

HAMPSHIRE COUNTY COUNCIL**Report**

Committee:	River Hamble Harbour Management Committee
Date:	24 June 2011
Title:	River Hamble Final Accounts 2010/11
Reference:	2933
Report From:	The County Treasurer and Director of Culture, Communities and Business Services

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1. Summary

- 1.1. The final accounts of the Harbour Authority for the year ended 31 March 2011 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 2011 with the 2010/11 revised budget.
- 1.3. In the financial year 2010/11 the Harbour Undertaking has made a surplus of £41,781 to be added to the reserves. This is £19,181 more than budgeted for. Expenditure was under budget by £11,264 and income exceeded the budget by £7,917. In summary the trading position was:

	£000's
Income	697
Expenditure	<u>655</u>
Surplus	<u>42</u>

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

2. 2010/11 Outturn

- 2.1 In 2010/11, the Harbour Undertaking budget achieved a surplus of almost £41,800, exceeding the budgeted target of £22,600.

A breakdown of the income and expenditure is set out in the table below and further detail is included in Appendix 2 to this report.

River Hamble - 2010/11 Outturn						
2009/10		2010/11	2010/11	2010/11	%	Ref
Actual		Budget	Actual	Variance	Variance	Para
INCOME						
(44,927)	Visitor/Miscellaneous	(34,800)	(40,217)	(5,417)	-16%	
(55,793)	The Crown Estate & Other Funding	(100,500)	(99,337)	1,163	1%	
(581,008)	Harbour Dues	(553,400)	(557,056)	(3,656)	-1%	
(575)	Interest	(300)	(307)	(7)	-3%	
(682,303)	GROSS INCOME	(689,000)	(696,917)	(7,917)	-1%	2.2
EXPENDITURE						
400,631	Salaries & Oncosts	380,100	379,008	(1,092)	0%	
2,775	Other Employee Expenses	2,600	3,438	838	-32%	
403,406	Employees	382,700	382,446	(254)	0%	2.3
54,123	Rent/Rates/Leases	37,300	35,002	(2,298)	6%	
5,910	Utilities	4,500	3,688	(812)	18%	
1,161	Other Premises Costs	1,700	1,158	(542)	32%	
61,194	Premises	43,500	39,848	(3,652)	8%	2.4
23,139	Boats - Repairs & Expenses	26,000	29,617	3,617	-14%	
2,785	Staff Travel	2,000	2,056	56	-3%	
1,460	Insurance	1,600	1,490	(110)	7%	
27,384	Transport	29,600	33,163	3,563	-12%	2.5
21,635	Office Expenses	31,200	19,853	(11,347)	36%	2.6.1
954	Environmental Maintenance	3,500	4,721	1,221	-35%	
6,629	Public Jetties & Navigational Safety	21,000	25,019	4,019	-19%	2.6.3
49,765	Central Department Charges	37,700	49,793	12,093	-32%	2.6.4
16,649	Other Services	10,600	6,793	(3,807)	36%	2.6.5
43,000	Contribution to Asset Replacement Reserves	43,000	43,000	0	0%	
1,516	Port Waste Management Plan	2,500	1,640	(860)	34%	2.6.2
23	Dredging Plan	100	0	(100)	100%	2.6.2
5,475	Oil Spill Response	31,800	28,449	(3,351)	11%	2.6.2
0	Estuary Management Plan	700	0	(700)	0%	2.6.2
5,000	Hydrographic Consultancy	8,500	10,985	2,485	-29%	2.6.3
2,455	CCTV	5,000	2,628	(2,372)	47%	2.6.2
(82,487)	The Crown Estate Settlement	15,000	6,798	(8,202)	55%	2.6.6
70,615	Supplies & services	210,600	199,679	(10,921)	5%	2.6
562,599	GROSS EXPENDITURE	666,400	655,136	(11,264)	2%	
(119,704)	NET SURPLUS	(22,600)	(41,781)	(19,181)	-85%	

The key factors in the variances are:

- 2.2 Income - the budget for income was exceeded overall as a result of an increase in receipts from visitor fees and harbour dues, despite a reduction in the basic rate per metre.
- 2.3 Employees – salary costs remained within budget with a small overspend incurred on staff training.

