

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	River Hamble Harbour Board
Date of Decision:	29 January 2010
Decision Title:	River Hamble Budget 2009/10 and 2010/11
Decision Reference:	1214
Report From:	The County Treasurer and Director of Culture, Communities and Rural Affairs

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1. Executive Summary

- 1.1. This report presents the proposed revised budget for the River Hamble for 2009/10 and the proposed budget for 2010/11. The budget takes into account the agreed harbour dues for 2010, and enables the Harbour Authority to meet its legal and operational requirements within the income generated (of which more than 80% is from Harbour Dues).
- 1.2. It is estimated that there will be a surplus of £96,300 in 2009/10 – the majority of which relates to a one-off settlement in the accounts – and of £12,500 in the following year.
- 1.3. The budget can be reviewed in the course of the year to reflect any decisions which the Board may make following the deliberations of the River Hamble Select Committee and Management Committee.
- 1.4. The budgets are presented to the River Hamble Harbour Board for approval.
- 1.5. Appendix 1, attached, sets out the detail of the approved 2009/10 original budget, together with the 2009/10 revised budget and the proposed original budget for 2010/11.

2. Revised Budget 2009/10

- 2.1. The revised budget for 2009/10, set out in Appendices 1 and 2, has been prepared at outturn prices for the year and details a revised gross expenditure

budget of £582,900, a decrease of £135,100 from the original budget. The income budget has also been reduced in the revised budget to £679,200, a reduction of £38,800. This results in a surplus of £96,300 after the £43,000 contribution to the Asset Replacement Reserve.

- 2.2. The surplus for 2009/10 reflects the conclusion of an updated agreement with The Crown Estate relating to the management of the mid-stream moorings. The amount due to The Crown Estate has been calculated, and this sum covers the last three years. As previously reported, the 2008/09 final accounts included a prudent estimate of the amount payable, and the one-off settlement is some £90,000 less than allowed. Now that the agreement is concluded, there will be an annual settlement and the budgeted expenditure will accurately reflect the new agreement.
- 2.3. More detailed comments on the variations to the original budget are included in the Notes to Appendices 1 and 2.

3. Original Budget 2010/11

- 3.1. The original budget for the financial year 2010/11 is also prepared at outturn prices and is shown in Appendices 1 and 2. The proposed budget is set to generate a surplus of £12,500 in addition to a planned contribution to the asset replacement reserve of £43,000. The current level of annual contribution was agreed in 2007 and can be reviewed in the light of a revision of the Asset Replacement programme.
- 3.2. The original budget represents a decrease of £66,400 in expenditure compared to the 2009/10 original budget.
- 3.3. The most significant reductions in expenditure are staff costs and rent. Staff costs are forecast to reduce by £11,000 compared to the 2009/10 budget after allowing for the cost of annual step progressions, the increase in the employer's contribution to the Local Government Pension Scheme, and a provision for a pay award of 1.5%. The pay award is the subject of national agreement, and any award will be payable from 1 April 2010. There is a real terms reduction of over 4% in the staffing budget. It is proposed not to renew the lease for the Solent School of Yachting in October 2010. It is proposed to renew the lease for the workshop, oil spill store and emergency car park spaces, at a realistic market rent.
- 3.4. Income is some £54,000 less than in the 2009/10 budget. Two of the main factors in this are :
 - The loss of rent receivable for the sublet of the Solent School of Yachting with effect from October 2010
 - Harbour Dues, where the Board, in July 2009, approved a 1% reduction in charges for 2010. (1% represents approximately £5,000p.a.). There has also been a change in the arrangements for subletting which is

likely to reduce income. Appendix 2 shows the Harbour Dues income in more detail.

4. Reserves

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

- **31 March 2010 £670,196**
- **31 March 2011 £626,799**

Reserves at 31 March 2011 are lower than the 2010 level because of the purchase of the new patrol boats. This level of reserves is higher than required by the reserves policy and can be reviewed once a routine revision of the Asset Replacement programme has been considered, and the final accounts for 2009/10 have been produced.

4.2. It has been estimated that only a minimal amount of interest will be received on the reserves in 2009/10 and 2010/11 due to the current low level of interest rates.

