

<b>NAME OF COMMITTEE</b>	<b>Salcombe Harbour Board</b>
<b>DATE</b>	<b>9 July 2012</b>
<b>REPORT TITLE</b>	<b>Final Accounts 2011/12</b>
<b>Report of</b>	<b>Head of Finance Head of Service – Salcombe Harbour</b>
<b>WARDS AFFECTED</b>	<b>All South Hams</b>

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**Summary of report:**

This report advises Members of the Harbour's final trading position in 2011/2012 together with brief details of the main variations from the original budget. A summary of harbour reserves and balances is also provided.

**Financial implications:** A trading surplus of £96,233 was generated in 2011/2012

**RECOMMENDATIONS:**

**That the Board RESOLVES to note the final accounts for 2011/2012 as set out within Appendix A.**

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**1. BACKGROUND**

- 1.1 The 2011/12 budget was set at a break-even position.
- 1.2 The Harbour's trading accounts have now been finalised, pending external audit certification during August 2012. The accounts have been prepared on an accruals basis and take account of all relevant income streams and expenditure items. The final outturn position for the year is a surplus of £96,233. This is after the following exceptional items:-
  - a. Replacement of Whitestrand pontoons £4,867.

And income from:-

b. Sale proceeds of £5,923 from the sale of equipment and scrap.

When adjusted for the above items the surplus generated from normal trading activities would have been £95,177.

- 1.3 The accounts show how funds have been used to deliver services and form an essential part of public accountability. 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.

## 2. ISSUES FOR CONSIDERATION

### 2.1 Trading Performance - Expenditure

The table below identifies the main variations from budget. Overall, actual expenditure was £64,970 less than the budget.

Item	Explanation	Forecast (Under)/Over expenditure £
Harbour Employees	A reduction in overtime payments and reduced cost of seasonal staff along with additional income from SHDC for operating the winter storage facility and boat licences.	(20,991)
	Employers Liability insurance budget is included under premises.	3,756
	Training, medical fees & recruitment.	<u>342</u>
	<b>Total Employee Variances</b>	<b>(16,893)</b>
Repairs & Maintenance		
a. General Repairs & Maintenance	Overspend due to R&M costs for the Harbour Office and Workshops.	1,465
b. Piers, Landings & Pontoons	Only routine maintenance required this year. Salcombe Town landing improvements funded from reserves.	(3,582)

c. Marks & Beacons	The Sandhill Point sector light was replaced this year. This increased expenditure to more than that initially anticipated for routine maintenance.	4,289
d. Moorings	Under spend due to reduced amount of repairs required and lower tender price for chains and diving.	(10,728)
	<b>Total R&amp;M Variance</b>	<b>(8,556)</b>
Rents	Duchy rent charge is based on actual income earned from the Fundus. Income in the year was higher than budgeted which increases the rent charge.	1,405
Insurance	New policy split out the various covers and is now included under Employee and transport costs as well. Overall cost of insurance for the year was £28,239.	(25,256)
Other Premises variances	Various	<u>(6,163)</u>
	<b>Total Premises Variances</b>	<b>(38,570)</b>
Equipment	No furniture purchased and reduced expenditure on software maintenance.	(3,423)
Printing, Stationery & Advertising	Various minor variations	(1,803)
Communications	Savings on telephone charges	(1,114)
Protective clothing		230
Cash Collection Charges	Charge relates to card payments	1701
Boat & Boatmans Licences	Payment to Dart Harbour Authority for undertaking Boat Inspections and issuing Boatman's Licences.	1,751
Other Supplies & Services variances	Miscellaneous minor variances.	<u>5,112</u>

	<b>Total Supplies &amp; Services Variances</b>	<u>2,454</u>
Transport	Higher R&M costs (£9,812) and Transport insurance (£8,644) budget under Premises. Offset by other minor variations (£-413).	5,275
Capital Charges	Budget included provision for new loan for Whitestrand Landing which was not required. Reserves were used to fund the replacement.	(10,103)
New Projects Funded from Revenue	Whitestrand Plastic Pontoons Less budget Total new projects funded from Revenue	4,867 (12,000) (7,133)
<b>Total Expenditure Variations</b>		<b>(64,970)</b>

## 2.2 Trading Performance - Income

The 2011/12 budget included a 2% increase for all charges other than visiting yachts, these charges were frozen. This was intended to generate sufficient additional income to cover expenditure levels, and enabled a balanced budget to be set.

