

Report to: **Salcombe Harbour Board**
Date: **16 July 2018**
Title: **2017/2018 Year End Financial Report**
Portfolio Area: *Salcombe Harbour*
Wards Affected: **All**
Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

Urgent Decision: **N** Approval and clearance obtained: **N**

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Recommendations:

That the Board **notes** the income and expenditure variations for the 2017/18 financial year, **notes** the overall trading surplus of £33,784 and **resolves** to allocate this surplus to the Harbour's General Reserve fund.

1. Executive summary

1.1 This report advises Members of the Harbour's final trading position in 2017/18 together with brief details of the main variations from the original budget. A summary of harbour reserves is also provided.

2. Background

2.1 The Harbour budget is agreed annually in September by the Harbour Board and subsequently approved by Full Council. Budgeted revenue expenditure for 2017/18 was set at £1,155,800 and fees and charges were set to balance the budget.

3. Outcomes/outputs

3.1 The Harbour's trading accounts have now been finalised, pending external audit certification during July. A trading surplus of £33,784 has been achieved for 2017/18 based predominately on more Mooring Hire revenue being generated than forecast. This surplus equates to 2.9% of the budgeted turnover.

3.2 Inevitably circumstances that arise throughout the year often differ from the budgeted position, giving rise to financial variations. However, the overall impact is mitigated by continuous monitoring and timely decision making where corrective action is required. Appendix 1 shows how the surplus of £33,784 has been achieved. Variations from budget are shown in the table below together with supporting notes for the more significant movements:

	Budgeted expenditure/ (income)	Variations increase/ (decrease)		
	£	£		£
APPROVED NET BUDGET				-
Reductions in expenditure /additional income				
Mooring hire income	(452,900)	(26,433)		A
Capital charges	25,100	(12,000)		B
Harbour dues	(280,700)	(5,033)		C
Pontoon income	(164,300)	(3,430)		D
New projects	5,000	(3,107)		E
Employees	398,300	(15)		
Other minor income variances	(168,900)	(452)		
Sub total of variations			(50,470)	
Increases in expenditure/reductions in income				
Premises related expenditure	320,400	9,637		F
Supplies and services	73,100	6,342		G
Transport related expenses	47,600	707		
Sub total of variations			16,686	
2017/18 SURPLUS			(33,784)	

Notes

- A. **Mooring hire income** – the forecasted number of visiting yacht nights is customarily pessimistic to take account of any poor weather or other factors which keep visitors away. This has fortunately not proven to be the case.
- B. **Capital charges** - £12,000 was budgeted in 2017/18 to pay for the interest on a loan for new pontoons, based on an initial start date of April 2017. However, this project has been delayed until October 2018 due to a change within the project and the associated permissions required.
- C. **Harbour dues** – slightly more vessels than anticipated visited Salcombe this year, resulting in a small increase in dues.
- D. **Pontoon berth hire** – this income has been generated by renting out temporarily vacant berths during the high season and utilising fore and aft moorings with old redundant pontoons which double the berthing capacity.
- E. **New projects** – Only £1,893 of the £5,000 funding for environmental projects has been used in 2017/18, resulting in a small underspend.
- F. **Premises-related expenditure** – the overspend is mainly due to additional Duchy rent payable (£4,952) as a result of the increased moorings income, and higher cleaning costs (£2,796). The Council no longer cleans the showers and this cost is now borne by the Harbour.
- G. **Supplies and services** – this reflects the additional credit card handling fees. The 2018/19 budget has been increased from £10,500 to £18,000 to reflect this additional cost. BACS payments and internet banking are now available and may reduce these charges marginally going forward.

4. Issues for consideration.

- 4.1 Although no changes are anticipated, the figures contained within this report have not yet been externally audited.

5. Reserves

- 5.1 An analysis of each of the Harbour reserves is shown in Appendix 2. This identifies all items funded from reserves during 2017/18 and contributions made to the reserves.

6. Proposed Way Forward

- 6.1 The accounts are being formally audited during July.

6.2 Regular budget monitoring reports will be brought to the Board's attention in future meetings. The 2018/19 budget will be proposed to the Board in September.

7. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	N	
Financial	Y	The accounts have not yet been subject to external audit but as all the relevant accounting standards and practices have been followed it is unlikely that the overall position will change. The report identifies a surplus of £33,784 which will be added to the General Reserve.
Risk	N	
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	None directly arising from this report.
Safeguarding	N	None directly arising from this report.
Community Safety, Crime and Disorder	N	None directly arising from this report.
Health, Safety and Wellbeing	N	None directly arising from this report.
Other implications	N	None directly arising from this report.

Supporting Information

Appendix 1 – Salcombe Harbour Outturn 2017/18

Appendix 2 – Harbour Balances 2017/18

Background Papers: None

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

