

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee</b>	River Hamble Harbour Board
<b>Date:</b>	10 September 2010
<b>Title:</b>	Harbour Dues
<b>Reference:</b>	2016
<b>Report From:</b>	The County Treasurer and Director of Culture, Communities and Rural Affairs

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#### 1. Summary

1.1. The purpose of this report is to seek approval to the proposed level of Harbour Dues for 2011. It is recommended that Harbour Dues be reduced by 10% and that there be no adjustment to reflect the increased rate of VAT applicable from January 2011. If the transfer (proposed in another item on this agenda) from Revenue Reserve to Asset Replacement Reserve is not approved, it will be necessary to identify and achieve further savings on expenditure of £8,000 p.a. It is also proposed that the Dues Policy be reviewed.

#### 2. Harbour Dues 2011

2.1. The approved budget for 2010/11 generates a surplus of £12,000, enhanced by expenditure reductions to some £52,000. If the reduced annual contribution to Asset Replacement Reserve proposed elsewhere on this agenda were approved, the surplus in future years would, all other things being equal, be in the region of £60,000 p.a. at current dues levels.

2.2. The impact of reducing fees from the 2010 level by 10% (and taking into account the January 2011 increase in the VAT rate from 17.5% to 20%) would be to reduce income by some £62,000 p.a. This means that, within acceptable tolerances – and before taking into account further savings on expenditure – the position would be extremely close to break even from 2011/12 onwards. In 2010/11, there would be a surplus of some £36,000,

reflecting the fact that Dues receipts are allocated over two financial years, and the impact on the revenue account is therefore delayed.

- 2.3 A key concern is to maintain a stable pricing structure. The recurring expenditure reductions identified to date are approximately equal to the reduction in income, and it is likely that further expenditure savings can be identified. These reductions in expenditure significantly reduce the risk that an increase above price inflation will be required in future years.
- 2.4 If the proposed reduction in Dues (and the Reserves transfer elsewhere on this agenda) are approved, the impact on Revenue Reserves would be as follows:

	2010/11 £000
Opening balance	195
Surplus in 2010/11	36
Proposed transfer to Asset Replacement Reserve	-180
Closing balance	51

- 2.5 The balance on the Reserve would, therefore, be approximately £50,000 and remain at or close to that level for the foreseeable future (the Reserves Policy suggests a maximum level of some £65,000.)
- 2.6 If these proposals are accepted, the impact on individual Dues payers will vary, because of the phasing-in of adjustments approved by the Harbour Board in 2007. The phasing period is five years and will end in 2012.
- 2.7 The Harbour Dues proposed are shown in the table below. It should be noted that the Dues are shown inclusive of VAT, because of the changes in rate.

Type of mooring	2010	2011 with phasing continued
	£ inc VAT @ 17.5%	£ inc VAT @ 20%
Mid stream pile resident	21.75	18.55
Mid stream deep site resident	19.68	17.47
Mid stream drying site resident	19.26	17.22
Marina / dry sailors (basic rate)	16.45	15.10
Mid stream pile commercial	20.59	17.28
Mid stream deep site commercial	18.51	16.20
Mid stream drying site commercial	18.11	16.00

### **3. Harbour Dues Policy**

3.1. The current Dues Policy is that dues should rise by the rate of inflation (as measured by retail prices index), plus 1%. However, if the proposals on this report are approved, this will be the third consecutive departure from that policy. It may be considered that the policy should be less rigid (especially taking into account the current economic circumstances) as follows:

- The rate of harbour dues should be reviewed each year with the general presumption that any increase should be no higher than the retail prices index plus 1%.

### **4. Recommendations**

4.1 It is recommended that the River Hamble Harbour Board :

- approves the Harbour Dues for 2011 as shown in the table in 2.7;
- reviews the rate of harbour dues each year with the general presumption that any increase should be no higher than the retail prices index plus 1%
- continues the progress in driving down costs and the comprehensive recovery of dues that will sustain lower dues for all.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	no
Corporate Improvement 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