

HAMPSHIRE COUNTY COUNCIL**Report**

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|---------------------|---|
| Committee: | River Hamble Harbour Management Committee |
| Date: | 7 June 2013 |
| Title: | River Hamble Final Accounts 2012/13 |
| Reference: | 4873 |
| 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 2013 are being presented to the River Hamble Harbour Management Committee for consideration and the River Hamble Harbour Board for approval.
- 1.2. This report compares the River Hamble income and expenditure at 31 March 2013 with the 2012/13 revised budget.
- 1.3. In the financial year 2012/13 the Harbour Undertaking made a surplus of £15,463, which will be transferred to reserves. The surplus is £10,137 lower than projected during the revised budget process, with higher expenditure of £13,524 partially offset by additional income of £3,387. In summary the trading position was:

| | £000's |
|----------------|--------------------|
| Income | 604.4 |
| Expenditure | <u>588.9</u> |
| Surplus | <u>15.5</u> |

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

2. 2012/13 Outturn

- 2.1 A surplus of £15,463 was generated in 2012/13 against a targeted surplus of £25,600.

- 2.2 A breakdown of the income and expenditure is set out in the table below. Further detail is included in Appendix 2.

| River Hamble - 2012/13 Outturn | | | | | |
|--------------------------------|---|-------------------|-------------------|---------------------|------------|
| 2011/12 Actual | | 2012/13 Budget | 2012/13 Actual | 2012/13 Variance | Ref Para |
| INCOME | | | | | |
| (35,346) | Visitor/Miscellaneous | (38,200) | (42,572) | 4,372 | 2.4 & 2.5 |
| (53,857) | The Crown Estate & Other Funding | (53,500) | (56,304) | 2,804 | |
| (509,530) | Harbour Dues | (508,900) | (505,040) | (3,860) | 2.6 |
| (407) | Interest | (400) | (471) | 71 | |
| (3,917) | Sale of Equipment | 0 | 0 | 0 | |
| (603,057) | GROSS INCOME | (601,000) | (604,387) | 3,387 | 2.4 |
| EXPENDITURE | | | | | |
| 370,735 | Salaries & Oncosts | 356,400 | 359,996 | (3,596) | |
| 140 | Other Employee Expenses | 6,200 | 6,229 | (29) | |
| 370,875 | Employees | 362,600 | 366,225 | (3,625) | 2.7 |
| 11,630 | Rent/Rates/Leases | 14,500 | 14,697 | (197) | |
| 3,293 | Utilities | 4,400 | 3,539 | 861 | |
| 1,395 | Other Premises Costs | 2,800 | 1,843 | 957 | |
| 16,318 | Premises | 21,700 | 20,079 | 1,621 | 2.8 |
| 35,139 | Boats - Repairs & Expenses | 33,800 | 36,725 | (2,925) | |
| 1,809 | Staff Travel | 2,200 | 1,760 | 440 | |
| 1,530 | Insurance | 1,600 | 1,570 | 30 | |
| 38,478 | Transport | 37,600 | 40,055 | (2,455) | 2.9 & 2.10 |
| 21,636 | Office Expenses | 32,300 | 36,411 | (4,111) | 2.11.1 |
| 4,318 | Environmental Maintenance | 5,400 | 3,343 | 2,057 | 2.11.2 |
| 19,269 | Public Jetties & Navigational Safety | 20,500 | 13,220 | 7,280 | 2.11.3 |
| 46,186 | Central Department Charges | 35,700 | 47,438 | (11,738) | 2.11.5 |
| 9,091 | Other Services inc Designated Person | 12,000 | 10,625 | 1,375 | 2.11.6 |
| 35,000 | Contribution to Asset Replacement Reserve | 35,000 | 35,000 | 0 | |
| 1,121 | Port Waste Management Plan | 0 | 0 | 0 | 2.11.2 |
| 1,018 | Dredging Plan | 0 | 0 | 0 | |
| 8,380 | Oil Spill Response | 4,500 | 6,096 | (1,596) | 2.11.4 |
| 2,500 | Hydrographic Programme | 0 | 0 | 0 | 2.11.7 |
| 2,050 | CCTV | 3,000 | 2,912 | 88 | |
| 0 | The Crown Estate Settlement | 5,100 | 7,520 | (2,420) | 2.11.7 |
| 150,569 | Supplies & Services | 153,500 | 162,565 | (9,065) | 2.11 |
| 576,240 | GROSS EXPENDITURE | 575,400 | 588,924 | (13,524) | |
| (26,817) | NET SURPLUS | (25,600) | (15,463) | (10,137) | |

- 2.3 Variances were across a range of headings with reasons for the key variances set out below.

