

Report to: **Salcombe Harbour Board**
Date: **27 January 2020**
Title: **Revenue Budget Monitoring 2019/2020**
Portfolio Area: *Enterprise*
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 2019/20 financial year and the overall projected underspend of £25,700.

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 £1.16 million in the 2019/20 balanced budget. As at 6 January 2020, a surplus of £25,700 is projected as shown in Appendix A. This equates to 2.2% of the gross budget for 2019/20.

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 £25,700 is currently forecast for 2019/20. The main variances leading to this position are shown in the table below:

TABLE 1: 2019/20 BUDGET FORECAST

	2019/20 Budget expenditure /(income)	Budget variations		£	Note
		%	£		
	£		£	£	
APPROVED BUDGET				-	
Reductions in expenditure/ additional income					
Mooring hire income	(484,000)	(4.6%)	(22,100)		A
Pontoon income	(175,500)	(4.8%)	(8,400)		B
Harbour dues income	(304,900)	(2.4%)	(7,300)		C
Water taxi income	(36,000)	(11.4%)	(4,100)		D
Sub total of variations				(41,900)	
Increases in expenditure/ reductions in income					
Employees	442,100	0.5%	2,300		E
Supplies & Services - miscellaneous	24,800	9.3%	2,300		F
Rents	145,900	3.8%	5,600		G
Transport expenses	51,000	4.9%	2,500		H
Other minor variances	-		3,500		
Sub total of variations				16,200	
PROJECTED SURPLUS				(25,700)	

Notes

- A. **Mooring hire income** – Income from resident facility hire has remained in line with the budget expectations with little change to the overall number of facilities apart from the restructuring of the Dentrige commercial facility. The good weather has bolstered visitor usage of both our deep water facilities (including long term visiting yachts from sea basing themselves here during the season) and our foreshore moorings (visiting craft trailered into the harbour looking to remain afloat during their holiday), creating additional income of £22,100 for 2019/20.
- B. **Pontoon income** – Whitestrand and its remote pontoon have benefitted from major improvements to infrastructure over the winter of 18/19 and have continued to be a popular facility during July and August due to both good weather and good management by our seasonal staff, producing the majority of additional income from shoreside pontoons. The reallocation of Shadycombe Creek Pontoon berths has also generated an increase in income due to contractors paying a higher charge for commercial usage.
- C. **Harbour dues income** – The £7,300 additional income generated here is equally split between dues from visiting vessels from sea and resident vessels (including those visiting from land). This represents a larger number of boats residing in our harbour during good weather, supported by a more engaged and better managed workforce to ensure craft arriving in Salcombe are correctly charged.
- D. **Water taxi income** – The harbour taxi continues to provide a popular and essential facilitate to boat users in the lower reaches of the harbour, helping reduce reliance upon tenders and the need to berth them, supported by professional and efficient staff who improve year after year. This has led to additional income for 2019/20 of £4,100.
- E. **Employees** – Due to the anticipated retirement of an Assistant Harbour Master and scheduled handover/promotion of a Moorings Officer, a new Moorings Officer was employed to backfill the position along with seasonal staff to aid/overlap the essential handover period. This resulted in increased costs across the board. However, this cost is mainly offset by an increased recharge from the Harbour to the District Council to reflect the time spent on Dartmouth Lower Ferry during 2019/20 which equates to £19,600. This recharge has been built into the 2020/21 budget.
- F. **Supplies and Services** – The additional cost of £2,300 predominantly relate to 2x annual retainers for our Tier 2 Oil Spill Response provider falling within the same financial year, a cost that is reflected in adjacent years.
- G. **Rents** – Based on the latest income forecast for 2019/20 the harbour can anticipate a £5,600 increase in rent to the Duchy of Cornwall based on a percentage of our increased mooring income.

H. **Transport related expenses** – fuel costs are higher than budgeted but with the increase in trade this is not unexpected. More/ongoing wear and tear have also resulted in increased expenditure on our launches and forklift truck, leading to a small overspend of £2,500.

4. Issues for consideration

4.1 The projected surplus of £25,700 equates to 2.2% of the gross budget for 2019/20.

5. Reserves and Loans

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 and loan balances as at 31 March 2020 are shown in Appendix B.

5.2 Revenue expenditure funded from Reserves is likely to be £2,900 higher than the original budget for 2019/20. Below is a breakdown of this overall variance:

Revenue expenditure to be funded from Reserves in 2019/20				
	Budget	Forecast	Variance	Notes/approval
	£	£	£	
Renewals Reserve				
Volvo D2-60 engine	8,000	7,600	(400)	Within budget
Harbour van	20,000	-	(20,000)	Purchased in 2018/19
Workboat and engine	-	8,300	8,300	Reserve request October 2019
General Reserve				
Public Conveniences	-	5,000	5,000	Harbour Board 28.1.19
New Website	-	10,000	10,000	Harbour Board 1.4.19
Totals	28,000	30,900	2,900	

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 underspend of £25,700 for 2019/20, due to additional income.
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.
Supporting Corporate Strategy		The budget monitoring process supports all six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
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 A – Salcombe Harbour Revenue Forecast 2019/20

Appendix B – Harbour Balances and Loans Forecast 2019/20

Background Papers: None