- 2.4 Premises - savings were achieved on utility costs, general building maintenance and rent. Rent costs were below budget due to the failure to secure the former Solent School of Yachting store on a sublet basis after the cessation of the ten year lease.
- 2.5 Transport - the additional costs incurred within transport were for minor post delivery enhancements for the new patrol boats. This increase was offset by a reduction in vehicle running expenses, mainly fuel costs.
- 2.6 Supplies & Services - the main factors in the 5% underspend are detailed below.
- 2.6.1 Office Expenses - this underspend was mainly due to lower than expected IT, printing & stationery costs. A provision was made to cover costs of a new high speed data line to the Hamble, but this was not required as costs were met by HCC. Protective clothing and subscriptions both produced a small overspend.
- 2.6.2 The following expenditure headings did not utilise the full budget allocation in 2010/11:
- Estuary Management - £700 (mainly due to a reduced activity level with regard to the Hamble Estuary Partnership)
 - Port Waste Management - £860
 - Oil Spill Response - £3,351 (due to the cancellation of the major exercise planned for September 2010)
 - CCTV - £2,372 (due to lower than expected maintenance costs)
 - Dredging Plan - £100 (due to delays in the work programme, costs for this will now occur in 2011/12)
- 2.6.3 The budgets for Public Jetties and Navigational Safety, and Hydrographic Consultancy were both overspent due to planning for improvements to access on the Hamble foreshore and lifting debris from the river bed..
- 2.6.4 Central Department Charges – most of the £12,093 overspend was incurred by the HCC Chief Executive for Committee, Democratic and Legal Services. In previous years costs have been incurred addressing issues relating to the Freedom of Information queries and Section 31 objections. In 2010/11 the budget was set assuming there would be no expenditure associated with these issues. However, additional time was spent on dealing with queries from Members which had not been allowed for in the budget. The budget for 2011/12 will be set at a higher level to accommodate the extra time involved in servicing the Board and Committee. The basis of charging for support services is outlined in Appendix 3.
- 2.6.5 Other Services - was underspent by £3,807 mainly as a result of the reduction in costs for the Designated Person
- 2.6.6 The draft annual settlement with The Crown Estate indicates there will be an £8,202 underspend against the budget.

3. Reserves

- 3.1 Total reserves for the River Hamble were £693,794 at 31 March 2011, and are shown at Appendix 1.
- 3.2 The revenue surplus of £41,781 is transferred to Revenue Reserve. The Asset Replacement Reserve was increased by the annual planned transfer of £43,000 from the trading account.
- 3.4 Interest received for 2010/11 was paid on reserve balances, income received in advance and the budgeted transfer to reserve. The interest was paid at a rate of 1.5% on £300,000 of the Asset Replacement Reserve and 1.5% on £150,000 of the Asset Enhancement Reserve. For all remaining reserve balances a rate of 0.25% was paid.
- 3.5 The Asset Replacement Reserve was reduced by £92,125 in 2010/11 for part payment of the two replacement patrol boats. The reserves will be further reduced in 2011/12 to meet the remaining capital costs of the patrol boats.

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 exceeded the budget whilst expenditure was tightly managed and resulted in a below budget outturn.

6. 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

APPENDIX 1

River Hamble Reserves - 2010/12

	Revenue Reserve	Asset Enhancement Reserve	Asset Replacement Reserve	TOTAL
	£	£	£	£
Balance at 31 March 2010	195,464	311,813	186,674	693,951
Payment for New Patrol Boats	0	0	(92,125)	(92,125)
Reserve Transfer 19th November 2010	(180,000)	0	180,000	0
Transfer from Harbour Revenue	0	0	43,000	43,000
Plus Estimated Annual Interest	0	2,658	4,529	7,187
Plus Estimated Net surplus for year	41,781	0	0	41,781
Predicted Balance at 31 March 2011	57,245	314,471	322,078	693,794

