

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	River Hamble Harbour Management Committee
Date:	6 January 2012
Title:	River Hamble Budget 2011/12 and 2012/13
Reference:	3521
Report From:	The County Treasurer and Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1. This report presents the proposed revised budget for the River Hamble for 2011/12 and the proposed budget for 2012/13. The budget takes into account the agreed Harbour Dues for 2012, and enables the Harbour Authority to meet its legal and operational requirements within the income generated (of which more than 85% is from Harbour Dues).
- 1.2. It is estimated that there will be a surplus of £23,375 in 2011/12 and £18,795 in 2012/13.
- 1.3. The budgets are presented to the River Hamble Harbour Management Committee for comment.
- 1.4. Appendix 1 sets out the detail of the approved original budget for 2011/12, together with the 2011/12 revised budget and the proposed original budget for 2012/13.

2. Revised Budget 2011/12

- 2.1. The revised budget for 2011/12, set out in Appendices 1 and 2, includes gross expenditure of £577,465 which is an increase of £5,965 (1%) over the original budget. The revised income budget has increased by £10,840 to £600,840. This increases the surplus by £4,875 to £23,375 after the contribution to the Asset Replacement Reserve of £35,000 is transferred across.

- 2.2. In September a planned surplus of around £18,800 was reported. Adjustments have been required for the revised budget as explained in the report, with more detailed comments on the variations to the original budget included in the Notes to Appendices 1 and 2.

3. Original Budget 2012/13

- 3.1. The original budget for the financial year 2012/13 is shown in Appendices 1 and 2. The proposed budget is set to a surplus of £18,795. This reflects a small rise in staff costs as a result of annual increments, and an unchanged contribution to the Asset Replacement Reserve of £35,000.
- 3.2. Gross expenditure is budgeted at £572,460, representing an increase of £960 compared to the 2011/12 original budget.
- 3.3. Increases are offset against a number of more minor reductions compared with 2011/12, across a range of other areas including, Legal Costs, Office Expenses, Dredging, Estuary Management and CCTV.
- 3.4. Income is budgeted at £591,255, which is £1,245 more than the 2011/12 original budget. A reduction in Harbour dues of £6,000, due to the final stage of equalisation offsetting an estimated 2.5% rise in 2013, has been largely offset by an increase of £5,800 in the Crown Estate funding. Appendix 2 shows the Harbour Dues income in more detail.

4. Reserves

- 4.1. Appendix 3 sets out the estimated reserves position. Total estimated reserves including interest are as follows:

- **31 March 2012 £744,911**
- **31 March 2013 £795,253**

Reserves at 31 March 2012 increase due to the planned transfer from revenue.

- 4.2. Estimated interest on reserves for 2011/12 was set at £6,136 to allow for £314,471 Asset Enhancement reserves being placed on a 12 month fixed term investment at 1.6%. The balance of reserves receive interest at 0.25%
- 4.3. Estimated interest for 2012/13 has been set at £2,900.
- 4.4. Although not reflected in the figures due to plans and phasing still being finalised, expenditure is anticipated in 2012/13 to build a workshop and store on the Warsash jetty. It is expected that this will be funded in part from the 2011/12 surplus. If additional funding is required, it will be possible to draw on the Revenue Reserve, which will then be maintained within the 10% of turnover threshold.

5. Impact Assessment

- 5.1. This report is in accordance with the budget strategy and the County Council's financial management policy. This policy applies equally to all services and ensures consistent financial management decisions across all services. The proposals outlined in this report are not considered discriminatory.

6. Recommendation

That this report be noted by the River Hamble Harbour Management Committee and submitted to the River Hamble Harbour Board for its approval.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	No
Corporate Business plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Business plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Business plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

