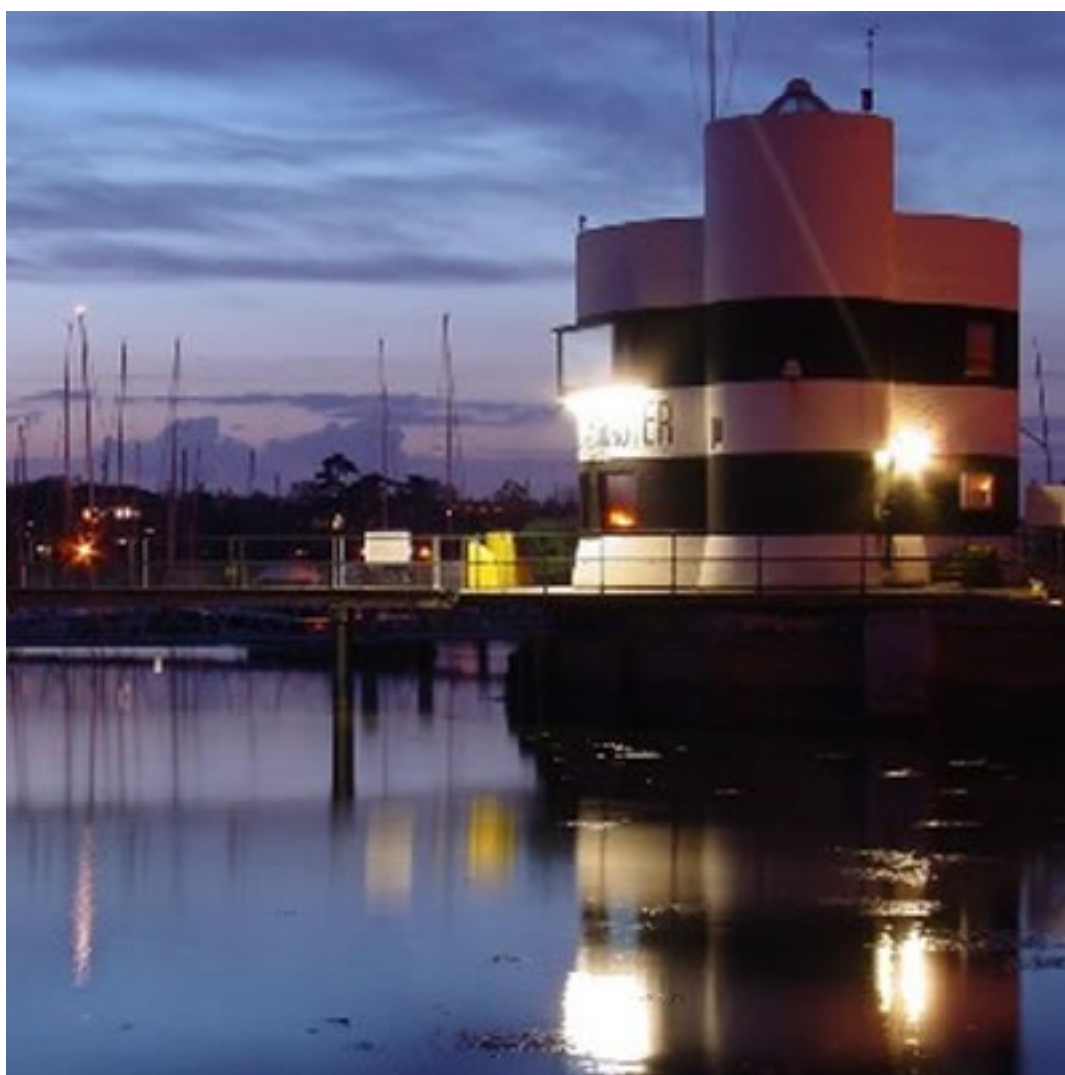


River Hamble Harbour Authority

Report of the Board and unaudited financial statements
for the year ended 31 March 2018



River Hamble Harbour Authority
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for the period ended 31 March 2018

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River Hamble Harbour Authority

Report of the Board for the year ended 31 March 2018

Hampshire County Council is the statutory Harbour Authority for the River Hamble Harbour. Responsibility for the governance of the River Hamble was transferred to Hampshire County Council in 1970 and the harbour has operated as a municipal port ever since.