APPENDIX 2

River Hamble - Outturn 2010/11

	2010/11 Budget	2010/11 Actual	2010/11 Variance	% Variance	Notes
Income					
Visitor/Miscellaneous					
Misc	(1,500)	(1,851)	(351)	-23%	
Visitor Income	(13,600)	(14,388)	(788)	-6%	
Boat Licences	(700)	(589)	111	0%	
Misc Berthing	(14,200)	(17,689)	(3,489)	0%	
Retail Sales	(300)	(308)	(8)	0%	
Environmental maintenance	(4,500)	(5,392)	(892)	0%	
	(34,800)	(40,217)	(5,417)	-16%	
 The Crown Estate & Other Funding					
Solent School of Yachting	(17,500)	(18,321)	(821)	-5%	
Oil Spill Response	(25,200)	(25,242)	(42)	0%	
The Crown Estate Settlement	(57,800)	(55,773)	2,027	4%	
	(100,500)	(99,337)	1,163	1%	
 Harbour Dues					
Marinas & Boatyards	(389,400)	(392,151)	(2,751)	-1%	
River Moorings	(122,700)	(120,948)	1,752	1%	
Jetty Charges	(24,000)	(28,077)	(4,077)	-17%	
Miscellaneous Income - Commercial, Visitor and pleasurecraft	(5,800)	(5,033)	767	13%	
Sublet Refunds	5,500	5,429	(71)	1%	
Sublets	(17,000)	(16,276)	724	4%	
	(553,400)	(557,056)	(3,656)	-1%	
 Interest	(300)	(307)	(7)	-3%	
 GROSS INCOME	(689,000)	(696,918)	(7,918)	-1%	
Expenditure					
Salaries	380,100	379,008	(1,092)	0%	
Training	2,500	3,217	717	-29%	
Staff Advertising & interview Expenses	0	0	0	0%	
Other Employees Expenses	100	221	121	-121%	
 Employees	382,700	382,446	(254)	0%	
 Premises Repairs	500	0	(500)	100%	
Electricity	2,000	1,877	(123)	6%	
Gas	1,500	1,164	(336)	22%	
Rent/Rates	10,700	7,745	(2,955)	28%	
FSSY Rent	21,000	21,467	467	-2%	
Water/Sewerage	1,100	938	(162)	15%	
Cleaning Materials	400	395	(5)	1%	
Burglar Alarms/Security	800	763	(37)	5%	
CE Jetty Lease Fixed Sum	5,500	5,500	0	0%	
 Premises	43,500	39,848	(3,652)	8%	
 Repairs & Maint/Refurb boats	15,000	15,893	893	-6%	
Vehicle Running Expenses	6,500	3,815	(2,685)	41%	
Tools (inc Chandlery)	4,500	9,910	5,410	-120%	
Car Allowance/Staff Travel	2,000	2,056	56	-3%	
Insurance	1,600	1,490	(110)	7%	
 Transport	29,600	33,163	3,563	-12%	

	2010/11 Budget	2010/11 Actual	2010/11 Variance	% Variance
Office Expenses				
Equipment	1,200	984	(216)	18%
First Aid Supplies/Health & Safety	1,000	442	(558)	56%
Printing & Stationery	4,000	2,424	(1,576)	39%
Catering/General	1,000	671	(329)	33%
Protective Clothing	4,500	5,534	1,034	-23%
Postage	2,000	1,985	(15)	1%
Telephones	2,300	2,204	(96)	4%
Promotional Events/Publicity/Publications	10,300	10,390	90	-1%
Credit Card Charges	1,000	771	(229)	23%
Subscriptions	1,800	3,058	1,258	0%
IT Charges	1,800	(9,371)	(11,171)	621%
Retail Expenditure	0	216	216	0%
Other Office Expenses	300	547	247	0%
	31,200	19,853	(11,347)	36%
Environmental Maintenance	3,500	4,721	1,221	-35%
Public Jetties & Navigational Safety	21,000	25,019	4,019	-19%
Central Depart Charges				
Devolved Finance Unit	20,200	20,700	500	-3%
Payroll	300	340	40	-13%
CT Central Finance Charges	6,000	5,757	(243)	4%
Chief Executive Committee Democratic & Legal	11,200	22,996	11,796	-105%
	62,200	79,534	12,093	-19%
Other Services				
Legal Expenses	600	0	(600)	100%
Designated Person	10,000	6,793	(3,207)	32%
	10,600	6,793	(3,807)	36%
Contribution to Asset Replacement Reserves	43,000	43,000	0	0%
Port Waste Management Plan	2,500	1,640	(860)	34%
Dredging Plan	100	0	(100)	100%
Oil Spill Response				
Training	0	1,116	1,116	0%
Oil Spill Response	31,800	27,334	(4,466)	14%
	77,400	73,090	(3,351)	4%
Estuary Management	700	0	(700)	0%
Hydrographic Programme	8,500	10,985	2,485	-29%
CCTV	5,000	2,628	(2,372)	47%
The Crown Estate Settlement	15,000	6,798	(8,202)	55%
Supplies & Services	210,600	199,680	(10,920)	5%
GROSS EXPENDITURE	666,400	655,136	(11,264)	2%
NET INCOME	(22,600)	(41,781)	(19,181)	-85%

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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.
- 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:

	<u>£</u>
▪ Processing of payments and travel claims	780
▪ Processing of debtor transactions - invoices, etc	1,206
▪ Tax/cash management	204
▪ Processing of Pay by Payroll Technical Team	156
▪ Audit services	3,411

	5,757

- 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. £3,261 was incurred for legal services with the balance of £19,735 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