- 2.4 Income received in 2012/13 was 0.5% higher than expected. Higher visitor and miscellaneous income of £4,372 was generated, with an additional £2,388 received from Associated British Ports relating to legal fees for a dredging agreement.

- 2.5 Income from consents was £3,450 more than was budgeted for. Consents were given to The Crown Estate on behalf of Hamble River Sailing Club, for the installation of mid-stream piles and pontoons and Deacons Boatyard for capital dredging and installation of a revised pontoon layout.
- 2.6 Harbour dues were 0.75% lower than budgeted, down £3,860 on the anticipated amount. A lower than expected return on jetty charges, due to a reduction in users, accounts for the majority of this reduction, which was partially offset by income from river moorings, marinas and boatyards exceeding the amount targeted.
- 2.7 Staff costs for salaries and on-costs were 1% higher than expected, with other employee costs as projected. The variation for salaries and on-costs resulted mainly from additional overtime and enhancement costs in the Assistant Harbour Masters and Coxswains areas.
- 2.8 Budgets for utility charges and other premises costs did not need to be fully spent, however this was offset in part by higher than expected rent and rates. The net effect across all premises headings was spend 7.4% lower than allowed for in the revised budget.
- 2.9 Transport costs were 7% higher than the amount allowed for in the budget. Additional routine repairs and maintenance of boats contributed to £4,425 of the higher cost which were in part negated by savings in staff travel costs and the cost of running vehicles.
- 2.10 Old boat engines were replaced during 2012/13. Sale of the old engines is expected to generate income in the new financial year.
- 2.11 Costs against Supplies and Services budgets were 5.9% higher than projected. The main factors leading to this additional spend are detailed below.
- 2.11.1 Office Expenses – the higher spend was mainly due to the cost of licence fees (Ofcom radio licence), equipment, printing and stationery costs with lower spend on telephone charges and subscriptions partially offsetting this.
- 2.11.2 The following expenditure headings did not utilise the full budget allocation in 2012/13:
- Environmental - Maintenance - £784
 - Port Waste Management - £773
 - Estuary Management - £500
- 2.11.3 The budget for Public Jetties and Navigational Safety was under spent by £7,280 due to lower than expected maintenance and repair costs.
- 2.11.4 The Oil Spill Response budget was overspent by £1,596. This was due to training being brought forward to 2012/13. This forms part of the three year statutory training cycle and was originally planned for 2013/14.

- 2.11.5 Most of the higher spend of £11,738 incurred by the HCC Chief Executive for Committee, Democratic and Legal Services was due to higher than expected demand for legal support.
- 2.11.6 There was a reduction in costs for the Designated Person, which contributed to the majority of the variance against the budget for Other Services. The Designated Person is an expert who provides independent advice to the Harbour Board in respect to its compliance with the Port Marine Safety Code.
- 2.11.7 The draft annual settlement with The Crown Estate indicates spend will be £2,420 higher than budgeted, due to no pile maintenance programme being undertaken in 2012/13 by the Crown Estate.

3. Reserves

- 3.1 Total reserves for the River Hamble were £756,066 at 31 March 2013, and are shown at Appendix 1.
- 3.2 The revenue surplus of £15,463 was transferred from the Revenue Reserve. The Asset Replacement Reserve was increased by the planned annual transfer of £35,000 from the trading account.
- 3.3 Interest received for 2012/13 was paid on reserve balances, income received in advance and the budgeted transfer to reserve. Interest was paid at an agreed rate of 1% on £300,000 for the Asset Replacement Reserve and on £150,000 for the Asset Enhancement Reserve. For all remaining balances an agreed rate of 0.25% was paid.
- 3.4 The Asset Replacement Reserve was reduced by £7,486 in 2012/13, £1,500 for the final payment for the purchase of the new RIB and £5,986 for the new RIB engine.
- 3.5 The Asset Enhancement Reserve was reduced by £22,000 in 2012/13, this was due to the purchase of SmartWater security marking kits for all River Hamble mooring holders.
- 3.6 The Asset Enhancement Reserve was used for further spend on various slipway signs, the education resource project, contribution to the River Hamble Games and an ABP Mer feasibility study into the proposals for Warsash slipway, to a total value of £10,677.

4. Conclusion

- 4.1 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. Whilst expenditure was over budget, mainly in areas outside of the Harbour Authority's control, a moderate increase in income partially offset this.

