

NAME OF COMMITTEE	Salcombe Harbour Board
DATE	15 July 2013
REPORT TITLE	Final Accounts 2012/13
Report of	Head of Finance Head of Service – Salcombe Harbour
WARDS AFFECTED	All South Hams

Summary of report:

This report advises Members of the Harbour's final trading position in 2012/2013 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 £103,707 was generated in 2012/2013

RECOMMENDATIONS:

That the Board RESOLVES to note the final accounts for 2012/2013 as set out within Appendix A.

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1. BACKGROUND

- 1.1 The 2012/13 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 2013. 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 £103,707.

- 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 £89,563 less than budgeted.

Item	Explanation	Forecast (Under)/Over expenditure £
Harbour Employees	A Turnover of staff with new staff on a lower entry grade.	(10,829)
	Flexible working reduced overtime costs.	(5,502)
	One additional seasonal employee to cover early and late season taxi and increased cover at Whitestrand in July and August.	2,850
	Greater than expected income from Boat Licensing.	(4,650)
	Training, medical fees & recruitment. After two heavy training years 2012/13 did not have any major training requirements.	(2,433)
	Miscellaneous employee variances	(271)
	Total Employee Variances	(20,835)
Repairs & maintenance		
a. General Repairs & Maintenance	Under spend on R&M costs for the Harbour Office and Workshops.	(1,235)
b. Piers, Landings & pontoons	Over expenditure due to purchase of 4 x fingers for Coad Cove deep water pontoons.	2,461
c. Marks & Beacons	No failures of the navigation marks and beacons this year resulted in an under expenditure.	(3,685)

d. Moorings	Under spend due to reduced amount of repairs required and lower tender price for chains.	(33,803)
	Total R&M Variance	(36,262)
Security Patrol		(1,053)
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.	3,604
Electricity, water, rates and insurance	Close to Budget estimate	(507)
Trade waste and cleaning charges	Considerably less than budgeted for, 20% fewer visitors generated less waste than anticipated.	(2,131)
	Total Premises Variances	(36,349)
Equipment	Purchase of hardware for the e-harbours point of sale caused this over expenditure.	6,031
Printing, Stationery & Advertising	The cost of printing the Harbour Guide was £2,000 less than budgeted for.	(2,046)
Other Supplies & Services variances	Miscellaneous minor variances, including stamp duty for lease conveyance of £4,000.	4,532
	Total Supplies & Services Variances	8,517
Transport	This has been a good year for serviceability of the harbour launches and plant with no major expenditure required.	(30,393)
Capital Charges		(3)
New Projects Funded from Revenue	Three projects were budgeted for but only one completed, which was the improvement to the tender berthing at Whitestrand. The disposal of old pontoons was frustrated by the Fish Quay works and the Phosphate Free Salcombe project concluded in year.	(10,500)
Total Expenditure Variations		(89,563)

2.2 Trading Performance - Income

The 2012/13 budget included a 2% increase for all charges other than visiting yachts, which 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 £14,144. The table below shows the main areas of variation from the budget.

Item	Explanation	Forecast Under/(Over) Income £
Harbour Dues	Annual harbour dues up slightly following below inflation rise to annual charges but income from visiting yachts was down considerably	18,208
Mooring Hire	Better than anticipated income from annual mooring hire despite poor casual visitor figures.	(15,479)
Miscellaneous	Small boat pontoon systems	(3,997)
	Water Taxi Service	4,110
	Mooring Licences	817
	Security Patrol	(1,751)
	Proceeds from sale of equipment, scrap metal and hire of crane, barge, fork lift truck and advertising in Harbour Guide.	(17,052)
Interest Received	Interest is payable on reserve balances. Interest rates have fallen due to the recession resulting in lower interest being earned.	1,000
Total Income Variations		(14,144)

2.3 The Overall Position

The net position after taking into account variations in both income and expenditure is a generated surplus of £103,707. This will be confirmed once the Harbour accounts have been subject to external audit verification during August 2013. A schedule of actual income and expenditure against budget is included at Appendix A.

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 B.

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.

5. FINANCIAL IMPLICATIONS

5.1 The financial implications of this report are that a trading surplus of £103,707 was generated in 2012/13. It is pleasing to report that the Harbour has generated a trading surplus for the 2012/13 which 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:

Risk/Opportunity	Risk Status			Mitigating and Management Actions
	Impact/Severity	Likelihood/Probability	Risk Score	
The report enables informed discussion relating to the budget and accounts for the Harbour. Accounts have yet to be subject to the external audit process	3	2	6	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.

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