

Report to: **Salcombe Harbour Board**
Date: **15 November 2021**
Title: **Revenue Budget Monitoring 2021/2022**
Portfolio Area: *Salcombe Harbour*
Wards Affected: **All**
Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

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

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

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

Recommendations:

That the Board notes the forecast income and expenditure variations for the 2021/22 financial year and the projected surplus of £139,200.

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 £1.23 million in the 2021/22 balanced budget. As at 3 November 2021, a surplus of £139,200 is projected, as shown in Appendix A. This equates to 11% of the gross budget for 2021/22.

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 £139,200 is currently forecast for 2021/22. The income and expenditure variations are detailed in Appendix A. The main variances are shown in the table below:

TABLE 1: 2021/22 BUDGET FORECAST

	2021/22 Budget expenditure /(income)	Budget variations			Note
		£	%	£	
				£	
APPROVED BUDGET				-	
Reductions in expenditure/ additional income					
Mooring hire income	(481,300)	(14.6%)	(70,300)		A
Harbour dues income	(374,600)	(18.2%)	(68,200)		B
Miscellaneous income	(38,200)	(84.8%)	(32,400)		C
Sub total of variations				(170,900)	
Increases in expenditure/ reductions in income					
Rents	149,300	9.2%	13,700		D
Employees	459,700	3.0%	14,000		E
Other minor variances	-		4,000		
Sub total of variations				31,700	
PROJECTED SURPLUS				(139,200)	

Notes

- A. **Mooring hire income** – The additional income of £70,300 primarily results from having a very busy year with long spells of settled weather providing supplementary seasonal income from moorings used by visitors from land (£32,000) and sea (£28,600). This is also partly due to COVID-19 remaining highly influential on holiday trends, the resulting staycation bolstering numbers with a large proportion of the population holidaying in the southwest. Normally there are some moorings in less desirable areas of the harbour left unallocated yet this season demand has surpassed supply in all areas resulting in some small surpluses from other mooring facilities, notably resident foreshore.
- B. **Harbour dues income** – The good season, along with pandemic related trends, led to a high number of resident craft registering to go afloat, including those visiting by land but also allowed for consistently busy periods of yachts visiting from sea (generating £46,000 and £22,200 of additional income respectively).
- C. **Miscellaneous income** – Overall miscellaneous income is projected to exceed the budget by £32,400 in 2021/22. This is mainly due to the sale of equipment including the old Jones mobile crane (£6,000) and 2 old outboard engines (£2,600). Other surplus amounts include the hire of plant/personnel and towage (primarily of illegally moored vessels).
- D. **Rents** – Due to the additional income currently forecast for 2021/22 it is anticipated that an additional £13,700 of rent will be payable to the Duchy of Cornwall based on a percentage of our increased mooring and pontoon income.
- E. **Employees** – Additional employee costs of £14,000 are currently anticipated for 2021/22 mainly in respect of particular seasonal staff fulfilling slightly longer appointment periods to help permanent staff with the busy season. This also includes an overspend in staff training of £3,000 as a result of new equipment requiring licenced operators and courses that had been delayed due to Covid now recommencing.

4. Issues for consideration

- 4.1 The projected surplus of £139,200 equates to 11% of the gross budget for 2021/22.
- 4.2 Salcombe Harbour Authority has continued to carry out its statutory duties and work plans amid the COVID-19 restrictions by tailoring SOP's to compliment the relaxation of Government restrictions whilst remaining Covid Secure. In comparison to the previous year where the season was very much all-or-nothing in terms of activity/custom this financial year has seen minimal restrictions affecting the timescale that customers could use the harbour. Covid positive

results did affect some seasonal members of staff during the summer holidays but moreover the track and trace system 'pingdemic' resulted in many permanent and seasonal staff self-isolating as a precautionary measure, thankfully predominantly without becoming ill. Whilst there seemed to be no link to any in-house transfer of Covid nor self-isolation alerting multiple members of staff were off at similar times and although primary roles/shifts were filled by the extra resources employed permanently and through the summer there was then no spare personnel to carry out secondary tasks or cater for further gaps in service. At times this resulted in reduced patrol hours to cover the management of the pontoons or the harbour more widely, as priority was given to providing and supporting the duty boatman roles and the harbour taxi. Some shifts were changed mid-season to cater for higher numbers of taxi passengers across the normal working day which did result in fewer patrols further afield or into the evening.

- 4.3 The end of the 2021/22 season still has the potential to be affected by the Covid pandemic whilst Salcombe as a town has remained unseasonably busy. Apart from another lockdown the weather still remains the most restrictive factor to business but with international travel opening up there is likely to be slightly less pressure on holidaying locally.

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 2022 are shown in Appendix B.

- 5.2 Revenue expenditure funded from Reserves is likely to be £25,600 higher than the original budget approved for 2021/22. Below is a breakdown of this overall variance:

Revenue expenditure to be funded from Reserves

	2021/22	2021/22	2021/22	
	Budget	Forecast	Variance	Notes/approval
	£	£	£	
Renewals Reserve				
Replacement engine	10,000	8,400	(1,600)	
Inboard engines	-	9,000	9,000	Reserve request October 2021
General Reserve				
Dredging – post dredge survey	-	2,300	2,300	Budget approved in 2020/21 – within overall budget approved
Merit Pay – 2020/21	-	5,600	5,600	Approved at the Harbour Board in June 2021 – SH.08/21
Call Out and Standby Allowance – 2021/22	-	10,300	10,300	Approved at the Harbour Board in June 2021 – SH.09/21. Built into the budget for 22/23 onwards
Totals	10,000	35,600	25,600	

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 C. This compares the budgeted amounts and the forecast payments for 2021/22. There are no significant variances anticipated at this stage in the year.

7. Proposed Way Forward

7.1 Regular budget monitoring updates will be brought to the Board.

8. 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 surplus of £139,200 for 2021/22.
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		Salcombe Harbour supports the priority of protecting our Built and Natural Environment within the Council's strategic vision 'Better Lives for All'
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 2021/22

Appendix B – Harbour Balances and Loans Forecast 2021/22

Appendix C – Payments between Salcombe Harbour and SHDC in 2021/22

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