5. Recommendation

That this report be noted by the River Hamble Harbour Management Committee and 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.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Equality objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

- 2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

There are no proposals within the report which will impact on our carbon footprint/energy consumption

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

There are no proposals within the report which will impact on our need to adapt to climate change

River Hamble Reserves - 2012/13

Appendix 1

| | Revenue Reserve | Asset Enhancement Reserve | Asset Replacement Reserve | TOTAL |
|-------------------------------------|--------------------|---------------------------|---------------------------|---------------------|
| | £ | £ | £ | £ |
| Balance at 31 March 2012 | (84,061.58) | (317,145.97) | (339,448.23) | (740,655.78) |
| Security Marking Kits | 0.00 | 22,000.00 | 0.00 | 22,000.00 |
| Slipway Options | 0.00 | 1,940.60 | 0.00 | 1,940.60 |
| Access Slipway | 0.00 | 2,528.00 | 0.00 | 2,528.00 |
| Hydrographic Profiles | 0.00 | 275.00 | 0.00 | 275.00 |
| ABPMER Feasibility Study | 0.00 | 3,630.00 | 0.00 | 3,630.00 |
| River Hamble Games | 0.00 | 2,303.64 | 0.00 | 2,303.64 |
| RIB | 0.00 | 0.00 | 1,500.00 | 1,500.00 |
| Payment for Patrol Boat | 0.00 | 0.00 | 5,985.88 | 5,985.88 |
| Budgeted Transfer to Reserves | 0.00 | 0.00 | (35,000.00) | (35,000.00) |
| Add 1213 Interest | (470.97) | (1,920.05) | (3,189.77) | (5,580.79) |
| Plus estimated net surplus for year | (14,992.16) | 0.00 | 0.00 | (14,992.16) |
| Balance at 31 March 2013 | (99,524.71) | (286,388.78) | (370,152.12) | (756,065.61) |

Appendix 2

River Hamble - Outturn 2012/13

| | 2012/13 Budget | 2012/13 Actual | 2012/13 Variance | % Variance | Notes |
|--|-------------------|-------------------|---------------------|---------------|-------|
| Income | | | | | |
| Visitor/Miscellaneous | | | | | |
| Misc | (3,100) | (1,286) | 1,814 | -59% | |
| Visitor Income | (16,000) | (15,607) | 393 | -3% | |
| Consents | (2,100) | (5,550) | (3,450) | 164% | |
| Legal Fees | 0 | (2,388) | (2,388) | | |
| Late Payment Charges | (1,300) | (1,110) | 190 | -15% | |
| Boat Licences | (700) | (675) | 25 | -4% | |
| Misc Berthing | (15,000) | (15,956) | (956) | 6% | |
| | (38,200) | (42,572) | (4,372) | 11% | |
| The Crown Estate & Other Funding | | | | | |
| Retail Sales | (500) | (501) | (1) | 0% | |
| Environmental maintenance | (500) | (423) | 77 | -15% | |
| The Crown Estate Settlement | (52,500) | (55,380) | (2,880) | 6% | |
| | (53,500) | (56,304) | (2,804) | 5% | |
| Harbour Dues | | | | | |
| Marinas & Boatyards | (368,200) | (371,461) | (3,261) | 1% | |
| River Moorings | (96,900) | (99,224) | (2,324) | 2% | |
| Jetty Charges | (26,300) | (15,781) | 10,519 | -40% | |
| Miscellaneous Income - Commercial, Visitor and pleasurecraft | (4,000) | (6,186) | (2,186) | 55% | |
| Sublet Refunds | 3,500 | 4,043 | 543 | 16% | |
| Sublets | (17,000) | (16,431) | 569 | -3% | |
| | (508,900) | (505,040) | 3,860 | -1% | |
| Interest | (400) | (471) | (71) | 18% | |
| GROSS INCOME | (601,000) | (604,387) | (3,387) | 1% | |
| Expenditure | | | | | |
| Salaries | 356,400 | 359,996 | 3,596 | 1% | |
| Training | 6,000 | 5,571 | (429) | -7% | |
| Staff Advertising & interview Expenses | 0 | 0 | 0 | | |
| Other Employees Expenses | 200 | 658 | 458 | 229% | |
| Employees | 362,600 | 366,225 | 3,625 | 1% | |
| Premises | | | | | |
| Premises Repairs | 1,500 | 619 | (881) | -59% | |
| Electricity | 2,200 | 1,827 | (373) | -17% | |
| Gas | 1,500 | 1,178 | (322) | -22% | |
| Rent/Rates | 7,700 | 8,137 | 437 | 6% | |
| Water/Sewerage | 700 | 535 | (165) | -24% | |
| Cleaning Materials | 400 | 541 | 141 | 35% | |
| Burglar Alarms/Security | 900 | 682 | (218) | -24% | |
| CE Jetty Lease Fixed Sum | 6,800 | 6,560 | (240) | -4% | |
| Premises | 21,700 | 20,079 | (1,621) | -8% | |
| Transport | | | | | |
| Repairs & Maint/Refurb boats | 23,000 | 30,285 | 7,285 | 32% | |
| Vehicle Running Expenses | 8,000 | 2,887 | (5,113) | -64% | |
| Tools (inc Chandlery) | 2,800 | 3,553 | 753 | 27% | |
| Car Allowance/Staff Travel | 2,200 | 1,760 | (440) | -20% | |
| Insurance | 1,600 | 1,570 | (30) | -2% | |
| Transport | 37,600 | 40,055 | 2,455 | 7% | |

