

Report to: **Salcombe Harbour Board**
Date: **22 June 2020**
Title: **2019/2020 Year End Financial Report**
Portfolio Area: **Salcombe Harbour**
Wards Affected: **All**
Urgent Decision: **N** Approval and clearance obtained: **N**

Date next steps can be taken:

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

Contact: **Tel. 01803 861377 pauline.henstock@swdevon.gov.uk**
Tel. 01548 843791 cameron.sims-stirling@swdevon.gov.uk

Recommendations:

1. That the Board **notes** the income and expenditure variations for the 2019/20 financial year, **notes** the overall trading surplus of £49,233 and **resolves** to allocate this surplus to the Harbour's General Reserve fund.

1. Executive summary

1.1 This report advises Members of the Harbour's final trading position in 2019/20 together with brief details of the main variations from the original budget. A summary of harbour reserves is also provided.

2. Background

2.1 The Harbour budget is agreed annually in September by the Harbour Board and subsequently approved by Full Council. Budgeted revenue expenditure for 2019/20 was set at £1,160,200 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 during the summer. A trading surplus of £49,233 has been achieved for 2019/20. This surplus equates to 4.2% of the budgeted turnover.

3.2 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. Appendix 1 shows how the surplus of £49,233 has been achieved. Variations from budget are shown in the table below together with supporting notes to explain the significant movements:

	Budgeted expenditure /(income) £	Variations £	Variations %	£	
APPROVED NET BUDGET			-	-	
Reductions in expenditure / additional income					
Mooring hire income	(484,000)	(24,260)	(5.0%)		A
Pontoon income	(175,500)	(8,132)	(4.6%)		B
Harbour dues	(304,900)	(7,642)	(2.5%)		C
Equipment	14,600	(5,811)	(39.8%)		D
Water taxi income	(36,000)	(4,126)	(11.5%)		E
Employees	442,100	(3,628)	(0.8%)		F
Printing & stationery	9,300	(2,889)	(31.1%)		G
Utility charges	23,600	(2,536)	(10.7%)		H
Other minor variances		(1,176)	-		
Sub total of variations				(60,200)	
Increases in expenditure/ reductions in income					
Rents	145,900	6,025	4.1%		I
Moorings	71,000	4,942	7.0%		J
Sub total of variations				10,967	
2019/20 SURPLUS				(49,233)	

Notes

- A. **Mooring hire income** – Income from resident facility hire has increased, partly supported by the redevelopment and improvement of commercial pontoon berths on the Dentrige and in the East Bag. The good summer 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 £24,260 for 2019/20. Summer usage of the town landing visitor facility on Whitestrand was consistent and despite the poor winter weather a couple of longer term visiting craft berthed here to maintain what would have otherwise been a shortfall.
- B. **Pontoon income** - Whitestrand and its remote pontoon have continued to be a popular facility during July and August (after a successful redevelopment the winter before) 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** – The £7,642 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. **Equipment** – The underspend of £5,811 mainly relates to a reduction in ICT expenditure.
- E. **Water taxi income** – The harbour taxi continues to provide a popular and essential facility 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 £4,126.
- F. **Employees** – The retirement of an Assistant Harbour Master, the resulting promotion/handover of a Moorings Officer, backfilled by a new Moorings Officer and seasonal staff, led to a slight increase in employee spending, required to maintain our level and quality of service. 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 £18,300. This recharge has been built into the 2020/21 budget.

- G. **Printing and Stationery** – A saving of £2,889 is split between reduced spending on printing/stationery and a further saving by again using the District Council’s internal design department.
- H. **Utility Charges** – the underspend of £2,536 is due to credit notes received for gas in 2019/20.
- I. **Rents** - Based on the additional mooring hire and pontoons income generated in 2019/20 the harbour has seen an increase in rent payable of just over £6,000. Total rent payable to the Duchy in 2019/20 is £125,110.
- J. **Moorings** – Spending on chain and shackles was reduced, as expected from previous years stocking, however costs relating to landings and pontoons have increased, particularly from new bridge decking and upgraded fendering. The cost of the standard deepwater dive team has also increased. A separate £2,025 was spent on a one-off recovery, inspection and redeployment of VH4 by a visiting survey vessel, which both provides peace of mind and valuable information on the condition of the entirety of our largest mooring, that SHA cannot facilitate internally or by divers alone.

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 2019/20 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 2020. There is just one loan outstanding as at 31 March 2020 following the final repayment of the Batson Pontoons loan of £114,000 in 2019/20, which was funded from the Pontoons Reserve.

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 2019/20. The main variance relates to the recharge from the Harbour to Dartmouth Lower Ferry (£18,300) to reflect the time spent on the Ferry in 2019/20. This recharge has been built into the 2020/21 budget.

7. Proposed Way Forward

7.1 The accounts are being formally audited during the summer.

7.2 Due to the financial impact of the COVID-19 pandemic regular budget monitoring reports will be brought to the Board. In addition the Harbour's current financial position and ways to address the potential income shortfall in 2020/21 will be considered at a Harbour Workshop immediately following this Board meeting.

7.3 The 2021/22 budget will be proposed to the Board in September.

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 £49,233 was generated in 2019/20. This will be transferred to the General Reserve. This surplus equates to 4.2% 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 2019/20 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 is part of the 'Enterprise Theme', creating places for enterprise to thrive and business to grow, contributing to the marine and tourism economy.
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 2019/20

Appendix 2 – Harbour Balances and Loans Outstanding 2019/20

Appendix 3 – Payments between Salcombe Harbour and SHDC in 2019/20

Background Papers: None

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A