

HAMPSHIRE COUNTY COUNCIL

Decision Report

| | |
|------------------------|---|
| Decision Maker: | River Hamble Harbour Board |
| Date: | 27 January 2012 |
| Title: | River Hamble Budget 2011/12 and 2012/13 |
| Reference: | 3580 |
| 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 Board 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:

| | Revenue Reserve | Asset Enhancement Reserve | Asset Replacement Reserve | TOTAL |
|---|--------------------|---------------------------------|---------------------------------|---------------------|
| | £ | £ | £ | £ |
| Predicted Balance at 31 March 2012 | (80,620.00) | (319,502.86) | (344,787.82) | (744,910.68) |
| Predicted Balance at 31 March 2013 | (99,415.00) | (321,100.38) | (380,737.29) | (801,252.66) |

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 the budget as presented be approved by the River Hamble Harbour Board.

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 | |
| <p>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.)</p> | |
| <u>Document</u> | <u>Location</u> |
| 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):

| | £ |
|---|-------|
| ▪ 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 | (18,441.58) | 0 | 0.00 | (18,441.58) |
| Predicted Balance at 31 March 2013 | (99,415.00) | (321,100.38) | (380,737.29) | (801,252.66) |