	Original Budget 2011/12	Adjustments 2011/12	Revised Budget 2011/12	Adjustments 2012/13	Original Budget 2012/13	Note
EXPENDITURE						
Staff Related						
Salaries	354,900	10,300	365,200	19,750	374,650	1
Training	2,500	0	2,500	3,000	5,500	2
Staff Advertising/Interview Expenses	500	(500)	0	(500)	0	3
Other Employee Expenses	200	(100)	100	0	200	
Sub Total Staff Related	358,100	9,700	367,800	22,250	380,350	
Premises						
Repair & Maintenance	500	0	500	15	515	
Electricity	2,000	0	2,000	175	2,175	4
Gas	1,500	0	1,500	230	1,730	4
Rent/Rates	8,500	0	8,500	0	8,500	
Water/Sewerage	1,000	0	1,000	200	1,200	
Cleaning	600	(200)	400	(200)	400	
Burglar Alarms/Security	800	0	800	0	800	
Sub Total Premises	14,900	(200)	14,700	420	15,320	
Transport						
Repair & Maintenance of Boats	15,000	10,000	25,000	2,500	17,500	5
Vehicle Running Expenses (fuel)	6,500	500	7,000	500	7,000	
Tools (including chandlery)	4,500	0	4,500	(3,000)	1,500	
Car Allowances/Staff Travel	2,000	0	2,000	0	2,000	
Insurance	1,600	0	1,600	0	1,600	
Sub Total Transport	29,600	10,500	40,100	0	29,600	
Supplies & Services						
Office Expenses	22,900	1,400	24,300	(1,150)	21,750	6
Environmental Maintenance	3,500	1,200	4,700	0	3,500	7
Public Jetties & Navigational Safety (including navigational aids)	14,000	200	14,200	(2,000)	12,000	
Central Department Charges	37,700	0	37,700	(2,000)	35,700	8
Other Services	12,900	(1,710)	11,190	(4,135)	8,765	9
Contribution to Asset Replacement Reserves	35,000	0	35,000	0	35,000	10
Port Waste Management Plan	2,500	(500)	2,000	(300)	2,200	
Dredging Plan	1,400	(200)	1,200	(1,400)	0	11
Oil Spill Response	6,000	3,000	9,000	2,000	8,000	12
Estuary Management Plan	1,500	(800)	700	(500)	1,000	
Hydrographic Consultancy	6,000	(1,000)	5,000	(500)	5,500	
The Crown Estate Settlement	20,500	(13,125)	7,375	(10,725)	9,775	13
CCTV	5,000	(2,500)	2,500	(1,000)	4,000	14
Sub Total Supplies & Services	168,900	(14,035)	154,865	(21,710)	147,190	
Gross Expenditure (Current)	571,500	5,965	577,465	960	572,460	

	Original Budget 2011/12	Adjustments 2011/12	Revised Budget 2011/12	Adjustments 2012/13	Original Budget 2012/13	Note
INCOME						
Miscellaneous Income	(1,500)	(2,000)	(3,500)	(500)	(2,000)	
Interest	(400)	155	(245)	45	(355)	
Harbour Dues	(512,900)	4,080	(508,820)	6,000	(506,900)	15
The Crown Estate Funding	(46,700)	(1,875)	(48,575)	(5,800)	(52,500)	16
Other Funding	0	(10,500)	(10,500)	(300)	(300)	17
Visitor Income	(28,500)	(700)	(29,200)	(700)	(29,200)	
Gross Income	(590,000)	(10,840)	(600,840)	(1,255)	(591,255)	
NET EXPENDITURE	(18,500)	(4,875)	(23,375)	(295)	(18,795)	

	Original Budget 2011/12	Adjustments 2011/12	Revised Budget 2011/12	Adjustments 2012/13	Original Budget 2012/13	Note
Office Expenses						
Equipment	1,500	(400)	1,100	(200)	1,300	
First Aid Supplies/Health & Safety	1,000	0	1,000	0	1,000	
Printing & Stationery	6,000	(4,000)	2,000	(3,000)	3,000	6
Catering/General	1,000	0	1,000	0	1,000	
Protective Clothing	4,000	1,000	5,000	1,000	5,000	
IT Charges	1,800	4,500	6,300	0	1,800	
Postage	2,000	0	2,000	250	2,250	
Subscriptions	800	1,000	1,800	1,000	1,800	6
Telephones	2,300	0	2,300	0	2,300	
Promotional Events/Publicity/Publications	1,500	(500)	1,000	0	1,500	
Credit Card Charges	1,000	(200)	800	(200)	800	
Sub Total	22,900	1,400	24,300	-1,150	21,750	
Other Services						
Legal Expenses/Audit Fees	2,900	(2,150)	750	(1,900)	1,000	9
Designated Person (SMS Annual Costs)	10,000	0	10,000	(2,500)	7,500	9
Sub Total	12,900	(2,150)	10,750	-4,400	8,500	
Harbour Dues						
Marinas & Boatyards	(357,700)	(6,350)	(364,050)	(10,450)	(368,150)	
River Moorings	(113,900)	9,130	(104,770)	17,000	(96,900)	15
Jetty Charges	(24,000)	(1,000)	(25,000)	(2,250)	(26,250)	15
Miscellaneous Income - inc Commercial & Pleasure Craft	(5,800)	(700)	(6,500)	200	(5,600)	
Net Sublet Income	(11,500)	(1,700)	(8,500)	1,500	(10,000)	
Sub Total	(512,900)	(620)	(508,820)	6,000	(506,900)	

