

Report to: **Salcombe Harbour Board**
Date: **13 November 2023**
Title: **Revenue Budget Monitoring 2023/2024**
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 2023/24 financial year and the projected surplus of £33,400.

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 £1.399 million in the 2023/24 balanced budget. As at 18 October 2023, a surplus of £33,400 is projected, as shown in Appendix A. This equates to 2.4% of the gross budget for 2023/24.

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 £33,400 is currently forecast for 2023/24. The income and expenditure variations are detailed in Appendix A. The main variances are shown in the table below:

TABLE 1: 2023/24 BUDGET FORECAST

	2023/24 Budget expenditure /(income)	Budget variations		£	Note
		%	£		
	£		£	£	
APPROVED BUDGET				-	
Reductions in expenditure/ additional income					
Security Patrol	65,600	(77.1%)	(50,600)		A
Mooring hire income	(531,900)	(8.6%)	(45,500)		B
Harbour dues income	(453,800)	(7.9%)	(35,800)		C
Other minor variances	-		(1,300)		
Sub total of variations				(133,200)	
Increases in expenditure/ reductions in income					
Employees	507,500	18.1%	91,700		D
Rents	146,300	5.5%	8,100		E
Sub total of variations				99,800	
PROJECTED SURPLUS				(33,400)	

Notes

- A. **Security Patrol** – The reduction in the Security Contract costs reflects the changes to the security patrol with the service now being provided in-house in 2023/24. This has increased the staffing budget by £60,000 shown in note D below but is partly offset by this saving of £50,600.
- B. **Mooring Hire income** – The additional income of £45,500 primarily results from casual foreshore visitor income of £39,300, in contrast to the casual deep water income which while just above budget is predicted to be lower than previous years. This shows how susceptible trade in visitors from sea can be to a summer high season plagued by bad weather, in comparison to those arriving as visitors by land who do not require a weather window to make passage to Salcombe. The town landings are also primarily used by visiting yachts from sea so income is equally susceptible to bad weather.

Historically some resident moorings in less desirable areas of the harbour have been left unallocated, yet again demand has surpassed supply in all areas this year resulting in higher than expected income levels.

- C. **Harbour Dues income** – Additional income of £35,800 is currently anticipated for 2023/24. Again this variation is primarily from annual resident Harbour Dues (£29,800) as visitor Harbour Dues (from vessels arriving from sea) are also predicted to be less than in previous years for the reasons above detailed in note B.
- D. **Employees** - Additional employee costs of £91,700 are currently anticipated in 2023/24. This mainly reflects the changes to the security patrol with the service now being provided in-house. This has increased the staffing costs by approximately £60,000 but is offset by a reduction in the security patrol budget of £50,600 shown above in note A. In addition, the forecast for employees costs includes the latest local government pay award offer of £1,925 per employee for 2023/24. This is significantly higher than the budgeted provision of 3%.
- E. **Rents** – Due to the additional income currently forecast for 2023/24 it is anticipated that an additional £8,100 of rent will be payable to the Duchy of Cornwall based on a percentage of our increased moorings income.

4. Issues for consideration

- 4.1 The projected surplus of £33,400 equates to 2.4% of the gross budget for 2023/24.

- 4.2 Salcombe Harbour Authority has experienced a great deal of variation in trade over the last 5 years in relation to the impact of COVID-19 be this the lock downs the easing of regulations and the resulting staycations and more recently poor weather over the high season. Salcombe Harbour Authority has continued to remain operational and fulfil its statutory duties but this fluctuation in trade has appeared to steady, potentially driven by the weather, but 2023/24 may represent a more normal year with a good indication of what influence such bad weather can have on certain visitor revenues.
- 4.3 Following the changes to staff structure the harbour as a whole has been better catered for in terms of patrols, routine checks, stakeholder engagement, byelaw enforcement, marshalling events and backing up the boatman and taxi during more demanding/busy periods. This does not seem to have had any particularly negative effect on security with reports of thefts relatively similar to the previous year.

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 2024 are shown in Appendix B. The projected 2023/24 surplus of £33,400 would go into the General Reserve at the year end, in accordance with normal accounting practice. This gives a predicted year end balance of £240,060 for the General Reserve after the transfer of £150,000 to the Renewals Reserve approved at the last Harbour Board meeting on 18th September (minute reference SH.10/23).

- 5.2 Revenue expenditure funded from Reserves is likely to be £44,900 higher than the original budget approved for 2023/24. Below is a breakdown of this overall variance:

Revenue expenditure to be funded from Reserves				
	2023/24	2023/24	2023/24	
	Budget	Forecast	Variance	Notes/approval
	£	£	£	
Renewals Reserve				
Replacement engine	15,000	15,000	-	
General Reserve				
Legal advice for the Harbour Revision Order	-	30,900	30,900	Approved in November 2022 following Duty Holder training on 13 October 2022 (up to £40k in total, £9.1k spent in 2022/23)
Merit Payment – relating to 2021/22 and 2022/23	-	14,000	14,000	Approved at the Harbour Board 13 June 2022 – SH.10/22 and 18 September 2023 – SH.9/23
Totals	15,000	59,900	44,900	

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 2023/24. 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 £33,400 for 2023/24.
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 current 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 2023/24

Appendix B – Harbour Balances and Loans Forecast 2023/24

Appendix C – Payments between Salcombe Harbour and SHDC in 2023/24

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