

Report to: **Salcombe Harbour Board**  
Date: **28 June 2021**  
Title: **2020/2021 Year End Financial Report**  
Portfolio Area: **Salcombe Harbour**  
Wards Affected: **All**  
Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

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### **Recommendations:**

1. That the Board **notes** the income and expenditure variations for the 2020/21 financial year, **notes** the overall trading surplus of £55,234 and **resolves** to allocate this surplus to the Harbour's General (Revenue Account) Reserve.
2. That the Board **supports** the payment of merit pay to the Harbour staff of up to £6,000 funded from the Harbour's General (Revenue Account) Reserve.

### **1. Executive summary**

1.1 This report advises Members of the Harbour's final trading position in 2020/21 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 2020/21 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 2020/21 was set at £1,184,700 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 £55,234 has been achieved for 2020/21. This surplus equates to nearly 4.7% of the budgeted turnover.

3.2 Often circumstances that arise throughout the year differ from the budgeted position, giving rise to financial variations. However, last year the Covid-19 pandemic impacted in a way that was difficult to be anticipated and mitigated against. The financial position, compared to both average years and the 2020/21 budget, was continuously monitored and reported to the Board given the unprecedented restriction in trade, to keep track of losses in revenue. Resident boat income was understandably delayed, the easing of restrictions sparked the expected income to be eventually met in part from this source but the lack of visiting trade had created a loss that was unlikely to be recovered from.

Appendix 1 shows how the surplus of £55,234 has been achieved. 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>					
Miscellaneous income	(38,200)	(30,388)	(79.5%)		A
Harbour dues income	(324,000)	(17,630)	(5.4%)		B
Supplies and services expenditure	79,500	(21,217)	(26.7%)		C
Premises related expenditure	369,500	(14,644)	(4.0%)		D
Other minor variances		(19)	-		
<b>Sub total of variations</b>				<b>(83,898)</b>	
<b>Increases in expenditure/ reductions in income</b>					
Mooring Hire income	(490,400)	16,621	3.4%		E
Water Taxi income	(36,000)	12,043	33.5%		F
<b>Sub total of variations</b>				<b>28,664</b>	
<b>2020/21 SURPLUS</b>				<b>(55,234)</b>	

## Notes

- A. **Miscellaneous income** – Income generated from plant and personnel hire (including the harbour barge) 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. Advertising income of £1,700 above budget has also been generated from the Harbour Guide. Overall miscellaneous income has exceeded the budget by £30,388 in 2020/21.
- B. **Harbour dues** – 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 income target for 2020/21 by £17,630.
- C. **Supplies & services expenditure** – Given the national lockdown and a reduction in office staffing various IT support and office related expenses were reduced. In particular, changing all credit card handling to Lloyds banking helped to generate a saving of £5,500 against budget. Continuing to design and publish the guide internally helped reduce expenditure and the decision to reduce the number of copies printed saved on publication costs. Harbour Guides were not posted out with Harbour Dues helping towards a £1,200 saving in postage.
- D. **Premises related expenditure** – Changes to working practices and visitor numbers in lockdown reduced expenditure on utilities by £3,800. Spending on mooring equipment was reduced across the board partly by good stock levels and partly by limited availability, amounting to a saving of £8,500 in 2020/21. Unfortunately stocks will need to be replenished this year and costs have increased substantially. The recoding of income and the restrictions to visiting craft resulted in £2,500 less rent paid to the Duchy than budgeted in 2020/21.
- E. **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/pontoon residents took advantage of a mooring holiday/discount (having more options to keep their boats at home or stored ashore) resulting in those budgets not being met. Overall this has resulted in an income shortfall of £16,621 in 2020/21.

- F. **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 a reduction in income of £12,043 for 2020/21.

#### **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 2020/21 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 2021.

#### **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 2020/21. Overall there has been a net reduction in the amount payable to South Hams in 2020/21 of £2,055 mainly due to the partial closure of the Public Conveniences during the Covid 19 lockdown.

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

- 7.1 The 2020/21 accounts are being formally audited during the summer.
- 7.2 With the support of the District Council it is felt appropriate to recognise the challenges faced by the harbour staff through 2020 in adapting their normal working practice and decision making to remain operational throughout the Covid-19 pandemic in line with changing Government guidelines. Some staff, where possible, managed to transfer office capability to their homes whilst the majority of the team rescheduled their routines to fulfil statutory duties and bring forward maintenance, remaining productive whilst also operating under revised Covid Secure risk assessments and operating practices. The easing of restrictions led to winter storage launching being shuffled into a tight timescale, whilst having to cope with an extremely busy and condensed season where permanent and seasonal staff were uncomfortably shifted from no leisure activity to a full harbour during the staycation. It is recommended that the

Board supports the payment of merit pay to the Harbour staff of up to £6,000 which will be distributed amongst all the full time staff in accordance with their spinal column points. The merit pay will be funded from the Harbour's General (Revenue Account) Reserve, the same reserve which will hold the 2020/21 trading surplus of £55,234.

7.3 The 2022/23 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 £55,234 was generated in 2020/21. This will be transferred to the General (Revenue Account) Reserve. This surplus equates to nearly 4.7% of the budgeted turnover. In addition it is recommended that the Board support the payment of Merit Pay for the Harbour Staff of up to £6,000 from the Harbour's General (Revenue Account) Reserve.
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 2020/21 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 2020/21

Appendix 2 – Harbour Balances and Loans Outstanding 2020/21

Appendix 3 – Payments between Salcombe Harbour and SHDC in 2020/21

**Background Papers:** None

### **Approval and clearance of report**

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