Overall, income received during the year has out-performed the budget by £24,067 after adjusting for the contribution from Revenue reserve re dredging. The table below shows the main areas of variations from budget.

<b>Item</b>	<b>Explanation</b>	<b>Forecast Under/(Over) Income £</b>
Harbour Dues	Increased income from increased estuary use.	(3,102)
Mooring Hire	Increased income from increased estuary use	(7,269)
Miscellaneous	Small boat pontoon systems	(7,554)
	Water Taxi Service	(3,832)

	Mooring Licences	(945)
	Security Patrol	479
	Proceeds from sale of redundant equipment, including pontoons and scrap metal.	(5,923)
Interest Received	Interest is payable on reserve balances. Interest rates have fallen due to the recession resulting in lower interest being earned.	2,900
Other minor variations	Various	(6,018)
<b>Total Income Variations</b>		<b>(31,263)</b>

### 2.3 The Overall Position

The net position after taking into account variations in both income and expenditure is a generated surplus of £96,233 This will be confirmed once the Harbour accounts have been subject to external audit verification during August 2012. A schedule of actual income and expenditure against budget is included at Appendix A.

A Balance Sheet Extract is included as Appendix B.

The generated surplus will be incorporated into the General Reserve. An analysis of the closing position of each of the Harbour reserves is included at Appendix C

## 4. LEGAL IMPLICATIONS

- 4.1 The Statutory Powers that apply to this report are the Local Government Act 1972, Section 151 and The Pier and Harbour Order (Salcombe) Confirmation Act 1954.
- 4.2 The Salcombe Harbour Board is self financing but is required to bring an annual report to the Board to demonstrate it is commercially viable.

## 5. FINANCIAL IMPLICATIONS

- 5.1 The financial implications of this report are that a trading surplus of £96,233 was generated in 2011/12. It is pleasing to report that the Harbour has generated a trading surplus for the 2011/12 financial year as well as being able to finance additional project work from revenue generated during the year without having to further deplete reserves. This will bolster retained reserves, and will assist with the financing of future initiatives for the benefit of the Harbour users.

## 6. RISK MANAGEMENT

6.1 The risk management implications are:

<b>Opportunities</b>	<b>Benefits</b>
The report enables informed discussion relating to the budget and accounts for the Harbour	Finalised accounts allow planning for future projects to be considered in an informed manner
<b>Issues/Obstacles/Threats</b>	<b>Control measures/mitigation</b>
Accounts have yet to be subject to the external audit process	Harbour accounts have been prepared with regard to relevant accounting standards and practices. It is unlikely that the external audit process will change the overall position.

<b>Corporate priorities engaged:</b>	Budget considerations support all Council priorities
<b>Statutory powers:</b>	Local Government Act 1972, Section 151; The Pier and Harbour Order (Salcombe) Confirmation Act 1954.
<b>Considerations of equality and human rights:</b>	None directly arising from this report
<b>Biodiversity considerations:</b>	None directly arising from this report
<b>Sustainability considerations:</b>	None directly arising from this report
<b>Crime and disorder implications:</b>	None directly arising from this report
<b>Background papers:</b>	Corporate Finance working papers
<b>Appendices attached:</b>	Appendix A: Schedule of income and expenditure against budget Appendix B: Balance Sheet extract Appendix C: Analysis of closing position of Harbour Reserves