

SOUTH HAMS DISTRICT COUNCIL

NAME OF COMMITTEE	Salcombe Harbour Board
DATE	14 July 2014
REPORT TITLE	Final Accounts 2013/14
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 2013/2014 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 £93,910 was generated in 2013/2014

RECOMMENDATIONS:

That the Board RESOLVES to note the final accounts for 2013/2014 as set out within Appendix A.

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1. BACKGROUND

- 1.1 The 2013/14 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 2014. 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 £93,910.

- 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 £51,957 less than budgeted.

Item	Explanation	Forecast (Under)/Over expenditure £
Harbour Employees	Lower staff costs than expected mainly due to reduced overtime from flexible working.	(3,963)
	Total Employee Variances	(3,963)
Repairs and Maintenance		
a. General R&M	Repair to Normandy required innovative davit solution	10,474
b. Piers, Landings & Pontoons	Kingsbridge pontoon fingers and fendering	7,688
c. Marks & Beacons	Fewer replacements than anticipated	(2,623)
d. Moorings	Lower tender price negotiated eg on chains (£13,855) and foreshore moorings (£3,747), and reduced maintenance due to procurement of better quality and more durable items.	(21,152)
	Total R&M Variance	(5,613)
Security Patrol	Fewer patrols conducted than anticipated	(1,112)
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
Utilities and Insurances	Reduced utility bills partially due to increased environmental awareness	(973)

Trade waste and cleaning charges	Close to Budget estimate	(324)
	Total Premises Variances	(6,617)
Equipment and protective clothing	Savings in ICT (£2,600) and clothing (£1,700) because of lower than anticipated replacement rates.	(4,295)
Printing, Stationery & Advertising	Reduced paper consumption rates	(2,982)
Communications	More communications are by email hence reduced postage bills	(1,979)
Other Supplies and services	Close to budget	£388
Total Supplies & Services Variance		(8,918)
Transport	Lower insurance rates and extended service life of launches. Fuel consumption has also been reduced	(22,457)
Capital Charges	Additional borrowing not required for Kingsbridge pontoons project due to 12/13 trading surplus.	(5,103)
New Projects Funded from Revenue	No expenditure incurred against Environmental Projects	(4,899)
Total Expenditure Variations		(51,957)

2.2 Trading Performance - Income

The table below identifies the main variations from budget. Overall, actual income was £41,953 more than budgeted.

Item	Explanation	Forecast Under/(Over) Income £
Harbour Dues	Size, not number, of visiting boats is increasing	(2,458)
Mooring Hire	Size, not number, of visiting boats is increasing	(13,065)
Miscellaneous	Small boat pontoon systems	(5,085)
	Water Taxi Service	(1,525)
	Mooring Licences	1,964
	Security Patrol	(5,148)

	Proceeds from sale of equipment, scrap metal and hire of crane, barge, fork lift truck and advertising in Harbour Guide.	(18,436)
Interest Received	Interest is payable on reserve balances. Interest rates have fallen due to the recession resulting in lower interest being earned.	1,800
Total Income Variations		(41,953)

2.3 The Overall Position

The net position after taking into account variations in both income and expenditure is a generated surplus of £93,910. This will be confirmed once the Harbour accounts have been subject to external audit verification during August 2014. 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 £93,910 was generated in 2013/14. It is pleasing to report that the Harbour has generated a trading surplus for the 2013/14 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:	The harbour remains a self-financing and viable concern.
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