

**Salcombe Harbour Board – 10 JULY 2007****FINAL ACCOUNTS 2006/2007****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 £16,305 was generated in 2006/2007.

**Purpose**

This report advises Members of the Harbour's final trading position in 2006/2007 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 2006/2007 as set out within Appendix A.**

**Introduction**

1. The 2006/07 budget was set at a break-even position. However, Members will recall that, at the 20 March 2007 meeting, the Board was advised of a forecast surplus for the year of around £8,000. This was a prudent estimate based on an assessment of likely outcomes at that point in time.
2. The Harbour's trading accounts have now been finalised, pending external audit certification during July 2007. 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 £16,305.
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 £31k. However, decisions regarding expenditure levels have been taken within a control framework, having regard to increased levels of income generated during the year. This is an improved position from that reported to the Board at the 20 March meeting, although many of the items are as projected in that report.

Item	Explanation	Forecast (Under)/Over expenditure £
Harbour Employees	Improved management of seasonal working patterns and savings from no longer retaining temporary staff during winter season	(20,885)
General Repairs & Maintenance	Un-programmed repairs to mobile crane, fork lift truck, replacement of workshop roller door and fitting out of new launch which were paid for out of revenue budget rather than reserves	5,226
Security Patrol	Number of patrols reduced to more closely match income, producing an expenditure saving against budget. Total security expenditure £34,395 with income collected of £34,249.	(10,605)
Moorings	More than average amount of chain required for annual maintenance, plus opportunity of projected surplus used to purchase additional buoys	27,489
Rents	Duchy rent based on prior year income. 2005/06 income exceeded budget	4,614
Waste Recycling	One-off set-up costs. Offset by contributions received (see table below)	15,639
Purchase of Volvo Boat Engine	Replacement engine required	5,900
Workshop Repairs	Contribution to essential maintenance	18,026
Transport	Savings made on vessels R&M	(11,012)
Central Support Services	Increased level of support from central functions	4,800
Capital Charges	Delay of residents pontoon replacement	(11,900)
Other minor variations	Various	3,361
<b>Total Expenditure Variations</b>		<b>30,653</b>

## Trading Performance - Income

5. The 2006/07 budget included an average increase in charges across the board of 4%. 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 £46,958. The table below shows the main areas of variations from budget, and is largely as projected in the March 2007 monitoring report.

Item	Explanation	Forecast Under/(Over) Income £
Harbour Dues	Average length of visiting boats is increasing, reflecting increased income	(17,996)
Mooring Hire	Average length of visiting boats is increasing, reflecting increased income	(8,725)
Water Taxi Service	Reduced usage, believed to be because of high charges representing poor value	8,266
Miscellaneous	Contributions to Waste recycling afloat Other minor variations	(13,229) (3,271)
Interest Received	Interest is payable on reserve balances. The delay in the pontoon replacement has maintained reserve levels and increased interest receipts.	(8,200)
Other minor variations	Various	(3,803)
<b>Total Income Variations</b>		<b>(46,958)</b>

## The Overall Position

7. The net position after taking into account variations in both income and expenditure is a generated surplus of £16,305. This will be confirmed once the Harbour accounts have been subject to external audit verification during July 2007. A schedule of actual income and expenditure against budget is included at Appendix A.
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 B.

## **The Current Year – 2007/08**

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 31<sup>st</sup> May 2007 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 2006/07 financial year. This will bolster retained reserves, and will assist with the financing of future initiatives for the benefit of the Harbour users.

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Head of Service Salcombe Harbour

Salcombe Harbour Board  
10 July 2007

## **Background Documents:**

Corporate Finance working papers