

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	River Hamble Harbour Board
Date:	11 January 2013
Title:	River Hamble Budget 2012/13 and 2013/14
Reference:	4537
Report From:	The Director of Corporate Resources 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 2012/13 and the proposed budget for 2013/14. The budget takes into account the agreed Harbour Dues for 2013, and enables the Harbour Authority to meet its legal and operational requirements from the generated income, which is mainly receipt of Harbour Dues.
- 1.2. In 2012/13 it is estimated that the River Hamble will produce a surplus of £25,600 and a further surplus of £25,500 in 2013/14.
- 1.3. The budgets are presented to the River Hamble Harbour Board for comment.
- 1.4. Appendix 1 sets out the detail of the 2012/13 original budget, as approved by the Harbour Board, the 2012/13 revised budget proposal, together with the proposed budget for 2013/14.

2. Revised Budget 2012/13

- 2.1. The 2012/13 revised budget set out in Appendices 1 and 2 includes gross expenditure of £575,400, slightly higher than the original budget. The income budget has been increased in the revised budget from £591,755 to £601,000. After the budgeted transfer to the Asset Replacement Reserve of £35,000, the estimated surplus increases by £6,305 to £25,600.

- 2.2. The increase in the projected surplus is due to adjustments made when preparing the revised budget. These changes are detailed in Appendix 1 and 2 with detailed comments on the variations to the original budget included in the Notes to Appendices 1 and 2.

3. Original Budget 2013/14

- 3.1. The original budget for 2013/14 is shown in Appendices 1 and 2. Following the annual planned transfer to the Asset Replacement Reserve, this budget projects an additional surplus of £25,500. This reflects various adjustments from the 2012/13 original budget.
- 3.2. Gross expenditure is budgeted at £575,700, representing an increase of £3,240 compared to the 2012/13 original budget.
- 3.3. Increases in staff and premises costs, when compared to the 2012/13 revised budget, have been partially offset against reductions in transport costs. Supplies and services costs have increased overall mainly due to office expenses. These costs have been partially offset against the anticipated Crown Estate settlement.
- 3.4. Income is budgeted at £601,200, a similar level to the 2012/13 revised budget, reflecting the decision to hold harbour dues at 2012/13 rates. Miscellaneous income is expected to be lower than that achieved in 2012/13 due to the receipt from one off legal costs from Associated British Ports in relation to the dredging agreement in 2012/13. Harbour Dues are shown in Appendix 2 in more detail.

4. Reserves

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

River Hamble Reserves - 2012/13

	Revenue Reserve	Asset Enhancement Reserve	Asset Replacement Reserve	TOTAL
	£	£	£	£
Balance at 31 March 2012	(84,062)	(317,146)	(339,448)	(740,656)
Predicted Balance at 31 March 2013	(110,062)	(312,246)	(375,348)	(797,656)
Predicted Balance at 31 March 2014	(135,962)	(313,846)	(411,348)	(861,156)

- 4.2. Estimated interest on reserves for 2012/13 has been set at £2,900 and £3,000 for 2013/14.

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

It is recommended that the River Hamble Board approve the budget as presented.

