

Report to: **Salcombe Harbour Board**

Date: **25 September 2017**

Title: **2018/19 Budget**

Portfolio Area: *Salcombe Harbour*

Wards Affected: **All**

Relevant Scrutiny Committee: Overview & Scrutiny Committee

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

Date next steps can be taken: **N/A**
(e.g. referral on of recommendation or implementation of substantive decision)

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Recommendations:

That the Board RECOMMEND to Council that the proposed 2018/19 budget set out within the report is approved.

1. Executive summary.

This report proposes the Salcombe Harbour Authority budget for 2018/19 and provides a forecast for 2017/18.

2. Background.

1) The Salcombe Harbour Strategic Business Plan 2017-2022 sets out the challenges and opportunities facing the Harbour over the coming years, and the proposed budget – attached to this report – is based on the assumptions and strategic direction contained within the Business Plan. Key drivers for the proposed budget include:

- continuing to absorb the costs of collecting monies by credit card rather than passing them on to the customer
- taking out a £230K capital loan to fund proposed extensions to Batson and Shadycombe pontoons, and the replacement of Dentridge pontoon.

3. Outcomes/outputs

The preparation of a detailed and balanced harbour budget ensures that adequate resources are in place to deliver the services identified in the business planning process, and that the Harbour remains financially viable and sustainable in the medium to long term.

4. Issues for consideration.

1) Forecast 2017/18

Gross expenditure is set at c£1.2 million in the 2017/18 balanced budget. As at 31 August 2017 a surplus of £12,000 is forecast as detailed in Appendix A. This is mainly due to the delay in taking out the £230k Pontoons loan and the repayment not starting until later in the financial year, and additional mooring hire income. A detailed budget monitoring report will be brought to the Board in November.

2) Budget 2018/19

The forecast position for 2018/19 is shown at Appendix A, with the 2017/18 budget used as a baseline position. Variations from this baseline, both in terms of the additional resource requirements and identified efficiencies are discussed in detail below, grouped by category of budget head.

3) Employee costs

- (a) Staff costs are the single largest area of expenditure. The 2018/19 budget is based on the existing staffing structure. It assumes:
- a 1% pay increase
 - movement of staff through spinal column points where appropriate

	£	£
Staffing Budget 2017/18		398,300
Additional requirements & inflationary pressures:		
Salaries and wages	13,400	
NI and superannuation	2,600	
Employers liability insurance	1,000	
Total additional requirements		17,000
Savings:		
Recharge to Headquarters	(800)	
Total savings		(800)

Net additional requirements/(savings)		16,200
Staffing Budget 2018/19		414,500

4) Premises related expenditure

	£	£
Premises Budget 2017/18		320,400
Additional requirements & inflationary pressures:		
Health and Safety	2,000	
Chains and shackles	2,000	
Rents	9,400	
Trade Waste Collection charges	2,000	
Cleaning charges	1,000	
Total additional requirements		16,400
Savings:		
Tools and materials	(2,500)	
Landings and pontoons	(2,500)	
Aids to navigation	(500)	
Utilities	(1,600)	
Total savings		(7,100)
Net additional requirements/(savings)		9,300
Premises Budget 2018/19		329,700

5) Supplies and services

	£	£
Supplies & Services 2017/18		73,100
Additional requirements & inflationary pressures:		
Printing and stationery	500	
Clothing	500	
Cash collection expenses	7,500	
Fees and subscriptions	1,500	
Miscellaneous	100	
Total additional requirements		10,100
Savings:		
Equipment	(2,500)	
Communications	(1,500)	

Legal Fees	(1,500)	
Total savings		(5,500)
Net additional requirements/(savings)		4,600
Supplies & Services Budget 2018/19		77,700

6) Transport

	£	£
Transport Budget 2017/18		47,600
Additional requirements & inflationary pressures:		
R & M	6,500	
Insurance	1,000	
Total additional requirements/(savings)		7,500
Transport Budget 2018/19		55,100

7) Central support and HQ costs.

	£	£
Central Support & HQ Budget 2017/18		43,800
Inflationary pressures	300	
Total additional requirements/(savings)		300
Central Support & HQ Budget 2018/19		44,100

8) Contributions to Harbour reserves

The Harbour holds 3 reserves:

- **General** Reserve – comprising the accumulation of generated trading surpluses;
- **Renewals** Reserve –for the replacement of the Harbour’s infrastructure assets, excluding pontoons;
- **Pontoon** Reserve –for the replacement of pontoons;

The principle adopted in the Business Plan is that, wherever possible, sufficient funds are set aside on an annual basis to provide for the replacement of harbour assets, augmented by borrowing if necessary. A summary of Harbour Reserve

balances and proposed contributions for 2018/19 is at Appendix B.

9) **Contribution to Council reserve**

The Harbour contributes to the Council's Marine Infrastructure reserve. This is a contribution towards marine infrastructure (eg slipways and quay walls) which are not owned by the Harbour, but from which it benefits. The contribution to this reserve is proposed to continue at £58,000 in 2018/19.

10) **Capital charges**

Capital charges refer to the cost of servicing loans which have been provided by the District Council for the purchase of Harbour assets. The repayments remain at £25,100 in 2018/19.

11) **Items to be met from reserves.**

There are a couple of other revenue items which have been earmarked to be funded from reserves in 2018/19 as follows:

- A Volvo engine £7,000
- Replacement RIB and engine: 23,000

This expenditure is offset by a contribution from the renewals reserve shown in Appendix B.

12) **The overall expenditure position 2018/19**

	£
Total Expenditure Budget 2017/18	1,155,800
Net additional requirements/(savings)	(26,600)
Total Expenditure Budget 2018/19	1,129,200

13) **Income 2018/19**

	£
Total Income Budget 2017/18	(1,155,800)

Increased Income available within the budget: Based on a review of previous years' income and forecast visitor numbers	(15,200)
Reduced contribution from reserves	59,000
Total Income Budget 2018/19	(1,112,000)

14) **Budget deficit 2018/19**

	£
Total Expenditure Budget	1,129,200
Total Income Budget	(1,112,000)
Budget Deficit	17,200

5. Proposed Way Forward.

It is proposed that the fees and charges are reviewed to reduce the deficit identified above to £0. This is the subject of a separate report.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Pier and Harbour (Salcombe) Confirmation Order 1954
Financial	Y	The report identifies a funding gap of £17,200, before any review of charges. It is anticipated that the shortfall can be met by various amendments to the existing charging structure, as identified in a further report to be considered at the 25 September meeting
Risk	Y	The Harbour maintains three different reserves, one for replacement of plant and vessels, one for the replacement of pontoons and a General Reserve. In the event of the budget not balancing at the end of the Financial year and surplus goes into the General Reserve and shortfall

		would be covered from this reserve
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	None
Safeguarding	N	None
Community Safety, Crime and Disorder	Y	The proposed budget includes a continuation of the Night Security Patrol, the aim of which is to reduce crime.
Health, Safety and Wellbeing	N	No adverse impacts.
Other implications	N	

Supporting Information

Appendix:

- A. Salcombe Harbour Budget 2018/19
- B. Salcombe Harbour Balances

Background Papers:

None