Section 42 of the Harbours Act 1964, as amended by paragraph 10 of Schedule 6 to the Transport Act 1981, requires every statutory Harbour Authority to prepare an annual statement of accounts for the harbour activities in accordance with the requirements of the Companies Act 2006, for submission to the Secretary of State for Transport.

All harbour undertakings carried out by Hampshire County Council are part of the County Council's service provision to residents, and there is no separate legal entity in place to which the provisions apply. As such these accounts have been prepared for the River Hamble Harbour Authority in a style which is consistent with the reporting requirements of the Companies Act 2006.

Hampshire County Council delegates its executive decision making function to the River Hamble Harbour Board. The County Council and the representatives on the Harbour Board form a democratically accountable body responsible for overseeing the operation of the harbour and the impacts from it. The following members served on the Harbour Board during the year:

- Hampshire County Council:
 - Councillor Keith Evans (Chairman)
 - Councillor Keith House
 - Councillor Peter Latham
- Independent Board Members:
 - David Jobson (Recreation)
 - Chris Moody (Marine Industry)
 - Nikki Hiorns (Environment)
- Marine Director:
 - Jason Scott (Harbour Master)

In addition, the River Hamble Management Committee (constituted in accordance with the River Hamble Harbour Revision Order 1969, as subsequently amended) provides policy advice to the Harbour Board and is responsible for scrutinising the Harbour Board's decisions. The Management Committee is comprised of nineteen members: ten County Councillors (one of whom acts as the Committee Chairman),

three District Council Councillors (one from Eastleigh, one from Fareham and one from Winchester) and representatives from each of the following interested parties: Associated British Ports; Association of River Hamble Yacht Clubs; British Marine Federation; Hamble River Boatyard and Marine Operators Association; the Berth and Mooring Holders; and the Royal Yachting Association.

Principal Activities:

The principal activities of the Harbour Authority during the period under review were the management of moorings, pontoons and associated harbour facilities, and ensuring the safe and efficient operation of the River Hamble Harbour.

Political and Charitable donations:

No charitable donations were made during the year (2016/17 £nil).

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with Financial Reporting Standard 102 Section 1A *Small Entities* and in keeping with the requirements of Section 42 of the Harbours Act 1964.

The financial statements were approved and authorised for issue by the Board on 13 July 2018 and signed on its behalf by Councillor Keith Evans.

River Hamble Harbour Authority

Harbour Master's report
for the year ended 31 March 2018

Reporting first on safety matters, November's routine independent audit of the River's Marine Safety Management System by our Designated Person explored the detail of our risk assessments and standard operating procedures. Both had undergone a complete, planned revision over the preceding six months. The subsequent award of a certificate of compliance with the Port Marine Safety Code has enabled the Chairman of the Harbour Board to write as the Duty Holder, to the Maritime and Coastguard Agency to confirm that continued compliance. This year has also witnessed a revision of our Strategic Vision and Plan documents, setting out our intent for the management of the River over the next three years.

In Governance terms there have been no changes on the Harbour Board although the Management Committee has seen eight routine appointment changes.

Our financial position last year allowed the Harbour Board to maintain a zero per cent increase to Harbour Dues for the third year in succession. This year's Asset Review was placed before the Harbour Board on the 6 April and will be considered along with the Annual Accounts before making a decision on Harbour Dues for 2019. River users can be reassured that Harbour Dues will continue to be set at a level that is both prudent and matches our ongoing duty to maintain safety.

