

HAMPSHIRE COUNTY COUNCIL

Report

Committee:	River Hamble Harbour Management Committee
Date:	29 June 2012
Title:	River Hamble Final Accounts 2011/12
Reference:	3988
Report From:	The County Treasurer and Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1. The final accounts of the Harbour Authority for the year ended 31 March 2012 have been considered by the River Hamble Harbour Management Committee and are being presented to the River Hamble Harbour Board for approval.
- 1.2. This report compares the River Hamble income and expenditure at 31 March 2012 with the 2011/12 revised budget.
- 1.3. In the financial year 2011/12 the Harbour Undertaking has made a surplus of £26,817 to be added to the reserves. This is £1,272 more than budgeted for. Expenditure was slightly over budget by £650 and actual income was £1,922 more than budgeted. In summary the trading position was:

	£000's
Income	603.0
Expenditure	<u>576.2</u>
Surplus	<u>26.8</u>

This is discussed in greater detail in section 2 of this report.

2. 2011/12 Outturn

- 2.1 In 2011/12, the Harbour Undertaking budget achieved a surplus of £26,817, exceeding the budgeted target of £25,544.

A breakdown of the income and expenditure is set out in the table below and further detail is included in Appendix 2 to this report.

River Hamble - 2011/12 Outturn

2010/11 Actual		2011/12 Budget	2011/12 Actual	2011/12 Variance	Ref Para
INCOME					
(40,217)	Visitor/Miscellaneous	(33,200)	(35,346)	(2,146)	
(99,337)	The Crown Estate & Other Funding	(55,069)	(53,857)	1,212	
(557,056)	Harbour Dues	(508,820)	(509,530)	(710)	
(307)	Interest	(245)	(407)	(162)	
0	Sale of Equipment	(3,800)	(3,917)	(117)	
(696,917)	GROSS INCOME	(601,134)	(603,056)	(1,922)	2.2
EXPENDITURE					
379,008	Salaries & Oncosts	367,700	370,735	3,035	
3,438	Other Employee Expenses	100	140	40	
382,446	Employees	367,800	370,875	3,075	2.3
35,002	Rent/Rates/Leases	14,000	11,630	(2,370)	
3,688	Utilities	4,500	3,293	(1,207)	
1,158	Other Premises Costs	1,700	1,395	(305)	
39,848	Premises	20,200	16,318	(3,882)	2.4
29,617	Boats - Repairs & Expenses	36,500	35,139	(1,361)	
2,056	Staff Travel	2,000	1,809	(191)	
1,490	Insurance	1,600	1,530	(70)	
33,163	Transport	40,100	38,478	(1,622)	2.5
19,853	Office Expenses	24,740	21,636	(3,104)	2.6.1
4,721	Environmental Maintenance	4,700	4,318	(382)	2.6.2
25,019	Public Jetties & Navigational Safety	14,200	19,269	5,069	2.6.3
49,793	Central Depart Charges	37,700	46,186	8,486	2.6.4
6,793	Other Services inc Designated Person	10,750	9,091	(1,659)	2.6.5
43,000	Contribution to Asset Replacement Reservrve	35,000	35,000	0	
1,640	Port Waste Management Plan	2,000	1,121	(879)	2.6.2
0	Dredging Plan	1,200	1,018	(182)	2.6.2
28,449	Oil Spill Response	9,000	8,380	(620)	2.6.2
0	Estuary Management	700	0	(700)	2.6.2
10,985	Hydrographic Programme	5,000	2,500	(2,500)	2.6.2
2,628	CCTV	2,500	2,050	(450)	2.6.2
6,798	The Crown Estate Settlement	0	0	0	2.6.6
199,679	Supplies & Services	147,490	150,569	3,079	2.6
655,136	GROSS EXPENDITURE	575,590	576,240	650	
(41,781)	NET SURPLUS	(25,544)	(26,817)	(1,272)	

The key factors in the variances are:

- 2.2 Income – the budget for income was lower overall as a result of the net impact of the Crown Estates Settlement, despite an increase in receipts from visitor fees and harbour dues. Details of the Crown Estates Settlement are set out in Appendix 4.

