

**HAMPSHIRE COUNTY COUNCIL****Report**

<b>Committee:</b>	River Hamble Harbour Board
<b>Date:</b>	26 June 2013
<b>Title:</b>	River Hamble Final Accounts 2012/13
<b>Reference:</b>	4980
<b>Report From:</b>	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 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:

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

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
<b>INCOME</b>					
(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	
<b>(603,057)</b>	<b>GROSS INCOME</b>	<b>(601,000)</b>	<b>(604,387)</b>	<b>3,387</b>	2.4
<b>EXPENDITURE</b>					
370,735	Salaries & Oncosts	356,400	359,996	(3,596)	
140	Other Employee Expenses	6,200	6,229	(29)	
<b>370,875</b>	<b>Employees</b>	<b>362,600</b>	<b>366,225</b>	<b>(3,625)</b>	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	
<b>16,318</b>	<b>Premises</b>	<b>21,700</b>	<b>20,079</b>	<b>1,621</b>	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	
<b>38,478</b>	<b>Transport</b>	<b>37,600</b>	<b>40,055</b>	<b>(2,455)</b>	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
<b>150,569</b>	<b>Supplies &amp; Services</b>	<b>153,500</b>	<b>162,565</b>	<b>(9,065)</b>	2.11
<b>576,240</b>	<b>GROSS EXPENDITURE</b>	<b>575,400</b>	<b>588,924</b>	<b>(13,524)</b>	
<b>(26,817)</b>	<b>NET SURPLUS</b>	<b>(25,600)</b>	<b>(15,463)</b>	<b>(10,137)</b>	

- 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 The spend of £11,738 incurred by the HCC Chief Executive for Committee, Democratic and Legal Services was higher than the budget, although in line with previous years and in part reflects the 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. This is because there was no pile replacement work undertaken by The Crown Estate in 2012/13 and consequently there was no rebate to reflect the income which otherwise would accrue to the Harbour Authority in respect of alternative berthing on the Visitors' Pontoon.

### **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 approved by the River Hamble Board.**

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	no
Corporate Business plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Business plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	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
	£	£	£	£
<b>Balance at 31 March 2012</b>	<b>(84,061.58)</b>	<b>(317,145.97)</b>	<b>(339,448.23)</b>	<b>(740,655.78)</b>
Security Marking Kits	0.00	22,000.00	0.00	<b>22,000.00</b>
Slipway Options	0.00	1,940.60	0.00	<b>1,940.60</b>
Access Slipway	0.00	2,528.00	0.00	<b>2,528.00</b>
Hydrographic Profiles	0.00	275.00	0.00	<b>275.00</b>
ABPMER Feasibility Study	0.00	3,630.00	0.00	<b>3,630.00</b>
River Hamble Games	0.00	2,303.64	0.00	<b>2,303.64</b>
RIB	0.00	0.00	1,500.00	<b>1,500.00</b>
Payment for Patrol Boat	0.00	0.00	5,985.88	<b>5,985.88</b>
Budgeted Transfer to Reserves	0.00	0.00	(35,000.00)	<b>(35,000.00)</b>
Add 1213 Interest	(470.97)	(1,920.05)	(3,189.77)	<b>(5,580.79)</b>
Plus estimated net surplus for year	(14,992.16)	0.00	0.00	<b>(14,992.16)</b>
<b>Balance at 31 March 2013</b>	<b>(99,524.71)</b>	<b>(286,388.78)</b>	<b>(370,152.12)</b>	<b>(756,065.61)</b>

## Appendix 2

### River Hamble - Outturn 2012/13

	2012/13 Budget	2012/13 Actual	2012/13 Variance	% Variance	Notes
<b>Income</b>					
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%	
	<b>(38,200)</b>	<b>(42,572)</b>	<b>(4,372)</b>	<b>11%</b>	
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%	
	<b>(53,500)</b>	<b>(56,304)</b>	<b>(2,804)</b>	<b>5%</b>	
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%	
	<b>(508,900)</b>	<b>(505,040)</b>	<b>3,860</b>	<b>-1%</b>	
Interest	(400)	(471)	(71)	18%	
<b>GROSS INCOME</b>	<b>(601,000)</b>	<b>(604,387)</b>	<b>(3,387)</b>	<b>1%</b>	
<b>Expenditure</b>					
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%	
<b>Employees</b>	<b>362,600</b>	<b>366,225</b>	<b>3,625</b>	<b>1%</b>	
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%	
<b>Premises</b>	<b>21,700</b>	<b>20,079</b>	<b>(1,621)</b>	<b>-8%</b>	
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%	
<b>Transport</b>	<b>37,600</b>	<b>40,055</b>	<b>2,455</b>	<b>7%</b>	

	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%	
	<b>32,300</b>	<b>36,411</b>	<b>4,111</b>	<b>13%</b>	
Environmental Maintenance	1,500	716	(784)	-52%	
Port Waste Management Plan	3,400	2,627	(773)	-23%	
Estuary Management	500	0	(500)	-100%	
	<b>5,400</b>	<b>3,343</b>	<b>(2,057)</b>	<b>-38%</b>	
Public Jetties & Navigational Safety	15,000	7,720	(7,280)	-49%	
Hydrographic Programme	5,500	5,500	0	0%	
	<b>20,500</b>	<b>13,220</b>	<b>(7,280)</b>	<b>-36%</b>	
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%	
	<b>35,700</b>	<b>47,438</b>	<b>11,738</b>	<b>33%</b>	
Other Services					
Legal Expenses	2,500	2,750	250	10%	
Designated Person	9,500	7,875	(1,625)	-17%	
	<b>12,000</b>	<b>10,625</b>	<b>(1,375)</b>	<b>-12%</b>	
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%	
	<b>39,500</b>	<b>41,096</b>	<b>1,596</b>	<b>4%</b>	
CCTV	3,000	2,912	(88)	-3%	
The Crown Estate Settlement	5,100	7,520	2,420	48%	
				0%	
<b>Supplies &amp; Services</b>	<b>153,500</b>	<b>162,565</b>	<b>9,065</b>	<b>6%</b>	
<b>GROSS EXPENDITURE</b>	<b>575,400</b>	<b>588,924</b>	<b>13,524</b>	<b>2%</b>	
<b>NET INCOME</b>	<b>(25,600)</b>	<b>(15,463)</b>	<b>10,137</b>	<b>-40%</b>	

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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 – £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
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	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.