

Salcombe Harbour Board – 7 July 2008**FINAL ACCOUNTS 2007/2008****Report of the Head of Finance and the Head of Service Salcombe Harbour.**

Statutory Powers: Local Government Act 1972, Section 151; The Pier and Harbour Order (Salcombe) Confirmation Act 1954

Financial Implications: A trading surplus of £54,092 was generated in 2007/2008.

Purpose

This report advises Members of the Harbour's final trading position in 2007/2008 together with brief details of the main variations from the original budget. A summary of harbour reserves and balances is also provided.

Budget considerations are directly linked to corporate priority six – “the improvement of core services in a cost effective way”.

Recommendations

That the Board RESOLVES to note the final accounts for 2007/2008 as set out within Appendix A.

Introduction

1. The 2007/08 budget was set at a break-even position.
2. The Harbour's trading accounts have now been finalised, pending external audit certification during July 2008. The accounts have been prepared on an accruals basis and take account of all relevant income streams and expenditure items. The final outturn position for the year is a surplus of £54,092. Of this £16,673 relates to normal trading activities. The remainder is due to:-
 - a. A refund of VAT previously levied on Water Taxi fares £17,320 for the three previous years 2004/05 to 2006/07 and £5,881 for the current year.
 - b. The introduction of fees for the use of Whitestrand Pontoon during July and August £14,218.

3. The accounts show how funds have been used to deliver services and form an essential part of public accountability. Inevitably, circumstances that arise throughout the year often differ from the budgeted position, giving rise to financial variations. However, the overall impact is mitigated by continuous monitoring and timely decision making where corrective action is required.

Trading Performance - Expenditure

4. The table below identifies the main variations from budget. Overall, actual expenditure exceeded the budget by around £26k. Of this only £8k related to normal activities the remaining £18k was for new projects that would otherwise have been funded from Reserves. However, decisions regarding expenditure levels have been taken within a control framework, having regard to increased levels of income generated during the year.

Item	Explanation	Forecast (Under)/Over expenditure £
Harbour Employees	A reduction in overtime payments and changes to seasonal staff working patterns including no longer retaining temporary staff during winter season	(10,256)
Repairs & Maintenance		
a. General Repairs & Maintenance		603
b. Piers, Landings & pontoons	Refurbishment of pontoons including renewing doubling boards	8,559
c. Marks & Beacons		(2,325)
d. Moorings		241
		7,078
	Total R&M Variance	
Security Patrol	Expenditure matched to income producing an expenditure saving against budget. Total security expenditure £36,229 with income collected of £35,593.	(8,771)

Rents	Duchy rent based on previous year's income. 2006/07 income exceeded budget resulting in an increased rent. Rent Review for Workshop 1 and partial years charge for Workshop 2.	6,544 2,193 <hr/> 8,737
Equipment	No new furniture or IT equipment or software was purchased during the year.	(5,166)
Printing, Stationery & Advertising	Harbour Guide printing cost offset by advertising revenue detailed below.	4,287
Communications	Savings on telephone costs.	(1,821)
Miscellaneous	Purchases of shower tokens.	3,320
Transport	Purchase of RIB Checkstone	7,225
New Projects Funded from Revenue	<u>Proceeds from the sale of assets:-</u> Poundstone Pontoon fingers Other items <u>Expenditure on:-</u> Harbour Workshop WIFI system setup Duchy Lease Negotiations Volvo boat engine Volvo boat engine	(7,000) (3,500) (851) 7,795 3,753 7,698 5,670 4,894 <hr/> 18,458
Other minor variations	Various	1,454
Total Expenditure Variations		26,366

Trading Performance - Income

- The 2007/08 budget included an average increase in charges across the board of 3%. This was intended to generate sufficient additional income to cover expenditure levels, and enabled a balanced budget to be set.

6. Overall, income received during the year has out-performed the budget by £80,459. The table below shows the main areas of variations from budget.

Item	Explanation	Forecast Under/(Over) Income £
Harbour Dues	Average length of visiting boats is increasing, reflecting increased income.	(1,108)
Mooring Hire	Board agreed a policy of charging commercial moorings at a higher rate than private mooring contracts	(19,835)
Water Taxi Service	Increased usage following introduction of concession tickets	(3,605)
	Change of Vat status	(5,881)
		<u>(9,486)</u>
Miscellaneous	Income from Whitestrand Pontoon	(14,218)
	Reclaimed VAT re Water Taxi for previous 3 years	(17,320)
	Boatyard maintenance	(3,618)
	Guide advertising revenue	(5,684)
	Hire of crane, mooring barge & fork lift truck.	(6,303)
Interest Received	Interest is payable on reserve balances. The delay in the pontoon replacement has maintained reserve levels and increased interest receipts.	(2,400)
Other minor variations	Various	-487
Total Income Variations		(80,459)

The Overall Position

7. The net position after taking into account variations in both income and expenditure is a generated surplus of £54,092. This will be confirmed once the Harbour accounts have been subject to external audit verification during July 2008. A schedule of actual income and expenditure against budget is included at Appendix A. A Balance Sheet Extract is included at Appendix B.
8. The generated surplus will be incorporated into the General Reserve. An analysis of the closing position of each of the Harbour reserves is included at Appendix C.

The Current Year – 2008/09

9. It is still relatively early in the new season to predict with accuracy the likely outturn at the end of the financial year. However, a comparison of income received to 31st May 2008 with the same period for the prior year shows an overall increase, having taken into account the increase in charges. Expenditure continues to be controlled and it is anticipated at this stage that the budget position will be achieved.

Risk Assessment

10. The information included in this report represents actual outcomes that are known with certainty. The Harbour accounts have been prepared having regard to relevant accounting standards and practices. It is unlikely that the overall position will change as a result of the external audit process.

Human Rights Act

11. There are no obvious human rights issues arising from this report.

Conclusion

12. It is pleasing to report that the Harbour has generated a trading surplus for the 2007/08 financial year. This will bolster retained reserves, and will assist with the financing of future initiatives for the benefit of the Harbour users.

John Smith
Principal Accountant

Ian Gibson
Head of Service Salcombe Harbour

Salcombe Harbour Board
7 July 2008

Background Documents:

Corporate Finance working papers