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

APPENDIX 1

River Hamble Harbour Undertaking

	Original Budget 2012/13	Adjustments 2012/13	Revised Budget 2012/13	Adjustments 2013/14	Original Budget 2013/14	Note
EXPENDITURE						
Staff Related						
Salaries	374,650	(18,250)	356,400	(11,250)	363,400	1
Training	5,500	500	6,000	1,000	6,500	2
Staff Advertising/Interview Expenses	0	0	0	0	0	
Other Employee Expenses	200	0	200	0	200	
Sub Total Staff Related	380,350	(17,750)	362,600	(10,250)	370,100	
Premises						
Repair & Maintenance (including Health & Safety Modifications)	515	985	1,500	(15)	500	
Electricity	2,175	25	2,200	25	2,200	
Gas	1,730	(230)	1,500	(230)	1,500	
Rent/Rates	8,500	6,000	14,500	7,500	16,000	3
Water/Sewerage	1,200	(500)	700	(500)	700	4
Cleaning	400	0	400	0	400	
Burglar Alarms/Security	800	100	900	100	900	
Sub Total Premises	15,320	6,380	21,700	6,880	22,200	
Transport						
Repair, Maintenance and Boat Refurbishment	17,500	5,500	23,000	(500)	17,000	5
Vehicle Running Expenses (Fuel)	7,000	1,000	8,000	1,000	8,000	
Tools (inc Chandlery)	1,500	1,300	2,800	1,500	3,000	6
Car Allowances/Staff Travel	2,000	200	2,200	200	2,200	
Insurance	1,600	0	1,600	0	1,600	
Sub Total Transport	29,600	8,000	37,600	2,200	31,800	
Supplies & Services						
Office Expenses	21,750	10,550	32,300	14,250	36,000	7
Environmental Maintenance	6,700	(1,300)	5,400	(1,300)	5,400	8
Public Jetties & Navigational Safety (including Navigational Aids)	17,500	3,000	20,500	(3,000)	14,500	9
Central Department Charges	35,700	0	35,700	0	35,700	10
Other Services	8,765	3,235	12,000	2,235	11,000	11
Contribution to Asset Replacement Reserves	35,000	0	35,000	0	35,000	12
Oil Spill Response	8,000	(3,500)	4,500	0	8,000	13
The Crown Estate Settlement	9,775	(4,675)	5,100	(6,775)	3,000	14
CCTV	4,000	(1,000)	3,000	(1,000)	3,000	15
Sub Total Supplies & Services	147,190	6,310	153,500	4,410	151,600	
Gross Expenditure (Current)	572,460	2,940	575,400	3,240	575,700	

	Original Budget 2012/13	Adjustments 2012/13	Revised Budget 2012/13	Adjustments 2013/14	Original Budget 2013/14	Note
INCOME						
Miscellaneous Income	(2,500)	(4,000)	(6,500)	(1,600)	(4,100)	16
Interest	(355)	(45)	(400)	(45)	(400)	
Harbour Dues	(506,900)	(2,000)	(508,900)	(2,000)	(508,900)	17
The Crown Estate Funding	(52,500)	0	(52,500)	(2,600)	(55,100)	18
Other Funding	(300)	(700)	(1,000)	(700)	(1,000)	19
Visitor Income	(29,200)	(2,500)	(31,700)	(2,500)	(31,700)	20
Gross Income	(591,755)	(9,245)	(601,000)	(9,445)	(601,200)	
NET EXPENDITURE	(19,295)	(6,305)	(25,600)	(6,205)	(25,500)	

APPENDIX 2

FURTHER DETAIL ON: Office Expenses; Other Services; Harbour Dues Income.

	Original Budget 2012/13	Adjustments 2012/13	Revised Budget 2012/13	Adjustments 2013/14	Original Budget 2013/14	Note
Office Expenses						
Equipment	1,300	900	2,200	0	1,300	
First Aid Supplies/Health & Safety	1,000	(900)	100	(900)	100	7
Printing & Stationery	3,000	(1,000)	2,000	(1,000)	2,000	7
Catering/General	1,000	200	1,200	200	1,200	
Protective Clothing	5,000	0	5,000	0	5,000	
IT Charges	1,800	10,300	12,100	15,300	17,100	7
Postage	2,250	50	2,300	50	2,300	
Subscriptions	1,800	500	2,300	500	2,300	
Phones	2,300	100	2,400	(300)	2,000	
Promotional Events/Publicity/Publications	1,500	400	1,900	400	1,900	
Credit Card Charges	800	0	800	0	800	
Sub Total	21,750	10,550	32,300	14,250	36,000	
Other Services						
Legal Expenses/District Audit Fees	1,000	(1,000)	0	(1,000)	0	11
Consultants	0	2,500	2,500	0	0	11
Subscriptions/Memberships/Licences	7,500	2,000	9,500	3,500	11,000	11
Sub Total	8,500	3,500	12,000	2,500	11,000	
Harbour Dues						
Marinas and Boatyards	(368,150)	(50)	(368,200)	(50)	(368,200)	
River Moorings	(96,900)	0	(96,900)	0	(96,900)	
Jetty Charges	(26,250)	(50)	(26,300)	(50)	(26,300)	
Miscellaneous Income - Commercial and Pleasure craft	(5,600)	1,600	(4,000)	1,600	(4,000)	17
Net Sublet Income	(10,000)	(3,500)	(13,500)	(3,500)	(13,500)	17
Sub Total	(506,900)	(2,000)	(508,900)	(2,000)	(508,900)	