Notes to Appendices 1 and 2

The details of significant variations are as follows:

1. Salary budgets have increased during 2011/12 and in 2012/13 account for annual step progression where applicable. The Harbour Patrol Assistant (trainee) has been absorbed within the existing budget.
2. Higher training costs are anticipated in 2012/13 due to the employment of a new trainee and expected statutory training requirements.
3. Staff advertising and interview expenses budgets have been reduced as no expenditure is anticipated in either year.
4. Electricity and gas budgets have been increased for inflation in line with Hampshire County Council recommendations.
5. The increase in this budget is to cover increased engine and labour costs.
6. The budget for office expenses has been reduced in both years, particularly for printing and stationery; no significant one-off items are expected. The increase in subscriptions is in respect of the British Ports Association, where annual subscriptions do not always fall in the correct financial year.
7. Environmental Maintenance budgets were increased in 2011/12 for a one-off sea grass survey.
8. Central Department charges

The basis for the 2011/12 central department charges is detailed as follows:

- Devolved Finance Unit - £20,700 based on an assessment of the time devoted to the Hamble.
- County Treasurers Central Finance charges – £5,800 are listed in more detail below, (the audit charge is being renegotiated and the 2012/13 budget incorporates an anticipated reduction of £2,000):

	<u>£</u>
▪ Processing of payments and travel claims	700
▪ Processing of debtor transactions - invoices, etc	1,100
▪ Tax/cash management	200
▪ Processing of Pay by Payroll Technical Team	300
▪ Audit services	3,500

	5,800

- Chief Executive Committee, Democratic & Legal Services - £11,200 this charge is based on actual hours worked multiplied by an hourly rate which is benchmarked to ensure best value.

The following costs are not borne by the Harbour Office

- Notional rent and repair costs associated with the Harbour Office
- Access to and use of the County Council's Information Technology infrastructure and systems
- Insurance, apart from a nominal premium.

9. Other services budgets have been adjusted in respect of legal services in 2011/12 and the Designated Person annual costs in 2012/13 being reduced in line with expectations.
10. The contributions to the Asset Replacement Reserve budget remain at £35,000.
11. No work is expected on the Maintenance Dredging Plan in 2012/13 and no budget has been allocated.
12. The Oil Spill budget has been increased in 2011/12 to cover the costs incurred for oil spill incidents on the River Hamble this year. This is offset by income received from the polluters.
13. The Crown Estate expenditure has now been reduced to reflect reduced visitor fees.
14. The CCTV budget has been reduced to reflect expenditure, including annual maintenance and an allowance for one-off repairs.
15. Net income from Harbour Dues is expected to decrease in both 2011/12 and 2012/13 to reflect the equalisation of harbour dues, despite a 2.5% estimated increase built in for 2013. A detailed breakdown of Harbour Dues is contained in Appendix 2.
16. The Crown Estate income has been adjusted to reflect the minor expected variations to the original budget in 2011/12 and the increase agreed for 2012/13.
17. The other funding budget created for 2011/12 covers proceeds from the sale of equipment.

APPENDIX 3

	Revenue Reserve	Asset Enhancement Reserve	Asset Replacement Reserve	TOTAL
	£	£	£	£
Balance at 31 March 2011	(57,245.00)	(314,471.32)	(322,078.00)	(693,794.32)
Payment for Patrol Boat	0.00	0.00	13,150.00	13,150.00
Budgeted Transfer to Reserves	0.00	0.00	(35,000.00)	(35,000.00)
Add 1112 Interest	(244.96)	(5,031.54)	(859.82)	(6,136.32)
Plus estimated net surplus for year	(23,130.04)	0	0.00	(23,130.04)
Predicted Balance at 31 March 2012	(80,620.00)	(319,502.86)	(344,787.82)	(744,910.68)
Budgeted Transfer to Reserves	0.00	0.00	(35,000.00)	(35,000.00)
Add 1213 Interest	(353.42)	(1,597.51)	(949.47)	(2,900.40)
Plus estimated net surplus for year	(12,441.58)	0	0.00	(12,441.58)
Predicted Balance at 31 March 2013	(93,415.00)	(321,100.38)	(380,737.29)	(795,252.66)