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

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

River Hamble Harbour Undertaking

	Original Budget 2009/10	Adjustments 2009/10	Revised Budget 2009/10	Adjustments 2010/11	Original Budget 2010/11	Note
EXPENDITURE						
Staff Related						
Salaries	405,000	(8,800)	396,200	(10,900)	394,100	1
Training	4,500	(2,000)	2,500	(2,000)	2,500	2
Staff Advertising/Interview Expenses	500	0	500	0	500	
Other Employee Expenses	300	(100)	200	(100)	200	
Sub Total Staff Related	410,300	(10,900)	399,400	(13,000)	397,300	
Premises						
Repair & Maintenance (including Health & Safety Modifications)	3,500	(1,500)	2,000	(1,500)	2,000	3
Electricity	4,000	(500)	3,500	(500)	3,500	4
Gas	2,000	(500)	1,500	(500)	1,500	4
Rent/Rates	7,200	4,900	12,100	5,800	13,000	5
Rental of Workshop & Oil Spill Store	42,000	0	42,000	(18,500)	23,500	5
Water/Sewerage	700	1,700	2,400	300	1,000	4
Cleaning	800	(200)	600	(200)	600	
Burglar Alarms/Security	500	0	500	0	500	
Sub Total Premises	60,700	3,900	64,600	(15,100)	45,600	
Transport						
Repair, Maintenance and Boat Refurbishment	18,200	(5,200)	13,000	(6,200)	12,000	6
Vehicle Running Expenses (Fuel)	8,000	(2,000)	6,000	(2,000)	6,000	7
Tools (inc Chandlery)	3,000	1,500	4,500	0	3,000	
Car Allowances/Staff Travel	6,000	(2,000)	4,000	(2,000)	4,000	8
Insurance	1,600	0	1,600	0	1,600	
Sub Total Transport	36,800	(7,700)	29,100	(10,200)	26,600	
Supplies & Services						
Office Expenses	39,000	(4,900)	34,100	(4,900)	34,100	9
Environmental Maintenance	3,000	(1,500)	1,500	(2,000)	1,000	
Public Jetties & Navigational Safety (including Navigational Aids)	19,500	(10,000)	9,500	(10,000)	9,500	10
Central Department Charges	33,300	0	33,300	4,100	37,400	11
Other Services	16,400	7,700	24,100	(900)	15,500	12 & 13
Contribution to Asset Replacement Reserves	43,000	0	43,000	0	43,000	
Port Waste Management Plan	4,000	0	4,000	(1,300)	2,700	13
Dredging Plan	3,000	(2,900)	100	(1,600)	1,400	13
Oil Spill Response	6,000	0	6,000	0	6,000	
Estuary Management Plan	1,500	(1,500)	0	0	1,500	14
Hydrographic Consultancy	5,000	0	5,000	0	5,000	

Agenda item:

	Original Budget 2009/10	Adjustments 2009/10	Revised Budget 2009/10	Adjustments 2010/11	Original Budget 2010/11	Note
The Crown Estate Settlement	31,500	(107,300)	(75,800)	(11,500)	20,000	15
CCTV	5,000	0	5,000	0	5,000	
Sub Total Supplies & Services	210,200	(120,400)	89,800	(28,100)	182,100	
Gross Expenditure (Current)	718,000	(135,100)	582,900	(66,400)	651,600	
INCOME						
Miscellaneous Income	(4,500)	2,500	(2,000)	2,500	(2,000)	
Interest	0	(500)	(500)	(700)	(700)	
Harbour Dues	(597,200)	35,300	(561,900)	35,600	(561,600)	16
The Crown Estate Funding	(46,100)	(600)	(46,700)	(600)	(46,700)	
Visitor Income	(36,700)	0	(36,700)	0	(36,700)	
Fisherman's Jetty	(2,000)	600	(1,400)	600	(1,400)	
Solent School of Yachting	(31,500)	1,500	(30,000)	16,500	(15,000)	17
Gross Income	(718,000)	38,800	(679,200)	53,900	(664,100)	
NET EXPENDITURE	0	(96,300)	(96,300)	(12,500)	(12,500)	

APPENDIX 2

	Original Budget 2009/10	Adjustments 2009/10	Revised Budget 2009/10	Adjustments 2010/11	Original Budget 2010/11	Note
EXPENDITURE						
Office Expenses						
Equipment	1,800	(300)	1,500	(300)	1,500	
First Aid Supplies/Health & Safety	2,000	(1,000)	1,000	(1,000)	1,000	
Printing & Stationery	5,000	0	5,000	0	5,000	
Catering/General	1,100	(100)	1,000	(100)	1,000	
Protective Clothing	3,500	500	4,000	500	4,000	
IT Charges	13,000	0	13,000	0	13,000	
Postage	3,500	(500)	3,000	(500)	3,000	
Phones	2,600	0	2,600	0	2,600	
Promotional Events/Publicity/Publications	5,000	(3,500)	1,500	(3,500)	1,500	9
Credit Card Charges	1,500	0	1,500	0	1,500	
Sub Total	39,000	(4,900)	34,100	(4,900)	34,100	
Other Services						
Legal Expenses/District Audit Fees	4,300	7,200	11,500	(1,400)	2,900	12 & 13
Subscriptions/Memberships/Licences	2,600	0	2,600	0	2,600	
Designated Person (SMS Annual costs)	9,500	500	10,000	500	10,000	
Sub Total	16,400	7,700	24,100	(900)	15,500	
Harbour Dues						
Marinas and Boatyards	(396,300)	0	(396,300)	300	(396,000)	
River Moorings	(145,300)	11,500	(133,800)	11,500	(133,800)	
Jetty Charges	(15,000)	0	(15,000)	0	(15,000)	
Miscellaneous Income - Commercial and Pleasure craft	(1,800)	0	(1,800)	0	(1,800)	
Net Sublet Income	(38,800)	23,800	(15,000)	23,800	(15,000)	
Sub Total	(597,200)	35,300	(561,900)	35,600	(561,600)	

