

Report to: **Salcombe Harbour Board**

Date: **12 June 2024**

Title: **2023/2024 Year End Financial Report**

Portfolio Area: **Salcombe Harbour**

Wards Affected: **All**

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

Authors: **Pauline Henstock** Roles: **Head of Finance Practice**  
**Cameron Sims-** **Harbour Master**  
**Stirling**

Contact: **Tel. 01803 861377 [pauline.henstock@swdevon.gov.uk](mailto:pauline.henstock@swdevon.gov.uk)**  
**Tel. 01548 843791 [cameron.sims-stirling@swdevon.gov.uk](mailto:cameron.sims-stirling@swdevon.gov.uk)**

---

#### **RECOMMENDATION**

**That the Board NOTES the income and expenditure variations for the 2023/24 financial year, notes the overall trading surplus of £91,135 and resolves to allocate this surplus to the Harbour's General (Revenue Account) Reserve.**

### **1. Executive summary**

- 1.1 This report advises Members of the Harbour's final trading position in 2023/24 together with brief details of the main variations from the original budget. A summary of harbour reserves and an analysis of the payments made between Salcombe Harbour and the District Council in 2023/24 have also been provided.

### **2. Background**

- 2.1 The Harbour budget is agreed annually in the autumn by the Harbour Board and subsequently approved by Full Council. Budgeted revenue expenditure for 2023/24 was set at £1,398,500 and fees and charges were set to balance the budget.

### 3. Outcomes/outputs

3.1 The Harbour's trading accounts have now been finalised, pending external audit certification. A trading surplus of **£91,135** has been achieved for 2023/24. This surplus equates to 6.5% of the budgeted turnover.

3.2 Whilst some normality has come back to the harbour after uncertain years of Covid-19 lockdowns and subsequent 'staycations' there are still circumstances that arise throughout the year that differ from the budgeted position, giving rise to financial variations.

Weather can play a big part in visitor numbers with income down on the previous 2 years for those arriving from sea, which is why budgeting needs to be conservative. As an example, in July and August there were 6 consecutively windy Friday-Saturdays both severely limiting weekend trade and knocking confidence for those visitors travelling from further afield. The winter was also wet and windy with only brief spells for visiting vessels to set to sea let alone cross Salcombe Bar. In contrast visitor foreshore moorings were again fully booked across a much longer period of the season than normal, used to facilitate boats arriving by land, exceeding income expectations here and in associated Harbour Dues. In line with recent years all resident facilities were taken up including at Newbridge and Frogmore, where historically there has been availability.

3.3 As part of the annual budget process the income targets are reviewed by the Harbour Master to ensure they are as realistic as possible, conservatively including income from visitors who are weather dependant. The 2023/24 surplus has been generated from a variety of sources including the knock-on effects of the delayed workshop build.

3.4 Appendix 1 shows how the surplus of **£91,135** has been achieved in 2023/24. The main variations from budget are shown in the table below together with supporting notes to explain the significant movements:

	<b>Budgeted expenditure / (income)</b> £	<b>Variations</b> £	<b>Variations</b> %	£	
<b>APPROVED NET BUDGET</b>			-	-	
<b>Reductions in expenditure/additional income</b>					
Harbour dues income	(453,800)	(46,637)	(10.3%)		A
Mooring hire income	(531,900)	(44,883)	(8.4%)		B

Loan repayments	49,300	(36,500)	(74.0%)		C
Premises related expenditure	415,200	(21,825)	(5.3%)		D
Miscellaneous income	(43,200)	(19,488)	(45.1%)		E
Interest received	(2,600)	(19,200)	(738.5%)		F
Water Taxi income	(36,000)	(8,359)	(23.2%)		G
Other minor variances		(968)	-		
<b>Sub total of variations</b>				<b>(197,860)</b>	
<b>Increases in expenditure/ reductions in income</b>					
Employee expenditure	507,500	92,595	18.2%		H
Supplies and services	89,400	7,818	8.7%		I
Transport related expenses	79,400	6,312	7.9%		J
<b>Sub total of variations</b>				<b>106,725</b>	
<b>2023/24 SURPLUS</b>				<b>(91,135)</b>	

### Notes

- A. **Harbour dues income** – Additional income of £46,637 was generated in 2023/24, equating to 10.3% of the budget. Another year with all resident moorings allocated, commercial operators busy, and an increase in those boats arriving by road and launching into the harbour equates to the majority of this variation being derived from resident Harbour Dues. The remaining variation is from visiting yacht Harbour Dues that whilst still exceeding the budget show a marked drop in income compared to the last 2 years due to the aforementioned weather.
- B. **Mooring hire income** – Additional income of £44,883 was received in 2023/24. The majority of this variation is generated from visitor mooring hire by vessels arriving by land, booking individually allocated swinging visitor foreshore moorings, deeper shared visitor trot moorings or resident foreshore facilities that a resident has informed us are temporarily available.
- C. **Loan repayments** – Due to the delay in the Harbour workshop project this loan was not effective in 2023/24 and therefore the annual repayment of £36,500 was not due. This saving is partly offset by the rental on the Workshop in Island Street of £16,815 included in note 'D' below.

