

Report to: **Salcombe Harbour Board**
Date: **18 January 2021**
Title: **Revenue Budget Monitoring 2020/2021**
Portfolio Area: *Salcombe Harbour*
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 2020/21 financial year and the projected overspend of £3,100, essentially a break even 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 £1.18 million in the 2020/21 balanced budget. As at 22 December 2020, a small overspend of £3,100 is projected, essentially a break even position, as shown in Appendix A. This equates to less than 0.3% of the gross budget for 2020/21.

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 small overspend of £3,100 is currently forecast for 2020/21. The income and expenditure variations are detailed in Appendix A. The main variances are shown in the table below:

TABLE 1: 2020/21 BUDGET FORECAST

	2020/21 Budget expenditure /(income)	Budget variations		£	Note
		%	£		
	£		£	£	
APPROVED BUDGET				-	
Reductions in expenditure/ additional income					
Harbour dues income	(324,000)	(4.2%)	(13,500)		A
Miscellaneous income	(38,200)	(31.2%)	(11,900)		B
Sub total of variations				(25,400)	
Increases in expenditure/ reductions in income					
Mooring hire income	(490,400)	3.4%	16,700		C
Water taxi income	(36,000)	30.6%	11,000		D
Other minor variances	-		800		
Sub total of variations				28,500	
PROJECTED OVERSPEND				3,100	

Notes

- A. **Harbour dues income** – Despite the slow start and some reduction in the take up of moorings, a busy summer of visitors from land has helped to bolster resident Harbour Dues income. The reallocation of monies from casual visitors from sea meant that although numbers were reduced the Harbour Dues portion of their charges has surpassed the budget for 2020/21 by £13,500.
- B. **Miscellaneous income** – Income generated from plant and personnel hire through the construction trade and facilitating superyacht visits has helped bolster miscellaneous income. The sale of equipment including an older inboard engine has also helped thanks to the consistent maintenance entailed in our plants servicing and preservation. An increase in advertising income of £1,700 has also been generated from the Harbour Guide. Overall miscellaneous income is projected to exceed the budget by £11,900 in 2020/21.
- C. **Mooring hire income** – Almost no income was obtained until July from visitors, either travelling to Salcombe by land or sea due to the lockdown on travel and overnight stays. A very busy compressed season has helped meet budgets for foreshore visitor mooring hire but not for deep water visitors nor the Salcombe town landings that have suffered from visitors not wanting to come into town amid Covid restrictions and fears. Whilst resident deep water mooring hire has hit budget, some foreshore residents took advantage of a mooring holiday/discount (having more options to keep their boats at home or stored ashore) resulting in that budget not being met. Overall an income shortfall of £16,700 is anticipated for 2020/21.
- D. **Water taxi income** – Not only was the harbour taxi restricted in capacity (to become Covid Secure) during the summer but its service was suspended during the lockdown periods, where no income was derived. Most notably however many visitors preferred to either use their tender or had planned not to come ashore, again because of Covid restrictions and fears. This has resulted in an anticipated reduction in income of £11,000 for 2020/21.

4. Issues for consideration

- 4.1 The projected overspend of £3,100 equates to less than 0.3% of the gross budget for 2020/21.
- 4.2 Salcombe Harbour Authority has continued to carry out its statutory duties and work plans amid the COVID-19 restrictions by adopting safe methods of work that follow the Covid Secure principles, this has allowed us to fulfil our maintenance, winter storage and service delivery, albeit to adjusted timescales. Our Season has been very much all-or-nothing in terms of custom which is more difficult to manage or prepare for. Despite the positive nature of this report (the relatively minor overspend/reduction in income for 2020/21) certain revenue streams have been particularly impacted by Covid as

per Notes C and D described above. These are particularly affected by the lockdowns and knock-on uncertainty created over using the harbour.

2021/22 has the potential to start in the same manner, in lockdown and with hesitation over leisure boating plans over the season. Given the continued uncertainty over travel abroad, demand to holiday locally is again expected to be high when restrictions are eased and has the potential to exceed particular budget expectations, but is still subject to a number of factors including good weather.

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 2021 are shown in Appendix B. Please note that the General Reserve does not include an estimated cost for the estuary dredging at this stage due to live tender documents.

5.2 Excluding the estuary dredging, revenue expenditure funded from Reserves is likely to be £6,300 lower than the original budget approved for 2020/21. Below is a breakdown of this overall variance:

Revenue expenditure to be funded from Reserves in 2020/21				
	Budget	Forecast	Variance	Notes/approval
	£	£	£	
Renewals Reserve				
Workboat and engine	8,500	-	(8,500)	Purchased in 2019/20
40/20hp Dory outboard engine	5,000	-	(5,000)	Not required in 2020/21
Inboard engine for main Harbour launch	-	7,200	7,200	Reserve request December 2020
General Reserve				
Dredging	-	TBC	TBC	TBC due to live tender documents
Totals	13,500	7,200	(6,300)	Excluding dredging – cost TBC

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 Order (Salcombe) Confirmation Act 1954 makes provision for the Council to manage and improve the harbour and for the financial arrangements in connection with the exercise of those powers.
Financial	Y	The report identifies a projected overspend of £3,100 for 2020/21, essentially a break even position.
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 2020/21
Appendix B – Harbour Balances and Loans Forecast 2020/21

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