variances	390

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. As a result, the 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 November 2012, the forecast outturn indicates:

- Income is expected to be broadly in line with the original budget with total forecast income of £6,637,174.
- Total expenditure is forecast to be £7,653,494. This represents an increase of £536,126 or 7.53% on the original budget of £7,117,368.
- The resulting deficit for the year is forecast to be £1,016,320, an increase of £546,001 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:

- The slippage of fit-out works on the new launches (estimated at £80,000 and to be funded from the Launch Replacement Reserve) into 2013/14 based on responses to pre-tender documentation from potential suppliers indicating difficulties in achieving the timescales originally envisaged.
- A reduced level of planned activity for the Upper Thurne Enhancement budget in 2012/13, with detailed plans for the use of this ring-fenced funding being identified for future years. This unspent budget will be carried forward into 2013/14 as it relates to a ring-fenced grant.
- A reduction to the forecast income from yacht stations based on the actual levels of income in the season.
- 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 has emerged in November results largely from timing differences and profiling issues as set out in paragraph 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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Date of Report: 4 January 2013

Broads Plan Objectives: None

Appendices: APPENDIX 1 - Consolidated Income and Expenditure to 30 November 2012

DIRECTORATE

	Consolidated Annual Budget 2012/13	Consolidated Use of Earmarked Reserves	Consolidated Forecast Outturn	Consolidated Forecast Variance	Consolidated Profiled Budget to November 2012	Consolidated Actual to November 2012	Consolidated Actual Variance as at November 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.
Private Craft Tolls	(1,692,000)	-	(1,707,000)	15,000	(1,663,664)	(1,688,403)	24,739	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.
Short Visit Tolls	(47,500)	-	(35,625)	(11,875)	(34,264)	(21,343)	(12,921)	Short visit sales are down as a result of the bad weather; outturn forecast has been reviewed in light of figures from outlets.
Other Toll Income	(18,750)	-	(18,750)	-	(18,750)	(16,938)	(1,812)	Forecast additional income from adjacent waters transferred to Private Craft Tolls. £6,000 Hire Boat Licence income to be transferred from Hire Craft Tolls.
Interest Received	(40,000)	-	(40,000)	-	(27,500)	(7,491)	(20,009)	Fixed term interest is payable on maturity of investment.
	(6,647,049)	-	(6,637,174)	(9,875)	(5,649,277)	(5,626,996)	(22,281)	
OPERATIONS								
<i>Construction & Maintenance</i>								
Construction & Maintenance Salaries	1,039,720	-	1,036,370	3,350	693,148	672,367	20,781	Salaries adjusted for impact of 0% pay award 2012/13. (Original budget 1%).
Equipment, Vehicles & Vessels	485,000	15,000	579,713	(79,713)	320,001	423,692	(103,691)	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	137,000	26,747	110,253	2012/13 budget is not expected to be fully spent due to revised planned activity level, and forecast outturn has been reduced in November.
Land Management	123,500	-	116,465	7,035	56,672	53,418	3,254	

	Consolidated Annual Budget 2012/13	Consolidated Use of Earmarked Reserves	Consolidated Forecast Outturn	Consolidated Forecast Variance	Consolidated Profiled Budget to November 2012	Consolidated Actual to November 2012	Consolidated Actual Variance as at November 2012	Commentary on forecast consolidated variance
Practical Maintenance	368,580	55,000	469,080	(45,500)	280,061	100,606	179,455	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 (£40,000) and Beccles (£60,000 - to be completed in January 2013), although invoices for these works are currently outstanding. £22,500 contribution to Mutford Lock reserve in 2012/13 has been deferred.
	2,246,800	70,000	2,384,128	(67,328)	1,486,882	1,276,829	210,053	
Rangers Salaries	519,880	-	523,590	(3,710)	394,700	393,761	939	
Ranger Services	219,500	110,000	404,270	(74,770)	123,794	127,275	(3,481)	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)	518,494	521,036	(2,542)	
Safety	105,520	-	118,730	(13,210)	70,489	88,975	(18,486)	Actual overspend and increased forecast outturn relates to purchase of HAVS equipment.
Asset Management	100,160	-	99,600	560	65,642	66,399	(757)	
Volunteers	43,660	-	51,100	(7,440)	29,106	36,049	(6,943)	Actual overspend and increased forecast outturn relates to equipment costs and increased training costs.
Management & Admin	160,070	-	157,750	2,320	106,713	106,076	637	
	409,410	-	427,180	(17,770)	271,950	297,501	(25,551)	
Operations Income	(251,940)	-	(311,340)	59,400	(81,226)	(219,417)	138,191	£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	180,000	3,427,828	(104,178)	2,196,100	1,875,948	320,152	
PLANNING & STRATEGY								
Development Management	272,320	15,000	285,590	1,730	190,802	191,604	(802)	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	293,344	283,632	9,712	Cancellation of Lound project (£20,730) and impact of 0% pay award in 2012/13.