- 2.3 Employees – staff costs were slightly higher than expected, offset against lower than planned training costs.
- 2.4 Premises – underspends were achieved on rent and utilities.
- 2.5 Transport – slightly more than expected was spent on tools/chandlery but underspends were achieved on all other budgets.
- 2.6 Supplies & Services – the main factors in the 1% underspend are detailed below.
- 2.6.1 Office Expenses – the net underspend was mainly due to lower than expected IT and protective clothing costs. There were small overspends for printing, stationery and publicity.
- 2.6.2 The following expenditure headings did not utilise the full budget allocation in 2011/12:
- Estuary Management – £700
 - Environmental Maintenance – £382
 - Port Waste Management – £879
 - Oil Spill Response – £620
 - CCTV – £450
 - Hydrographic Programme – £2,500
- 2.6.3 The budget for Public Jetties and Navigational Safety was overspent by around £5,000 due to the purchase of aids to navigation and repairs to the Hamble jetty.
- 2.6.4 Central Department Charges – most of the £8,486 overspend incurred by the HCC Chief Executive for Committee, Democratic and Legal Services was due to higher than expected legal support.
- 2.6.5 Other Services – were underspent by £1,659 mainly as a result of the reduction in costs for the Designated Person.
- 2.6.6 The draft annual settlement with The Crown Estate indicates there will be an £4,276 underspend against the budget.

3. Reserves

- 3.1 Total reserves for the River Hamble were £740,655 at 31 March 2012, and are shown at Appendix 1.
- 3.2 The revenue surplus of £26,817 is transferred to Revenue Reserve. The Asset Replacement Reserve was increased by the annual planned transfer of £35,000 from the trading account.
- 3.3 Interest received for 2011/12 was paid on reserve balances, income received in advance and the budgeted transfer to reserve. The interest was paid at a rate of 1.5% on £300,000 of the Asset Replacement Reserve and 1.5% on

£150,000 of the Asset Enhancement Reserve. For all remaining reserve balances a rate of 0.25% was paid.

- 3.4 The Asset Replacement Reserve was reduced by £22,291 in 2011/12. Of this, £16,491 funded the outstanding balance for the second of the replacement patrol boats. New security gates for the public jetties at Warsash and Hamble cost £5,800. The final capital payment of £1,559 for the purchase of a new RIB in 2011/12 is now earmarked for 2012/13.

4. Impact Assessments

- 4.1 This report is a formal position statement only and has not been subject to an equalities impact assessment.

5. Conclusion

- 5.1 This report shows that despite the current economic climate the finances of the River Hamble Harbour Authority continue to produce a surplus to be added to reserves. Expenditure was tightly managed and resulted in a below budget outturn.

6. Recommendation

That this report be submitted to the River Hamble 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.)

<u>Document</u>	<u>Location</u>
None	

APPENDIX 1

River Hamble Reserves - 2011/12

	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	22,290.63	22,290.63
Budgeted Transfer to Reserves 31 March 2012	0.00	0.00	(35,000.00)	(35,000.00)
Add 1112 Interest	(407.21)	(2,674.65)	(4,660.54)	(7,742.40)
Plus estimated net surplus for year	(26,409.32)	0	0.00	(26,409.32)
Predicted Balance at 31 March 2012	(84,061.53)	(317,145.97)	(339,447.91)	(740,655.41)

