

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee:</b>	River Hamble Harbour Board
<b>Date:</b>	16 July 2010
<b>Title:</b>	River Hamble Final Accounts 2009/10
<b>Reference:</b>	1827
<b>Report From:</b>	The County Treasurer and Director of Culture, Communities and Rural Affairs

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#### 1. Executive Summary

- 1.1. The final accounts of the Harbour Authority for the year ended 31 March 2010 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 2010 with the 2009/10 revised budget.
- 1.3. In the financial year 2009/10 the Harbour Undertaking has made a surplus of £119,704 to be added to the reserves. This is £23,404 more than budgeted for. Expenditure was under budget by £20,301 and income exceeded the budget by £3,103. In summary the trading position was:

	<b>£000's</b>
Income	682
Expenditure	<u>562</u>
<b>Surplus</b>	<b><u>120</u></b>

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

#### 2. 2009/10 Outturn

- 2.1 In 2009/10, the Harbour Undertaking budget achieved a surplus of almost £120,000, exceeding the budgeted target of £96,300.

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

<b>River Hamble - 2009/10 Outturn</b>						
<b>2008/09</b>		<b>2009/10</b>	<b>2009/10</b>	<b>2009/10</b>	<b>%</b>	<b>Ref</b>
<b>Actual</b>		<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>	<b>Para</b>
<b>INCOME</b>						
(61,722)	Visitor/Miscellaneous	(40,100)	(44,927)	(4,827)	-12%	
(71,084)	The Crown Estate & Other Funding	(76,700)	(55,793)	20,907	27%	
(580,788)	Harbour Dues	(561,900)	(581,008)	(19,108)	-3%	
0	Interest	(500)	(575)	(75)	-15%	
<b>(713,594)</b>	<b>GROSS INCOME</b>	<b>(679,200)</b>	<b>(682,303)</b>	<b>(3,103)</b>	<b>-1%</b>	<b>2.2</b>
<b>EXPENDITURE</b>						
394,728	Salaries & Oncosts	396,200	400,631	4,431	-1%	
4,451	Other Employee Expenses	3,200	2,775	(425)	13%	
<b>399,179</b>	<b>Employees</b>	<b>399,400</b>	<b>403,406</b>	<b>4,006</b>	<b>-1%</b>	<b>2.3</b>
67,282	Rent/Rates/Leases	54,100	54,123	23	0%	
	Utilities	7,400	5,910	(1,490)	20%	
	Other Premises Costs	3,100	1,161	(1,939)	63%	
<b>67,282</b>	<b>Premises</b>	<b>64,600</b>	<b>61,194</b>	<b>(3,406)</b>	<b>5%</b>	<b>2.4</b>
17,394	Boats - Repairs & Expenses	23,500	23,139	(361)	2%	
2,245	Staff Travel	4,000	2,785	(1,215)	30%	
1,430	Insurance	1,600	1,460	(140)	9%	
<b>21,069</b>	<b>Transport</b>	<b>29,100</b>	<b>27,384</b>	<b>(1,716)</b>	<b>6%</b>	<b>2.5</b>
26,756	Office Expenses	34,100	21,635	(12,465)	37%	<b>2.6.1</b>
1,599	Environmental Maintenance	1,500	954	(546)	36%	
29,610	Public Jetties & Navigational Safety	9,500	6,629	(2,871)	30%	<b>2.6.2</b>
40,047	Central Department Charges	33,300	49,765	16,465	-49%	<b>2.6.3</b>
14,619	Other Services	24,100	16,649	(7,451)	31%	<b>2.6.4</b>
43,000	Contribution to Asset Replacement Reserves	43,000	43,000	0	0%	
2,612	Port Waste Management Plan	4,000	1,516	(2,484)	62%	<b>2.6.2</b>
0	Dredging Plan	100	23	(77)	77%	
4,990	Oil Spill Response	6,000	5,475	(525)	9%	<b>2.6.2</b>
148	Estuary Management Plan	0	0	0	0%	
5,000	Hydrographic Consultancy	5,000	5,000	0	0%	
11,232	CCTV	5,000	2,455	(2,545)	51%	<b>2.6.2</b>
39,410	The Crown Estate Settlement	(75,800)	(82,487)	(6,687)	-9%	<b>2.6.5</b>
<b>219,023</b>	<b>Supplies &amp; services</b>	<b>89,800</b>	<b>70,615</b>	<b>(19,185)</b>	<b>21%</b>	<b>2.6</b>
<b>706,553</b>	<b>GROSS EXPENDITURE</b>	<b>582,900</b>	<b>562,599</b>	<b>(20,301)</b>	<b>4%</b>	
<b>(7,041)</b>	<b>NET SURPLUS</b>	<b>(96,300)</b>	<b>(119,704)</b>	<b>(23,404)</b>	<b>-24%</b>	

