

Report to: **Salcombe Harbour Board**
Date: **10 July 2017**
Title: **2016/2017 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 2016/17 financial year, notes the overall trading surplus of £46,621 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 2016/17 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 2016/17 was set at £1,018,300 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 in July. A trading surplus of £46,621 has been achieved for 2016/17 based predominately on more Mooring Hire revenue

being generated than forecast. This surplus of £46,621 equates to 4.6% of the budgeted turnover and compares to a projected surplus of £30,000 as at 26 January 2017.

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 £46,621 has been achieved. Significant variations from budget are shown in the table below:

	Budgeted expenditure/ (income)	Variations increase/ (decrease)		
	£	£		£
APPROVED NET BUDGET				-
Reductions in expenditure /additional income				
Harbour dues	(272,100)	(6,392)		A
Mooring hire	(438,400)	(43,743)		B
Pontoon berth hire	(160,300)	(6,279)		C
Miscellaneous net income variances	(37,400)	(12,589)		D
Transport-related expenses	49,200	(5,292)		E
New projects funded from Reserves	5,000	(5,000)		F
Sub total of variations			(79,295)	
Increases in expenditure/reductions in income				
Employees	383,100	2,662		G
Premises-related expenditure	294,900	25,240		H
Supplies & Services	72,800	4,772		I
Sub total of variations			32,674	
2016/17 SURPLUS			(46,621)	

Notes

- A. **Harbour dues** – slightly more vessels than anticipated visited Salcombe this year, resulting in a small increase in dues.
- B. **Mooring hire** – 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 despite lower visitor numbers since they have all on average stayed for longer.
- C. **Pontoon berth hire** – this income has been generated by renting out temporarily vacant berths during the high season.
- D. **Miscellaneous income** – the Harbour has successfully hired out space capacity of its crane, tele-handler, barge and launches which has generated additional revenue.
- E. **Transport-related expenses** – Lower than expected fuel costs have resulted in a saving of just over £5,000.
- F. **Projects funded from reserves** – the underspend is due to a decision to delay the purchase of an electric outboard for Whitestrand Patrol by a year to enable further market investigation. This will be procured in 2017/18 instead.
- G. **Employees** – The overspend of £2,662 was mainly due to additional overtime paid to cover long-term sick absence of the previous Boat Park Attendant. In addition the cost of staff training was higher than anticipated mainly due to LGV and fork lift truck refresher training, but this has been offset by savings in salaries.
- H. **Premises-related expenditure** – the overspend was mainly due to the new security patrol contract (£9,430), additional R & M on Moorings (£5,941), and additional Duchy rent payable (£8,664) as a result of the increased revenue from moorings (see note B).
- I. **Supplies and services** – Although we made considerable savings on office equipment, printing and postage, our cash collection expenses (ie card transaction costs) were higher than budgeted, resulting in an overall overspend of £4,772.

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 2016/17 and contributions made to the reserves.

6. Proposed Way Forward

6.1 The accounts will be formally audited in 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	SHB needs to be aware of its budget and associated costs & expenditure
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 £46,621 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 2016/17

Appendix 2 – Harbour Balances 2016/17

Background Papers: None