

ITEM

ITEM

Salcombe Harbour Board - 8 November 2005

REVIEW OF CHARGES

Report of the Salcombe Harbour Master

**Statutory Powers: Local Government Act 1972, Section 151
The Pier and Harbour Order (Salcombe) Confirmation Act 1954
(Sections 22-36)**

Financial Implications: Potential income generation of £46,400 based on the incorporation of £20,000 income growth and a general increase in charges of 4% (generating additional income of £26,400).

Purpose

This report has been prepared to enable Members to set the Harbour rates and charges for 2006/2007. The consideration of this issue is directly linked to the Council's Corporate Priority CP6: improvement of core services in a cost effective way.

RECOMMENDATION

- a. That the Board **RESOLVES** to agree the changes to the charging policy set out in paragraphs 7 to 14, and amend the Salcombe Harbour Policy Document accordingly,
- b. That the Council be **RECOMMENDED** that the proposed charges in Appendix B be approved for implementation from 1 April 2006.

Introduction

1. This report follows the Board's consideration of the revenue budget for 2006/2007 at the October meeting when a £46,400 budget pressure was anticipated for 2006/07. Charges have now been reviewed by the Harbour Master in accordance with minute SH.05/05, which required an average increase in charges of 4%. The revised charges will generate additional income of £26,400 and, together with the incorporation of £20,000 income growth, will absorb identified budget pressures.
2. The budget pressures identified by the Board were as follows:

Summary of Budget Pressures

	Cost £	Impact on charges (%)
Unavoidable Budget Pressures	7,050	1.0
SHDC Loan Repayments	12,350	1.9
Night Security Patrol	15,000	2.3
Additional contributions to the Reserves	12,000	1.8
Total pressures	46,400	7.0

3. The recommendation to incorporate growth of £20,000 along with an increase in charges of 4% is based on identified budget pressures shown in the table above. Having considered the results of the Estuary Users Survey, should members not wish to proceed with the increase to the night security patrol budget of £15,000 it is recommended that the 2006/2007 contribution to the renewals reserve is uplifted by this amount to balance the budget. This is considered a prudent option given the proposed withdrawal from reserves to finance the pontoon projects currently being considered.

Proposed Charges

4. Appendix A provides a comparison between the current year's charges and those proposed for 2006/2007. Appendix B to the report sets out the proposed charges in the approved format.
5. The overall increase is 4%. Where necessary, certain over the counter charges have been rounded to the nearest 5p or 10p for ease of administration and cash collection.
6. The Harbour Master was requested by the Board at the end of the season to appraise Members of the new charging regime and recommend adjustments if appropriate' (SH.28/04).

Visiting Craft Entering from Sea – Charging Bands

7. From both an operational and administrative perspective the introduction of charging bands has been successful with the speed of transactions noticeably increased as the system has been simplified. Adjustments to next year's prices will make sure that sensible price for cash handling is achieved once VAT has been added.
8. From a customer's point of view the Board's rates and charges are perceived to be towards the upper end of the market when balanced against available facilities. This is one area of improvement that it is hoped can be incorporated into the short to medium term business plan for the Harbour.

Visiting Craft Entering via Slipway – Charging Bands

9. The introduction of four bands significantly simplified the charging regime for this category of visiting craft. Again from an operational and administrative perspective, staff were pleased with the speed of transaction, customers found it easy to understand and with the introduction of the new annual charge for visitors, the pricing structure was thought more reasonable.
10. The Board may wish to consider the following adjustments. Firstly, the daily charge for visitors (maximum 3 days) remains at £5. Secondly, charges for Band 1 that includes sailboards, canoes, sailing dinghies and vessels without engines that have a low impact on the environment should also remain the same at £13.
11. Thirdly, for vessels in Band 2 and 3, it is suggested that 4.5 metres is a more appropriate cut-off than the 6 meters previously used. Therefore, vessels with engines up to 4.5m would pay £25 and vessels over 4.5m would pay £60 for the year.

12. The Board currently provides a half price discount for those vessels visiting the Harbour between 1st October and 31st March (SH.19/91). Members will be aware that the number of arrivals during the winter months is very low and loss of income is obvious when there is an early Easter. This policy has become increasingly obsolete and it is recommended to discontinue the discount from 2006/07.
13. A further recommended adjustment involves the Salcombe Harbour Board charging policy for high powered craft (SH.19/91) that reads, "Any vessel other than a cruiser, with a planning or semi-planing hull under 30 feet in length powered by an engine (or combined engines) of 40 shaft horse power or more should be liable for increased Harbour Dues of one and a half times the rate for that length of craft". With the ever growing size of boats and their outboards this again is now an obsolete policy as most boats will now have outboard engines over 40 hp. It is recommended that the Board recognise that this policy is now obsolete and streamline the charging system by creating just one single category.

Triennial Charging

14. Members have discussed the option of introducing a policy of triennial charges that could be re-considered as a policy from 2007/08 as part of the Strategic Business Plan.

Risk Assessment

Risk	Mitigation
<p>Budget is prepared on a break-even basis and charges set within this criteria. Should actual circumstances differ from expectations, a deficit may occur:-</p> <ul style="list-style-type: none"> • the level of inflation assumed at 2.95% • the level of harbour use, which depends on economic climate and weather patterns • holiday trends 	<p>These risks are reduced through continual budget monitoring, which ensures that variances are identified on a timely basis and remedial action taken where necessary.</p>

Conclusion

15. The proposed increase in charges together with the suggested income growth will allow the Board to meet budget pressures faced in the forthcoming year.

Paul Bartlett
Senior Accountant

Stephen Tooke
Harbour Master

Salcombe Harbour Board
 8 November 2005

Background documents:
 Financial Services Working papers