Notes to Appendices 1 and 2

The details of significant variations are as follows:

1. Salary budgets have decreased during 2012/13 due to changes in salary enhancements. In 2013/14 salary costs increase from the 2012/13 revised budget to account for annual step progression where applicable.
2. Higher training costs are anticipated in 2012/13 due to expected statutory training requirements and a small increase in training costs for the trainee Patrol Officer.
3. Rent and Rates budgets have increased in both years, as budgets have been realigned to include the jetty lease charges payable to The Crown Estate.
4. Water and Sewerage charges have reduced in both years to reflect more realistic estimates, based on previous years actual costs.
5. Tools and chandlery costs have increased due to the fitting-out of patrol boats.
6. Repairs, maintenance and boat refurbishment costs have increased 2012/13 due to the purchase of two new engines for the patrol boats.
7. Office expenses have increased by £10,550 in 2012/13 and £14,250 in 2013/13, mainly as a result of the purchase of an upgrade to the Harbour Management System over two years.
8. Environmental Maintenance now includes the costs for Port Waste Management, Environmental Maintenance and Estuary Management.
9. The Public Jetties and Navigational Safety budget has increased in 2012/13 to include a contingency for slipway work.

10. Central Department charges

The basis for the 2012/13 central department charges is detailed as follows:

- Devolved Finance Unit - £21,200 based on an assessment of the time devoted to the Hamble.
- County Treasurers Central Finance charges - £4,300 are listed in more detail below; the audit services charge has been reduced following renegotiation:

	<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	1,500

	4,300

- Chief Executive Committee, Democratic & Legal Services - £10,200. This charge is based on estimated 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.

11. Other services budgets have been adjusted in respect of legal services in 2012/13 and to allow for a small increase in the annual cost of the Designated Person.
12. The contributions to the Asset Replacement Reserve budget remain at £35,000.
13. The Oil Spill budget has been reduced in 2012/13 to allow for reduced level of statutory training required in year. In 2013/14 this budget increases to cover the costs of the major three-yearly oil spill exercise scheduled for 2013.
14. The Crown Estate expenditure has now been reduced to reflect reduced visitor fees.
15. The CCTV budget has been reduced to reflect expenditure.
16. Miscellaneous income increases in both years, mainly due to a rise in consents income. In 2012/13 the increase is greater due to a one off receipt from Associated British Ports.
17. Income from Harbour Dues is expected to increase in both 2012/13 and 2013/14 to reflect an increase in net sublet income and a smaller than anticipated reduction in income from miscellaneous pleasure craft. A detailed breakdown of Harbour Dues is contained in Appendix 2.
18. The Crown Estate income has been adjusted to reflect the agreed annual increase in licence fees of 5% in 2013.
19. Other funding has increased due to the annual funding for inspecting the Warsash to Swanwick footpath and an increase in retail sales.
20. An increase in visitor income is projected for 2012/13 and 2013/14 to reflect current levels of income.

APPENDIX 3

River Hamble Reserves - 2012/13

	Revenue Reserve	Asset Enhancement Reserve	Asset Replacement Reserve	TOTAL
	£	£	£	£
Balance at 31 March 2012	(84,062)	(317,146)	(339,448)	(740,656)
RNLI Slipway Signage	0	1,500	0	1,500
Schools Education Research Project	0	5,000	0	5,000
Transfer from Harbour Revenue	0	0	(35,000)	(35,000)
Plus Estimated Annual Interest	(400)	(1,600)	(900)	(2,900)
Plus Estimated Net surplus for year	(25,600)	0	0	(25,600)
Predicted Balance at 31 March 2013	(110,062)	(312,246)	(375,348)	(797,656)
Transfer from Harbour Revenue	0	0	(35,000)	(35,000)
Plus Estimated Annual Interest	(400)	(1,600)	(1,000)	(3,000)
Plus Estimated Net surplus for year	(25,500)	0	0	(25,500)
Predicted Balance at 31 March 2014	(135,962)	(313,846)	(411,348)	(861,156)