

Report to: **Salcombe Harbour Board**
Date: **13 June 2022**
Title: **2021/2022 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:

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Recommendations:

1. That the Board **notes** the income and expenditure variations for the 2021/22 financial year, **notes** the overall trading surplus of **£119,526** 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 2021/22 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 2021/22 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 2021/22 was set at £1,228,200 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 **£119,526** has been achieved for 2021/22. This surplus equates to 9.7% of the budgeted turnover.

3.2 Often circumstances that arise throughout the year differ from the budgeted position, giving rise to financial variations. In 2020 the Covid-19 pandemic impacted in a way that was difficult to be anticipated and mitigated against yet since then the 'staycation' trade has made Salcombe a very attractive prospect when not travelling abroad. Uncertainty over Covid-19 ran into 2021 but only with partial lockdowns until April affecting those travelling to visit Salcombe, from then on visitor moorings were fully booked across a much larger period of the season than normal and fair weather meant there were few restrictions in trade from sea. 2021 also saw all resident facilities taken up even at Newbridge and Frogmore where we historically have had availability.

Appendix 1 shows how the surplus of **£119,526** has been achieved. The main 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					
Harbour dues income	(374,600)	(75,005)	(20.0%)		A
Mooring hire income	(481,300)	(70,946)	(14.7%)		B
Miscellaneous income	(38,200)	(29,503)	(77.2%)		C
Pontoon income	(194,100)	(9,097)	(4.7%)		D
Other minor variances		(811)	-		
Sub total of variations				(185,362)	
Increases in expenditure/reductions in income					
Premises related expenditure	380,100	48,335	12.7%		E
Employees expenditure	459,700	17,501	3.8%		F
Sub total of variations				65,836	
2021/22 SURPLUS				(119,526)	

Notes

- A. **Harbour dues income** – Additional income of £75,005 was generated in 2021/22, equating to 20% of the budget. Concerns over further Covid-19 restrictions resulted in an inundation of 'staycations' with more boats being registered as resident, including those visiting by land.
- B. **Mooring hire income** – Additional income of £70,946 was received in 2021/22. The majority of this was generated from visitor foreshore mooring hire by vessels arriving by land and deep water mooring use by vessels from sea. In addition to the reasons stated in note A the weather was reasonable across the normal sailing season with few restrictions to those arriving and departing from sea which also allowed for longer stays.
- C. **Miscellaneous income** – Overall miscellaneous income has exceeded the budget by £29,503 in 2021/22. This income is primarily associated with the sale of equipment and in this case assets such as our old Jones crane and multiple second hand outboard engines. The hire of our harbour plant, such as the crane and forklift, also led to income exceeding budget, partly due to our assistance in the development/building at the Batson Boatpark.
- D. **Pontoon income** – Additional income of £9,097 was received in 2021/22. Predominantly this constituted of monthly berthing permits relating to a very busy July and August on the Whitestrand town landing pontoon, slipway and overflow pontoon.
- E. **Premises related expenditure** – this area of expenditure was £48,335 higher than anticipated in 2021/22. £13,780 of this relates to an increase in the rent paid to the Duchy based on the additional mooring and pontoon income generated in 2021/22. The remaining overspend relates to the purchase of chain, tools and materials. Unfortunately the material and delivery price of chain has increased substantially; this, in combination with the price of tools and materials, of which our stocks ran low due to limited availability in 2020, resulted in over purchasing items to restock when there was availability. An additional purchase in heavy gauge ground chain was made to facilitate the service and installation of VH4, our largest single mooring. This is a 1 in 10 year cost due to the configuration of the mooring, the maintenance of which has been conducted by a third party recently and will be evident in the 2022/23 accounts.
- F. **Employees expenditure** – Covid-19 resulted in substantial delays to many compulsory aspects of our compliance and plant training which was rescheduled and completed in 2021/22 leading to a small overspend on training of £4,774. The continuing Covid-19 staycation led to us extending the timescales of some seasonal positions allowing us to provide a better service across the extended season but at an increased wage cost of £13,690 in 2021/22. This is partly offset by an underspend in overtime of £1,643.

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 2021/22 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 2022.

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 2021/22. Overall there has been a net saving in the amount payable to South Hams in 2021/22 of £1,605 mainly in respect of trade waste collection.

7. Proposed Way Forward

- 7.1 The 2021/22 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 2021. As per 2020 the team remained operational by continuing to follow various Covid safe practices throughout the year despite a very busy staycation summer season fraught with seasonal staff illness and isolation. Track and trace resulted in multiple staff having to isolate without notice at the same time and the remaining (predominantly permanent) staff having to cover the core shifts, to their inconvenience, to be able to maintain the key services of a daily boatman, taxi and patrol.

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.

- 7.3 The 2023/24 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 £119,526 was generated in 2021/22. This will be transferred to the General (Revenue Account) Reserve. This surplus equates to 9.7% 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 2021/22 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 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 1 – Salcombe Harbour Outturn 2021/22

Appendix 2 – Harbour Balances and Loans Outstanding 2021/22

Appendix 3 – 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