

Report to: **Salcombe Harbour Board**  
Date: **28 January 2019**  
Title: **Revenue Budget Monitoring 2018/2019**  
Portfolio Area: *Commercial Services*  
Wards Affected: **All**  
Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

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

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**Recommendations:**

**That the Board notes the forecast income and expenditure variations for the 2018/19 financial year and the overall projected underspend of £100, essentially a breakeven position.**

**1. Executive summary**

1.1 This report updates Members on income and expenditure variations against the approved budget and forecasts the year end position.

1.2 Gross expenditure is set at £1.13 million in the 2018/19 balanced budget. As at 11 January 2019, a small surplus of £100 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**

3.1 A surplus of £100 is currently forecast for 2018/19. The main variances leading to this position are shown in the table below:

**TABLE 1: 2018/19 BUDGET FORECAST**

	<b>2018/19 Budget expenditure/ (income)</b> £	<b>Budget variations increase/ (decrease)</b> £	<b>£</b>	
<b>APPROVED NET BUDGET</b>			-	
<b>Reductions in expenditure/additional income</b>				
Employees	414,500	(6,000)		A
Transport related expenses	55,100	(5,800)		B
Capital charges	25,100	(5,600)		C
Harbour dues income	(295,900)	(8,800)		D
Pontoon income	(169,800)	(4,900)		E
Water taxi income	(36,000)	(4,200)		F
Other minor variances		(1,600)		
<b>Subtotal of variations</b>			<b>(36,900)</b>	
<b>Increases in expenditure/reductions in income</b>				
General R & M	20,000	2,500		G
Marks & Beacons	1,000	3,500		H
Moorings	62,000	19,000		I
Refuse collection/Cleaning	10,500	2,300		J
Printing, Stationery & Advertising	9,300	3,900		K
Mooring hire income	(466,500)	5,600		L
<b>Subtotal of variations</b>			<b>36,800</b>	
<b>PROJECTED SURPLUS</b>			<b>(100)</b>	

**Notes**

- A. **Employees** – seasonal staff pay and overtime have risen through extensions to contracts to cover additional patrol duties, assistance at the Boatpark and to facilitate events. During the transitional period where staff were restructured a Boatman’s wage was also paid as seasonal staff. This had led to small overspends of £9,800

on seasonal staff and around £2,500 on overtime. However, this is offset by an increased recharge from the Harbour to the District Council to reflect the time spent on Dartmouth Lower Ferry during 2018/19 which equates to £17,300.

- B. **Transport related expenses** – although fuel costs are higher than budgeted, elements of the general R & M budget are not required and will be partly used to fund the tools and materials overspend in 'G' below.
- C. **Capital charges** – the loan repayments for the new Pontoons project were budgeted from April 2018. However, as the project didn't commence until October 2018 a saving of £5,600 is anticipated in 2018/19. Details of the current loans provided by the District Council are shown in Appendix B.
- D. **Harbour dues income** – the exceptional seasonal weather has increased the number of both craft resident within the harbour and those visiting from sea. This has led to additional income of £8,800.
- E. **Pontoon income** – in line with the good weather the use of Whitestrand and its remote pontoon during July and August has increased producing additional income of £4,900.
- F. **Water taxi income** – the exceptional seasonal weather has increased the number of both resident and visiting vessels requiring the services of the water taxi. Events on the East Portlemouth side of the harbour have increased the requirement to taxi passengers on particular evenings.
- G. **General repairs and maintenance** – this relates to a small overspend on tools & materials (£2,500), funded from the transport R & M saving in 'A' above that is to be reallocated to this budget in future.
- H. **Marks and beacons** – the overspend of £3,500 relates to the rare conservancy cost in 2018/19 for an external contractor to paint navigation poles at the entrance to the harbour to satisfy a time critical report by Trinity House.
- I. **Moorings** – the main overspend relates to chain purchase (£14,000) to replenish stock, the price of chain has also increased. The uncertainty over the Egremont and any recuperation of her moorings meant that the purchase of heavy chain was still required, this stock is now supplemented by good second hand chain recovered from her moorings which will supply general maintenance for years to come. Stock had also depleted from the replacement of a faulty batch of 16mm chain and the entire replacement of particular mooring systems. More unsettled winter weather has caused mooring tackle to wear quicker and for either components to be upgraded or replaced more often.

- J. **Cleaning** – this now includes the frequent cleaning of the showers for visiting yachtsmen.
- K. **Printing stationery & advertising** – this overspend of £3,900 relates to a four page advert within the Salcombe Guide.
- L. **Mooring hire income** – a small shortfall of £5,600 (1.2% of the mooring hire income budget) is anticipated for 2018/19. This relates to the miscoding of some of the advanced visitors foreshore payments in 2017/18 resulting in them being included in the 2017/2018 accounts rather than 2018/19. In addition, no charges were raised towards the Egremont Trust this year.

#### 4. Issues for consideration

- 4.1 The projected surplus of £100 is essentially a break even position for 2018/19 and equates to less than 0.01% of the gross budget.

#### 5. Reserves

- 5.1 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 2019 are shown in Appendix B.

#### 6. Proposed Way Forward

- 6.1 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 break even position for 2018/19, a small surplus of £100.
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 2018/19  
Appendix B – Harbour Balances and Loans Forecast 2018/19

### **Background Papers:**

None