	2011/12 Budget	2011/12 Actual	2011/12 Variance	% Variance	Notes
Income					
Visitor/Miscellaneous					
Visitor Income - Pontoon	(13,500)	(12,228)	1,272	9%	
Misc Berthing - Hamble Warsash Jetties	(15,000)	(17,069)	(2,069)	-14%	
Boat Licences	(700)	(828)	(128)	-18%	
Misc	(3,500)	(4,182)	(682)	-20%	
Environmental maintenance	0	(460)	(460)	0%	
Retail Sales	(500)	(579)	(79)	-16%	
	(33,200)	(35,346)	(2,146)	-7%	
The Crown Estate & Other Funding					
The Crown Estate Settlement	(48,575)	(44,000)	4,575	9%	
Oil Spill Response	(6,000)	(5,110)	890	15%	
Other Fees	(200)	(177)	23	12%	
	(54,775)	(49,286)	5,489	10%	
Harbour Dues					
Marina's & Boatyards	(364,050)	(365,280)	(1,230)	0%	
River Moorings	(104,770)	(106,057)	(1,287)	-1%	
Late payment admin fees	(2,000)	(1,740)	260	13%	
Jetty Charges	(25,000)	(21,385)	3,615	15%	
Sublets	(11,000)	(14,849)	(3,849)	-35%	
Sublet Refunds	2,500	4,224	1,724	-69%	
Miscellaneous Income - Commercial, Visitor and pleasurecraft	(4,500)	(4,443)	57	1%	
	(508,820)	(509,530)	(710)	0%	
Interest	(245)	(407)	(162)	-66%	
Sales					
Sale of Dory	(2,800)	(2,917)	(117)	-4%	
Sale of equipment	(1,000)	(1,000)	0	0%	
	(3,800)	(3,917)	(117)	-3%	
GROSS INCOME	(600,840)	(598,486)	2,354	0%	
Expenditure					
Employees					
Salaries	365,200	368,461	3,261	-1%	
Training	2,500	2,274	(226)	9%	
Staff Advertising & interview Expenses	0	0	0		
Other Employees Expenses	100	140	40	-40%	
	367,800	370,875	3,075	-1%	
Premises					
Premises Repairs	500	271	(229)	46%	
Electricity	2,000	1,788	(212)	11%	
Gas	1,500	1,021	(479)	32%	
Rent/Rates	8,500	6,130	(2,370)	28%	
CE Jetty Lease Fixed Sum	5,500	5,500	0	0%	
Water/Sewerage	1,000	483	(517)	52%	
Cleaning Materials	400	362	(39)	10%	
Burglar Alarms/Security	800	763	(37)	5%	
	20,200	16,318	(3,882)	19%	
Transport					
Repairs & Maint boats	25,000	24,171	(829)	3%	
Vehicle Running Expenses	7,000	5,866	(1,134)	16%	
Tools (inc Chandlery)	4,500	5,103	603	-13%	
Car Allowance/Staff Travel	2,000	1,809	(191)	10%	
Insurance	1,600	1,530	(70)	4%	
	40,100	38,478	(1,622)	4%	

Office Expenses				
Equipment	800	548	(252)	32%
First Aid Supplies/Health & Safety	1,000	833	(167)	17%
Printing & Stationery	2,000	3,406	1,406	-70%
Catering/General	1,000	542	(458)	46%
Protective Clothing	5,000	3,797	(1,203)	24%
IT Charges	6,300	2,031	(4,269)	68%
Postage	2,000	1,535	(465)	23%
Telephones	2,300	1,934	(366)	16%
Promotional events/Publicity/Publications	1,000	3,131	2,131	-213%
Credit Card Charges	800	818	18	-2%
Subscriptions	1,800	2,015	215	-12%
Retail Expenditure	440	484	44	-10%
Misc Expenses	100	100	0	0%
Other Office Expenses	200	460	260	-130%
	24,740	21,636	(3,104)	13%
Environmental Maintenance				
Environmental Maintenance	4,700	4,318	(382)	8%
Public Jetties & Navigational Safety	14,200	19,269	5,069	-36%
Central Depart Charges				
Devolved Finance Unit	20,200	20,700	500	-3%
Payroll	300	340	40	-13%
CT Central Finance Charges	6,000	5,757	(243)	4%
Chief Executive Committee Democratic & Legal	11,200	19,389	8,189	-73%
	56,600	69,772	13,172	-23%
Other Services				
Legal Expenses	750	423	(327)	44%
Designated Person	10,000	8,668	(1,332)	13%
	10,750	9,091	(1,659)	15%
Contribution to Asset Replacement Reservrve				
Contribution to Asset Replacement Reservrve	35,000	35,000	0	0%
Port Waste Management Plan	2,000	1,121	(879)	44%
Dredging Plan	1,200	1,018	(182)	15%
Oil Spill Response	9,000	8,380	(620)	7%
	47,200	45,519	(1,681)	4%
Estuary Management				
Estuary Management	700	0	(700)	100%
Hydrographic Programme	5,000	2,500	(2,500)	50%
CCTV	2,500	2,050	(450)	18%
The Crown estate settlement	(294)	(4,570)	(4,276)	-1453%
	7,906	(20)	(7,926)	100%
Supplies & Services				
	147,196	145,999	(1,197)	1%
GROSS EXPENDITURE	575,296	571,670	(3,626)	1%
NET INCOME	(25,544)	(26,817)	(1,272)	-5%

