

Report to: **Salcombe Harbour Board**
Date: **29 February 2016**
Title: **Revenue Budget Monitoring 2015/2016**
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 forecast income and expenditure variations for the 2015/16 financial year and the overall projected underspend of £16,200.

1. Executive summary

1.1 This report enables Members to monitor income and expenditure variations against the approved budget for 2015/16, and provides a forecast for the year end position.

1.2 Gross expenditure is set at just over £1 million in the 2015/16 balanced budget. As at 31 January 2016 a **surplus** of £16,200 is forecast as shown in Appendix A.

2. Background

2.1 A detailed and balanced budget for Salcombe Harbour is set every year. In order to keep Members up to date a regular budget monitoring report is brought to the Board.

3. Outcomes/outputs

Appendix A shows that a surplus of £16,200 is currently forecast for 2015/16. The main reasons for this underspend are shown in the table below:

TABLE 1: 2015/16 BUDGET FORECAST

	2015/16 Budget expenditure/(income) £	Budget variations increase/ (decrease) £	£	
APPROVED NET BUDGET			-	
Reductions in expenditure/additional income				
Utility charges	27,400	(3,900)		A
Supplies & Services miscellaneous	32,400	(4,100)		B
Mooring hire income	(430,800)	(27,700)		C
Pontoon income	(158,700)	(5,000)		D
Miscellaneous income	(37,500)	(9,000)		E
Miscellaneous net variances	-	(600)		
Sub total of variations			(50,300)	
Increases in expenditure/reductions in income				
Moorings	53,500	6,300		F
Rents	121,900	5,700		G
Equipment	12,100	8,800		H
Transport	49,200	8,100		I
Harbour dues	(272,100)	5,200		J
Sub total of variations			34,100	
PROJECTED SURPLUS			(16,200)	

Notes

- A. **Utility charges** – To date utility charges have been lower than budgeted, probably due to a number of factors:
 - a. Warmer than expected winter.
 - b. Improvements to workshop insulation.
 - c. To date, no costs have been incurred for water despite SHA accepting costs for the Whitestrand showers. This is under active investigation but is not expected to significantly change the overall outcome of this report.
- B. **Supplies & services** – The budget for legal services included provision for a Harbour Revision Order in the event that SHDC wanted to apply for additional revenue-raising powers. This has not been required, hence the surplus.
- C. **Mooring hire income** – Forecast number of visiting yacht nights is customarily pessimistic to take account of any poor weather or other factors which keeps visitors away. This has fortunately not proven to be the case despite lower visitor numbers since they have all on average stayed for longer.
- D. **Pontoon income** – The fingers on Batson pontoon and the additional 4 berths generated when Shadycombe pontoon was replaced have generated more pontoon income than originally budgeted.
- E. **Miscellaneous income** – Miscellaneous income is that generated by hiring out surplus capacity eg hiring out the barge or plant. This year we have successfully generated better than forecast returns.
- F. **Moorings** – The use of contracted divers has been more expensive than budgeted because of a change to HSE rules which requires a 5 man team instead of the 4-man teams previously employed.
- G. **Rents** – Fundus rent is related to moorings income and pontoon income (notes C and D). As the income has been higher than budgeted so too is the rent payable to the Duchy.
- H. **Equipment** – IT Support and maintenance has been higher than budgeted due to delivery of additional eHarbours functionality (eg boat park bookings and moorings maintenance).
- I. **Transport** – The launches have been comprehensively overhauled this winter but required more work than expected, which accounts for most of this additional expenditure. However, this will negate the need for £20k capital outlay budgeted for 17/18 since the barges still have many years of service life in them.
- J. **Harbour dues** – The forecast revenue for harbour dues has proven to be overly optimistic. Despite better than expected visitor yacht

nights (see note C) the visitor numbers for 2015 are much lower than forecast (ie we had fewer visitors than expected – hence fewer harbour dues – but on average they stayed longer hence higher mooring income).

- 4. Issues for consideration.** The long-term trend in visitor numbers continues downwards and year-on-year 'growth' is primarily driven by increases in harbour dues. To remain sustainable, resident moorings should be increased as a percentage of the total moorings in the harbour to reduce our dependency on visitor numbers which continue to decline.

5. Reserves

Salcombe Harbour holds three reserves as follows:

- **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.

A summary of the projected Harbour reserve balances as at 31 March 2016 are shown in Appendix B.

6. Proposed Way Forward

Regular budget monitoring updates will be brought to the Board.

7. 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 projected surplus of £16,200.
Risk	Y	Budget variances – continual budget monitoring ensures early identification of variances. Reporting to the Board provides an opportunity for Members to identify and instigate remedial action where appropriate.
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 A – Salcombe Harbour Revenue Forecast 2015/16

Appendix B – Harbour Balances Forecast 2015/16

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