The key factors in the variances are:

- 2.2 Income - the budget for income was exceeded overall as a result of increased income for reimbursement of court costs, a charge to the 'Balanced Seas' Marine Conservation Zone Project for use of office facilities, and an increase in harbour dues income, despite a reduction in the basic per metre rate, all offset in part by a reduction in other funding.

- 2.3 Employees - additional costs incurred to cover for staff absences.
- 2.4 Premises - savings were achieved on utility costs and general building maintenance costs.
- 2.5 Transport - the reduction of 6% was mainly due to reducing the number of off site visits by staff and making more efficient use of vehicles.
- 2.6 Supplies & Services - the main factors in the 21% underspend are detailed below.
  - 2.6.1 Office Expenses - this underspend was mainly due to lower than expected IT costs and efficiency savings in office equipment, printing & stationery and postage costs.
  - 2.6.2 The following expenditure headings did not utilise the full budget allocation in 2009/10:
    - Public Jetties and Navigational Aids - £2,871
    - Port Waste Management - £2,454
    - Oil Spill Response - £525
    - CCTV - £2545
  - 2.6.3 Central Department Charges - the extra expenditure of £16,465 was a result of additional charges from the HCC Chief Executive for Committee, Democratic and Legal Services mainly relating to the s31 objection and the Select Committee process. The basis of charging for support services is outlined in Appendix 3.
  - 2.6.4 Other Services - was underspent by £7,451 as this includes the budget for external legal services which is demand led and was not required in 2009/10.
  - 2.6.5 As a result of The Crown Estate Settlement draft agreement indicates there is a £6,687 underspend against the budget.

### **3. Reserves**

- 3.1 Total reserves for the River Hamble were £693,902 at 31 March 2010, and are shown at Appendix 1.
- 3.2 The revenue surplus of £119,704 is transferred to Revenue Reserve. The Asset Replacement Reserve was increased by the annual planned transfer of £43,000 from the trading account.
- 3.3 The Asset Enhancement Reserve is predominantly the balance of the receipt from the sale of the midstream mooring piles to The Crown Estate.
- 3.4 Interest received for 2009/10 was paid on reserve balances, income received in advance and the budgeted transfer to reserve. The interest paid was based on the average 7 day interest rate throughout the year.

- 3.5 The Asset Replacement Reserve will reduce in 2010/11 following the replacement of the two patrol boats.
- 3.6 The reserves policy, agreed in 2007 requires revenue reserves to be approximately 10% of annual expenditure – so a balance of some £65,000. At £195,000 the revenue reserve is clearly significantly above this level. A review of reserves is to be undertaken taking into account factors such as:
- A review of the asset replacement programme (the asset replacement reserve is based on a 25 year programme which now needs to be updated)
  - Accumulated and budgeted surpluses (the budget for 2010/11 includes some £40,000 of savings on expenditure – split roughly equally between staffing and other costs. Future budgets will continue to have regard to further economies)
  - The outcome of the review of the staffing structure which is likely to have an impact on expenditure
- 3.7 It is planned to report the outcome of this review of the reserves to the River Hamble Harbour Board in September.