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Biodiversity Strategy	107,500	-	131,267	(23,767)	36,920	21,144	15,776	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	-	-	-	-	-	-	-	
Strategy & Projects	65,000	30,000	87,000	8,000	44,336	54,458	(10,122)	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 been reduced in November based on actual planned activity.
Waterways & Recreation Strategy	90,000	-	90,000	0	44,999	46,117	(1,118)	
Project Funding	169,000	-	112,208	56,792	58,500	58,511	(11)	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. Actual variance arises from consultancy work undertaken earlier than anticipated in profiled budget.
SDF transfer to reserves	150,000	-	150,000	-	75,000	75,000	-	
SDF	-	150,000	150,000	-	143,684	143,684	1	
Management & Admin	133,020	-	145,050	(12,030)	88,682	96,289	(7,607)	Adjustment for posts not funded from Planning Delivery Grant in 2012/13. Forecast outturn reduced by £5,000 for anticipated lower administration expenses.
Planning & Strategy Income	(107,500)	-	(177,042)	69,542	(58,998)	(103,186)	44,188	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	195,000	1,397,953	116,397	917,269	867,253	50,016	
RESOURCES								
Human Resources	155,780	-	168,800	(13,020)	104,104	120,511	(16,407)	Actual overspend relates to staff survey and other consultancy costs. The forecast outturn for Staff Training has been increased by £10,000 in November.
Finance & Insurance Governance	329,065	-	309,832	19,233	232,256	238,979	(6,723)	Revised staff costs for new finance team structure from May 2012.
Communications	289,790	-	296,210	(6,420)	191,860	176,235	15,625	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.

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Visitor Centres & Yacht Stations	450,133	-	444,070	6,063	367,313	356,107	11,206	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)	68,258	65,013	3,245	
ICT	236,000	10,109	235,278	10,831	179,963	170,940	9,023	Actual underspend arising from various small underspends on computer maintenance, hardware and software budgets.
Legal	100,000	-	110,000	(10,000)	50,000	27,150	22,850	Actual underspend results from Q2 invoice outstanding. Q2 invoice (£40,000) received in December and forecast outturn now increased in light of higher than anticipated costs.
Premises	635,000	100,000	1,317,891	(582,891)	392,600	443,848	(51,248)	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 for Dockyard development works (£61k) and Yare House fit-out works (£117k) not in original budget profiles. Payment for accrued costs relating to Dragonfly House in 2011/12 and prior years which have not yet been finalised remained outstanding in November but a final payment based on rates in the original stakeholder paper has been made in January 2013.
Management & Admin	235,620	-	237,530	(1,910)	160,748	177,378	(16,630)	The actual variance results from the payment of annual subscriptions which were not included in the profile for the start of the year.
Resources Income	(221,850)	-	(201,850)	(20,000)	(194,214)	(172,071)	(22,143)	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. Forecast resources income has been reduced by £18k in light of actual Yacht Station income.
RESOURCES TOTAL	2,485,868	110,109	3,201,161	(605,184)	1,668,239	1,718,985	(50,746)	
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		-	-	-	63,959	64,928	(969)	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		-	-	-	416,777	323,324	93,453	

Contributions from Earmarked Reserves

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	Consolidated Annual Budget 2012/13	Consolidated Use of Earmarked Reserves	Consolidated Forecast Outturn	Consolidated Forecast Variance	Consolidated Profiled Budget to November 2012	Consolidated Actual to November 2012	Consolidated Actual Variance as at November 2012	Commentary on forecast consolidated variance
Planning Delivery Grant		(48,661)	(45,000)	(3,661)	(21,424)	(21,424)	(1)	
New Office Accommodation		(85,000)	(85,000)	-	(8,009)	(8,009)	(0)	
Mobile Phone		(1,635)	(1,635)	-	(1,655)	(1,655)	0	
IEG		(4,813)	(4,813)	-	(4,813)	(4,813)	0	
Sustainable Development		(150,000)	(150,000)	-	(143,684)	(143,684)	(1)	
Asset Management		-	-	-	-	-	-	
PRISMA		-	-	-	(323,077)	(323,078)	1	
Fen Management Equipment		-	-	-	-	-	-	
Section 106 Agreements		-	-	-	5,000	5,000	-	
STEP		-	-	-	(63,958)	(63,959)	1	
Launch Replacement		(110,000)	(110,000)	-	(2,640)	(2,640)	0	
Mutford Lock		(5,000)	(5,000)	-	1,000	1,000	-	
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)	(0)	
	-	(485,109)	(481,448)	(3,661)	(621,686)	(621,687)	1	
NET EXPENDITURE	7,117,368	-	7,653,494	(536,126)	4,640,658	4,230,923	409,735	
(SURPLUS) / DEFICIT	470,319	-	1,016,320	(546,001)	(1,008,619)	(1,396,073)	387,454	
	470,318		1,016,320	(546,002)	(1,008,619)	(1,396,073)	(387,454)	
	-1		0	-1	0	0	0	

Earmarked Reserve Movements	Balance as at March 2012	Transfers in	Transfers out	Balance as at November 2012	
Planning Delivery Grant	(521,564)	-	21,423	(500,141)	0
New Office Accommodation	(85,103)	(40)	8,048	(77,095)	0
Mobile Phone	(16,550)	-	1,655	(14,895)	0
IEG	(4,813)	-	4,813	-	0
Sustainable Development	(75,142)	(75,000)	143,684	(6,458)	0
Asset Management	(74,346)	-	-	(74,346)	0
PRISMA	(280,573)	(61,342)	384,419	42,505	0
Fen Management Equipment	(50,647)	(25,000)	-	(75,647)	0
Section 106 Agreements	-	(5,000)	-	(5,000)	0
STEP	(79,924)	(59,739)	86,198	(53,465)	0
Launch Replacement	(150,369)	(11,250)	2,640	(158,979)	0
Mutford Lock	(270,374)	(13,500)	-	(283,874)	0
Dredging Disposal	(182,950)	-	30,000	(152,950)	0
Dockyard Vessels & Equipment	(164,056)	(20,918)	45,000	(139,974)	0
Dockyard Site Maintenance	(71,836)	(15,000)	79,344	(7,492)	0
Total	(2,028,247)	(286,789)	807,225	(1,507,811)	0