| | 2012/13 Budget | 2012/13 Actual | 2012/13 Variance | % Variance | Notes |
|--|-------------------|-------------------|---------------------|---------------|-------|
| Office Expenses | | | | | |
| Equipment | 2,200 | 2,930 | 730 | 33% | |
| First Aid Supplies/Health & Safety | 100 | 530 | 430 | 430% | |
| Printing & Stationery | 2,000 | 3,824 | 1,824 | 91% | |
| Catering/General | 800 | 582 | (218) | -27% | |
| Protective Clothing | 5,000 | 5,269 | 269 | 5% | |
| Postage | 2,300 | 2,531 | 231 | 10% | |
| Telephones | 2,400 | 1,613 | (787) | -33% | |
| Promotional Events/Publicity/Publications | 1,900 | 2,072 | 172 | 9% | |
| Credit Card Charges | 800 | 865 | 65 | 8% | |
| Subscriptions | 2,300 | 1,300 | (1,000) | -44% | |
| IT Charges | 12,100 | 12,281 | 181 | 2% | |
| Retail Expenditure | 400 | 491 | 91 | 23% | |
| Licences | 0 | 1,130 | 1,130 | 0% | |
| Other Office Expenses | 0 | 993 | 993 | 0% | |
| | 32,300 | 36,411 | 4,111 | 13% | |
| Environmental Maintenance | 1,500 | 716 | (784) | -52% | |
| Port Waste Management Plan | 3,400 | 2,627 | (773) | -23% | |
| Estuary Management | 500 | 0 | (500) | -100% | |
| | 5,400 | 3,343 | (2,057) | -38% | |
| Public Jetties & Navigational Safety | 15,000 | 7,720 | (7,280) | -49% | |
| Hydrographic Programme | 5,500 | 5,500 | 0 | 0% | |
| | 20,500 | 13,220 | (7,280) | -36% | |
| Central Department Charges | | | | | |
| Devolved Finance Unit | 21,200 | 21,200 | 0 | 0% | |
| Payroll | 300 | 340 | 40 | 13% | |
| CT Central Finance Charges | 4,000 | 5,758 | 1,758 | 44% | |
| Chief Executive Committee Democratic & Legal | 10,200 | 20,140 | 9,940 | 98% | |
| | 35,700 | 47,438 | 11,738 | 33% | |
| Other Services | | | | | |
| Legal Expenses | 2,500 | 2,750 | 250 | 10% | |
| Designated Person | 9,500 | 7,875 | (1,625) | -17% | |
| | 12,000 | 10,625 | (1,375) | -12% | |
| Contribution to Asset Replacement Reserves | 35,000 | 35,000 | 0 | 0% | |
| Dredging Plan | 0 | 0 | 0 | 0% | |
| Oil Spill Response | | | | | |
| Training | 0 | 3,111 | 3,111 | 0% | |
| Oil Spill Response | 4,500 | 2,985 | (1,515) | -34% | |
| | 39,500 | 41,096 | 1,596 | 4% | |
| CCTV | 3,000 | 2,912 | (88) | -3% | |
| The Crown Estate Settlement | 5,100 | 7,520 | 2,420 | 48% | |
| | | | | 0% | |
| Supplies & Services | 153,500 | 162,565 | 9,065 | 6% | |
| GROSS EXPENDITURE | 575,400 | 588,924 | 13,524 | 2% | |
| NET INCOME | (25,600) | (15,463) | 10,137 | -40% | |

1

Notes To Appendix 2

1 Central Department charges

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

- Devolved Finance Unit – £21,200 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.
- Corporate Finance central 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> |
|---|----------|
| ▪ IBC to included | |
| - Processing of payments and travel claims | 2,148 |
| - Processing of debtor transactions - invoices, etc | |
| - Processing of Pay by Payroll Technical Team | 340 |
| ▪ Corporate Finance - Tax management etc | 200 |
| ▪ Audit services | 3,410 |
| | ----- |
| | 6,098 |

- 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. £5,715 was incurred for legal services with the balance of £14,425 for Business Advice and Members Support.

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.