#### **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. Income still exceeds the budget whilst expenditure is tightly managed and resulted in an outturn below the budget.

#### **6. Recommendation**

**That the River Hamble Harbour Board approves the final accounts for 2009/10.**

**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.)**

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

## RIVER HAMBLE RESERVES – 2009/10

	Revenue Reserve	Asset Enhancement Reserve	Asset Replacement Reserve	TOTAL
	£	£	£	£
<b>Balance at 1 April 2009</b>	75,710	260,847	143,095	529,652
Interest Accrued in 2009/10	0	967	579	1,546
Budgeted Transfer from Harbour Revenue	0	0	43,000	43,000
Transfer Surplus from Revenue	119,704	0	0	119,704
<b>Balance on Reserve 31 March 2010</b>	195,414	311,814	186,674	693,902

## APPENDIX 2

### River Hamble - Outturn 2009/10

	2009/10 Budget	2009/10 Actual	2009/10 Variance	% Variance	Notes
<b>Income</b>					
Visitor/Miscellaneous					
Fishermans Jetty	(1,400)	(1,161)	239	17%	
Misc	(2,000)	(3,088)	(1,088)	-54%	
Visitor Income	(36,700)	(19,024)	17,676	48%	
Boat Licences	0	(447)	(447)	0%	
Legal Fees	0	(1,451)	(1,451)	0%	
Misc Berthing	0	(17,021)	(17,021)	0%	
Retail Sales	0	(349)	(349)	0%	
Environmental maintenance	0	(2,386)	(2,386)	0%	
	<b>(40,100)</b>	<b>(44,927)</b>	<b>(4,827)</b>	<b>-12%</b>	
 The Crown Estate & Other Funding					
Solent School of Yachting	(30,000)	(10,282)	19,718	66%	
Other Fees	0	(826)	(826)	0%	
The Crown Estate Settlement	(46,700)	(44,685)	2,015	4%	
	<b>(76,700)</b>	<b>(55,793)</b>	<b>20,907</b>	<b>27%</b>	
 Harbour Dues					
Marinas & Boatyards	(396,300)	(399,782)	(3,482)	-1%	
River Moorings	(133,800)	(135,343)	(1,543)	-1%	
Jetty Charges	(15,000)	(27,977)	(12,977)	-87%	
Miscellaneous Income - Commercial, Visitor and pleasurecraft	(1,800)	(2,917)	(1,117)	-62%	
Sublet Refunds	10,000	8,701	(1,299)	13%	
Sublets	(25,000)	(23,689)	1,311	5%	
	<b>(561,900)</b>	<b>(581,008)</b>	<b>(19,108)</b>	<b>-3%</b>	
 Interest	(500)	(575)	(75)	-15%	
<b>GROSS INCOME</b>	<b>(679,200)</b>	<b>(682,303)</b>	<b>(3,103)</b>	<b>-1%</b>	
<b>Expenditure</b>					
Salaries	396,200	399,868	3,668	-1%	
Training	2,500	3,367	867	-35%	
Staff Advertising & interview Expenses	500	0	(500)	100%	
Other Employees Expenses	200	171	(29)	15%	
<b>Employees</b>	<b>399,400</b>	<b>403,406</b>	<b>4,006</b>	<b>-1%</b>	
 Premises Repairs	2,000	0	(2,000)	100%	
Electricity	3,500	4,132	632	-18%	
Gas	1,500	1,178	(322)	22%	
Rent/Rates	18,000	18,023	23	0%	
FSSY Rent	31,500	31,500	0	0%	
Water/Sewerage	2,400	600	(1,800)	75%	
Cleaning Materials	600	398	(202)	34%	
Burglar Alarms/Security	500	763	263	-53%	
CE Jetty Lease Fixed Sum	4,600	4,600	0	0%	
<b>Premises</b>	<b>64,600</b>	<b>61,194</b>	<b>(3,406)</b>	<b>5%</b>	
 Repairs & Maint/Refurb boats	13,000	13,857	857	-7%	
Vehicle Running Expenses	6,000	(507)	(6,507)	108%	
Tools (inc Chandlery)	4,500	9,789	5,289	-118%	
Car Allowance/Staff Travel	4,000	2,785	(1,215)	30%	
Insurance	1,600	1,460	(140)	9%	
<b>Transport</b>	<b>29,100</b>	<b>27,384</b>	<b>(1,716)</b>	<b>6%</b>	