- D. **Premises related expenditure** – This area of expenditure was £21,825 lower than anticipated in 2023/24. Due to the security patrol service now being provided in-house, there was a saving of £60,140 on the security contract. This has been offset overall by an increase in the staffing budget shown in note 'H' below. The security contract saving was offset in premises related expenditure by higher utility costs (£8,828) and repairs and maintenance (£4,876). In addition rent payable to the Duchy was £7,919 more than budgeted due to the additional mooring income generated in 2023/24. Finally, due to the delay in the Harbour workshop project referred to in 'C' above rent on the Island Street workshop of £16,815 was payable in 2023/24.
- E. **Miscellaneous income** – Overall miscellaneous income has exceeded the budget by £19,488 in 2023/24. This variation is primarily associated with the hire of the mooring barge and crane which generated additional income of £12,260 and £3,431 respectively.
- F. **Interest received** – £19,200 of interest was received in 2023/24 compared to a budget of £2,600. This additional income mainly reflects the increase in interest rates since the budget was set in September 2022. In addition the General (Revenue Account) Reserve balance is higher than anticipated due to the level of surpluses generated in recent years.
- G. **Water taxi income** – income from the water taxi service was £8,359 (23%) higher than budgeted in 2023/24. Taxi income appears to have stabilised following Covid related fluctuations but at £44,000 this is a welcome increase from pre covid years.
- H. **Employee expenditure** – Additional employee costs of £92,595 were incurred in 2023/24. This mainly reflects the changes to the security patrol with the service now being provided in-house. This has increased the staffing costs by approximately £60,000 but is fully offset by a reduction in the security patrol budget shown above in note 'D'. In addition, the local government pay award was £1,925 per employee for 2023/24 which was significantly higher than the budgeted provision of 3%, resulting in higher staffing costs of £21,000. A seasonal staff member was also employed for a longer period than normal in 2023/24 to help facilitate moving into and fitting out the new Batson Workshop, leading to increased seasonal staff costs.
- I. **Supplies and services** – additional expenditure of £7,818 was incurred in 2023/24. This includes the purchase of a second-hand workboat hull to replace one of the existing boats. In addition, the IT software and hardware expenditure was higher than budgeted due to the transition to a new Credit Card system provider. This is expected to make savings, substantially increase transaction efficiency across services, reduce errors and reduce the overall

number of machines required that currently operate to facilitate different systems.

- J. **Transport related expenses** – this area of expenditure was £6,312 higher than anticipated in 2023/24 primarily resulting from increased fuel costs (£4,831) and the marine craft insurance (£3,290). These costs were partially offset by reduced repairs and maintenance costs of £2,113.

#### **4. Options available and consideration of risk**

- 4.1 Although no changes are anticipated, the figures contained within this report have not yet been externally audited.

#### **5. Reserves and Loans**

- 5.1 An analysis of each of the Harbour reserves is shown in Appendix 2. This identifies all items funded from reserves during 2023/24 and contributions made to the reserves. In addition Appendix 2 contains a summary of the loans position with South Hams District Council (SHDC) as at 31 March 2024.

#### **6. Payments between Salcombe Harbour and SHDC**

- 6.1 To aid transparency an analysis of the payments between Salcombe Harbour and the District Council is shown in Appendix 3. This compares the budgeted amounts and the actual payments for 2023/24. Overall there has been a net saving in the amount payable to South Hams in 2023/24 of £41,714 mainly due to the delay in the Harbour workshop project (£19,685) and the additional interest received (£19,200).

#### **7. Proposed Way Forward**

- 7.1 The 2023/24 accounts are being formally audited later this year.

#### **8. Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Statutory Powers that apply to this report are Section 151 Local Government Act 1972 Section 21 (12), Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015.
Financial	Y	The financial implications to this report are that a surplus of £91,135 was generated in 2023/24. This

		will be transferred to the General (Revenue Account) Reserve. This surplus equates to 6.5% of the budgeted turnover.
Risk	Y	<i>Public Accountability</i> – the accounts have been drawn up in strict accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 which is recognised by statute as representing proper accounting practice.  <i>Resource Planning</i> – the Harbour takes into account any significant issues when developing its 5 year Business Plan and when reviewing its fees and charges.
Supporting Corporate Strategy		Salcombe Harbour plays a vital part in supporting the Council’s strategic vision, the Council Plan.
Climate Change – Carbon / Biodiversity Impact		None directly arising from this report.
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 1 – Salcombe Harbour Outturn 2023/24

Appendix 2 – Harbour Balances and Loans Outstanding 2023/24

Appendix 3 – Payments between Salcombe Harbour and SHDC in 2023/24

### **Background Papers:**

None