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Notes To Appendix 2

1 Central Department charges

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

- Devolved Finance Unit - based on an assessment of the time devoted to the Hamble and increased in line with inflation on an annual basis.
- Payroll Services - based on historical levels of activity and increased in line with inflation on an annual basis.
- County Treasurers Central Finance charges – based on historical volumes and increased inline with inflation on an annual basis. A more detailed breakdown of these services is listed below:

	<u>£</u>
▪ Processing of payments and travel claims	782
▪ Processing of debtor transactions - invoices, etc	1,209
▪ Tax/cash management	200
▪ Processing of Pay by Payroll Technical Team	156
▪ Audit services	3,410

	5,757

- Chief Executive Committee, Democratic & Legal Services - this charge is based on actual hours worked multiplied by an hourly rate which has been benchmarked to ensure best value. £7,410 was incurred for legal services with the balance of £11,979 for Business Advice and Members Support. The Harbour Authority expects to recover legal costs in respect of the ABP dredging agreement and successful prosecutions.

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.

Summary Table for The Crown Estate Settlement 2011/12**1. Management Agreement**

	£	£	Owed to CE £
a) Management Fee			
Fixed Fee for Mooring Licences		(48,730.50)	
Mooring fees already received from CE		44,000.00	(4,730.50)
b) Waiting List Fee			
Gross income received by CE	(15,060.00)		
Gross refunds paid out by CE	0.00		
Net income received by CE		(15,060.00)	(3,012.00)
20% fee on net income			
c) Sublet Fee			
Gross income from sublets	(14,849.05)		
Less: Harbour Dues element (9.09091%)	1,349.93		
Gross relevant income	(13,499.12)		
Less: Gross sublet refunds	4,223.72		
Net sublet income	(9,275.40)		
25% fee on net income		(2,318.85)	
Less: net income already taken by R Hamble		9,275.40	
Net amount owed by RH to CE			6,956.55
Net amount owing to The Crown Estate			(785.95)

2. Turnover Rent

	£	£	Owed to CE £
a) Jetty lease			
Due to The Crown Estate		5,500.00	
Already paid by The River Hamble		(5,500.00)	0.00
b) Jetties income			
Pontoon Visitor income	12,227.71		
Visitor piles	0.00		
Hamble Landing Stage	3,339.98		
Warsash Jetty	13,728.59		
Gross visitor fees collected		29,296.28	
15% of gross visitor fees collected (River Hamble owe The Crown Estate)			4,394.44
Jetties Income already received by CE			0.00
c) Visitor Pontoon			
Agreement during the pile maintenance prog		5,532.00	
15% of gross visitor fees collected (River Hamble owe The Crown Estate)			829.80
Pontoon Washes			(450.00)
Net amount owing to The Crown Estate			4,774.24

Net amount owing to The Crown Estate**£3,988.29**

Abbreviations: CE = The Crown Estate
RH = The River Hamble Harbour Authority