	2009/10 Budget	2009/10 Actual	2009/10 Variance	% Variance
Office Expenses				
Equipment	1,500	515	(985)	66%
First Aid Supplies/Health & Safety	1,000	1,112	112	-11%
Printing & Stationery	5,000	3,735	(1,265)	25%
Catering/General	1,000	652	(348)	35%
Protective Clothing	4,000	4,158	158	-4%
Postage	3,000	1,873	(1,127)	38%
Telephones	2,600	2,353	(247)	10%
Promotional Events/Publicity/Publications	1,500	2,707	1,207	-81%
Credit Card Charges	1,500	862	(638)	43%
Subscriptions	0	634	634	0%
IT Charges	13,000	2,568	(10,432)	80%
Retail Expenditure	0	335	335	0%
Fixture & Fittings	0	130	130	0%
	<b>34,100</b>	<b>21,635</b>	<b>(12,465)</b>	<b>37%</b>
Environmental Maintenance	1,500	954	(546)	36%
Public Jetties & Navigational Safety	9,500	6,629	(2,871)	30%
Central Depart Charges				
Devolved Finance Unit	16,100	16,400	300	-2%
Payroll	300	334	34	-11%
CT Central Finance Charges	5,700	5,638	(62)	1%
Chief Executive Committee Democratic & Legal	11,200	27,393	16,193	-145%
	<b>33,300</b>	<b>49,765</b>	<b>16,465</b>	<b>-49%</b>
Other Services				
Legal Expenses	4,300	0	(4,300)	100%
Designated Person	10,000	9,389	(611)	6%
Subscriptions	2,600	60	(2,540)	98%
Audit Fees	7,200	7,200	0	0%
	<b>24,100</b>	<b>16,649</b>	<b>(7,451)</b>	<b>31%</b>
Contribution to Asset Replacement Reserves	43,000	43,000	0	0%
Port Waste Management Plan	4,000	1,516	(2,484)	62%
Dredging Plan	100	23	(77)	77%
Oil Spill Response				
Training	0	2,400	2,400	0%
Oil Spill Response	6,000	3,075	(2,925)	49%
	<b>6,000</b>	<b>5,475</b>	<b>(525)</b>	<b>9%</b>
Estuary Management	0	0	0	0%
Hydrographic Programme	5,000	5,000	0	0%
CCTV	5,000	2,455	(2,545)	51%
The Crown Estate Settlement	(75,800)	(82,487)	(6,687)	-9%
<b>Supplies &amp; Services</b>	<b>89,800</b>	<b>70,615</b>	<b>(19,185)</b>	<b>21%</b>
<b>GROSS EXPENDITURE</b>	<b>582,900</b>	<b>562,599</b>	<b>(20,301)</b>	<b>4%</b>
<b>NET INCOME</b>	<b>(96,300)</b>	<b>(119,704)</b>	<b>(23,404)</b>	<b>-24%</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 - based on an assessment of the time devoted to the Hamble and increased in line with inflation on an annual basis. No additional charge has been made in respect of the objections or the Select Committee process.
- 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:

	£
▪ Processing of payments and travel claims	764
▪ Processing of debtor transactions - invoices, etc	1,181
▪ Tax/cash management	200
▪ Processing of Pay by Payroll Technical Team	153
▪ Audit services	3,340
	-----
	5,638

- 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. £2,378 was incurred for legal services with the balance of £25,015 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