Notes to Appendices 1 and 2

The details of significant variations are as follows:

1. Salary budgets have been increased in 2009/10 and 2010/11 to account for annual step progression and an allowance for a pay award of 1.5%. An increase of 0.5% in the employers Superannuation contribution has also been accounted for.
2. Budget has decreased in 2009/10 and 2010/11 to reflect recent spending patterns and the final payment having been made for a staff member's Harbour Master course.
3. Budget reduction due to building maintenance costs being met centrally by Hampshire County Council under its landlord /tenant arrangements.
4. The electricity and gas budgets have been reduced to reflect reduction in prices from the suppliers. The budget for water/sewerage has risen in 2010/11 to reflect the price correction for waste water from the pontoon water supply. In 2009/10 the budget increase is substantially higher as Southern Water have indicated that the correction will be backdated 6 years.
5. The budget for rent/rates has been increased to include The Crown Estate jetty lease fixed sum in addition to the annual rates charge. The budget for the rental of the workshop and Oil Spill Store is reduced in 2010/11 to only include a half year's rental at the current level of the existing lease and a proposed sum to rent a smaller proportion of the Former Solent School of Yachting site for the second half of the year upon cessation of the existing lease.
6. The repairs and maintenance of boats budget has been reduced to reflect the reduced requirement anticipated, due to the two new patrol boats which are to be purchased in the next 6 months.
7. The vehicle running expenses have been reduced to reflect current spending patterns.
8. The budget for car allowances and staff travel has been reduced in both years to reflect current spending patterns.
9. Publicity and promotions budget has been reduced to reflect planned spending.
10. This budget has been reduced to match the current spending pattern.
11. This is a result of a review required when the auditor was considering the objection to the accounts before it was withdrawn.

12. Legal expenses and District Audit fees have increased in the revised budget 2009/10 to accommodate the cost incurred for the objection to the 2007/08 accounts. In 2010/11 the budget is reduced in anticipation that there will be no further work required of the district auditor or a high level of legal advice.
13. The total original budget for legal services, Port Waste Management Plan and Dredging Plan totalled £10,300. It is recognized that the budgets could be reduced in these three areas as the maximum call on all three of these budgets is unlikely to occur in any one financial year. Therefore each of these budgets have been reduced to a new total of £8,400 in 2009/10 and £7,000 in 2010/11 which brings these budgets more in line with anticipated spending patterns.
14. The budget for the Estuary Management Plan is mainly contingency.
15. The Crown Estate funding has now been reduced to reflect the new management agreement.
16. The Harbour Dues for 2010/11 have been decreased by 1% as approved by the Board in July 2009. A detailed breakdown of Harbour Dues is contained in Appendix 2.
17. The income received for the sublet of part of the Former Solent School of Yachting has been reduced as it is proposed that this sublet agreement will cease when the Hampshire County Council's lease agreement expires in September 2010.

All other budgets have been assessed and increased or reduced in line with projected outturns.

APPENDIX 3

River Hamble Reserves - 2009/11

	Revenue Reserve	Asset Enhancement Reserve	Asset Replacement Reserve	TOTAL
	£	£	£	£
Balance at 31 March 2009	75,710	310,847	143,095	529,652
Transfer from Harbour Revenue	0	0	43,000	43,000
Plus Estimated Annual Interest	0	778	466	1,244
Plus Estimated Net surplus for year	96,300	0	0	96,300
Predicted Balance at 31 March 2010	172,010	311,625	186,561	670,196
Payment for New Patrol Boats	0	0	(100,000)	(100,000)
Transfer from Harbour Revenue	0	0	43,000	43,000
Plus Estimated Annual Interest	0	779	324	1,103
Plus Estimated Net surplus for year	12,500	0	0	12,500
Predicted Balance at 31 March 2011	184,510	312,404	129,885	626,799