

**ITEM**

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**Salcombe Harbour Board – 20 March 2007**

## **REVENUE MONITORING REPORT**

**Report of Head of Financial Services and Head of Service Salcombe Harbour**

**Statutory Powers:** Local Government Act 1972, Section 151  
Local Government Act 2003

**Financial Implications: Based on current projections, the report identifies an estimated trading surplus of £8,000 for the 2006/07 financial year.**

### **Purpose**

This report advises Members of the projected trading position for the 2006/07 financial year.

Corporate Priority 6 (Improving core service performance in a cost effective way) is supported by this report

### **Recommendations**

**That the Board RESOLVES to note the report**

### **Introduction**

1. The 2006/07 Harbour budget was set by the Board in October 2005, and is based on historic data, underlying trends and a number of key assumptions. Inevitably, however, circumstances change throughout the trading year, and outcomes will often differ from those budgeted. Any impact is mitigated through continual monitoring and reassessment to ensure that, as far as possible, a break-even position is achieved by the financial year end.
2. The Harbour accounts will be completed during the Council's final accounts process and the final position will be reported to the Board later in the year. It is useful, however, to update the Board periodically, on an exception basis, of the latest forecast position. The information presented in this report is the best estimate at the time of writing.
3. Where a surplus is made during any year, it will be incorporated into the General Reserve; conversely any deficit will need to be funded by a contribution from the reserve.

## Trading Performance - Expenditure

4. The table below shows the main projected Expenditure variances from budget for the year. Overall, expenditure is forecast to exceed budget by around £41K. This is more than offset, however, by increased income.

Item	Explanation	Forecast (Under)/Over expenditure £
Harbour Employees	Improved management of seasonal working patterns	(5,000)
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	12,200
Security Patrol	Number of patrols reduced to more closely match income, producing an expenditure saving against budget. Total projected security expenditure now £38k, with income collected of £34k.	(7,000)
Moorings	More than average amount of chain required for annual maintenance, plus opportunity of projected surplus used to purchase additional buoys	21,000
Rents	Duchy rent based on prior year income. 2005/06 income exceeded budget	5,000
Miscellaneous	Waste Recycling set-up costs (offset by external contributions – see table below) Other minor variations	15,600 900
Central Support Services	Increased level of support from central functions	4,800
Capital Charges	Delay of residents pontoon replacement	(9,200)
Other minor variations	Various	2,250
<b>Total Expenditure Variations</b>		<b>40,550</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 during the year has out-performed budget, with forecast income levels set to exceed budget by around £49K.

7. The table below shows the main areas of income variation from budget.

<b>Item</b>	<b>Explanation</b>	<b>Forecast Under/(Over) Income £</b>
Harbour Dues	Average length of visiting boats is increasing, reflecting increased income	(14,950)
Mooring Hire	Average length of visiting boats is increasing, reflecting increased income	(8,700)
Water Taxi Service	Reduced usage, believed to be because of high charges representing poor value	8,500
Miscellaneous	Boatyard maintenance Contributions to waste recycling afloat Other minor variations	(6,000) (13,500) (2,000)
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	(3,700)
<b>Total Income Variations</b>		<b>(48,550)</b>

### **The Overall Position**

8. It can be seen from the above tables that a small surplus of around £8,000 is currently predicted for the year. This is, of course, subject to the finalisation of the accounts post 31<sup>st</sup> March 2007 and external audit verification. A more detailed analysis of the projections against budget can be found at Appendix A.

### **Risk Assessment**

9. A consistent approach to setting and monitoring the Harbour budget contributes to effective risk management. Given the proximity to the year end, it is unlikely that the actual outturn will differ significantly from that presented in this report.

### **Human Rights Act**

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

## **Conclusion**

11. Current projections indicate that the harbour will achieve at least a break-even position for the 2006/07 financial year, in line with the agreed budget.

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Paul Bartlett  
Principal Accountant

Salcombe Harbour Board  
20 March 2007