In terms of developments within the River, this year has seen a number of Marinas' and Boatyards' applications for developments within their existing curtilages. Having already been granted Harbour Works' Consent for a reconfiguration of the Marina in November 2012, Deacon's resubmitted to Eastleigh Borough Council and was refused planning permission in Autumn last year and again in Spring. Also granted Harbour Works' Consent for an earlier plan, Premier Marinas has reapplied for a minor variation on their plan to alter the configuration at Swanwick. As usual, there have been numerous applications to install single pontoons on pile and fore-and aft moorings at various locations throughout the River. Each of these also requires planning permission and each is considered on its merits from the navigational safety point of view before Harbour Authority approval is granted.

The Harbour Authority continues to provide one-to-one advice for prospective developers and this service has been used extensively again this year. The Harbour Authority also runs the Consents Advice Panel and, although demand has not required a meeting this year, this service, which is recognised nationally as an example of best practice, is still available.

We have enjoyed another imaginative year of sailing, organised by our Clubs and volunteers. This year's Bursledon Regatta saw very warm weather, if little wind for

the sailing community and was a huge success, culminating in an impressive firework display. As well as witnessing another comprehensive programme of World, International and Club-level racing and recreational sailing, we saw the second Hamble Classics Regatta, which attracted an increased number of entries, reflecting the quality of the organisation and a building international reputation. This year will also see the fourth River Hamble Games which will take place on 16th June. The Harbour Authority will once again make a substantial contribution to this event.

Our management of the mid-stream moorings and the moorings Waiting List, on behalf of the Crown Estate continues. The Crown Estate has replaced 27 piles between Bursledon and Mercury. We have been ensuring that those holding moorings are inconvenienced to the least degree possible. Our waiting list remains steady but we continue to look for opportunities to promote movement. Looking at other adjacent harbours' rates, I believe we continue to provide good value for money.

This year has seen an increasing amount of interest from both the community around the River and more widely. The Harbour Master has given a number of talks and presentations about the management of the harbour at a variety of venues including sailing clubs, community centres, the Womens' Institute and at local Council fora.

As last year, inter-agency co-operation aimed at improving mutual awareness and capability continues to be a relevant safety theme. We have continued our routine cooperation with the Police, UK Border Force and the Southern Inshore Fisheries Conservation Authority this year with some notable successes. Combined work with Hampshire Police and local Parish Councils has helped manage the problem of anti-social behaviour in busy areas of the river during the warmer summer months. We plan to continue in the same vein this year. We continue to assist both the Police and Border Force in the discharging of their responsibilities on a routine basis.

In August, our three-yearly review of our Port Waste Management Plan was approved by the Regulator, the Maritime and Coastguard Agency, as required by The Merchant Shipping and Fishing Vessels (Port Waste Reception Facilities) Regulations 2003.

The Harbour Authority has continued to run the important Hamble Estuary Partnership, which provides a valuable network for a wide variety of organisations with an interest in the River, as well as support the Solent Forum and it's various sub groups, where we presented the findings of last year's Saltmarsh study. We are a member of the Technical Group of the Solent Forum's 'Beneficial Reuse of Dredgings' project. This project compliments and builds upon the work we undertook for the Saltmarsh study with the aim of realising a practical project to beneficially reuse dredged material within the Solent system rather than disposing of it at sea, as

well as opportunities for smaller scale saltmarsh improvements. We have also been supporting the Blue Marine Foundation and Portsmouth University's Solent Oyster Restoration Project which aims to redress a reduction in the Solent's native oyster population.

The product of the Harbour Authority's sponsorship of a PhD study into the evaluation of the spatial variation in the dissolution of sacrificial anodes in the Solent is now available.

Jason Scott
Marine Director and Harbour Master

River Hamble Harbour Authority

Accountant's report
for the year ended 31 March 2018

These accounts have been prepared in accordance with the requirements of the Companies Act 2006 and comprise the Income Statement, the Statement of Financial Position and related notes.

The River Hamble Harbour Authority meets the small company criteria contained in section 382 of the Companies Act 2006.

Under section 477 of the Companies Act 2006, a company that qualifies as a small company is exempt from the requirements of the Act relating to the audit of accounts for that year. These accounts are therefore presented unaudited.

The financial transactions, assets and liabilities of the River Hamble Harbour Authority are also included within the statutory accounts of Hampshire County Council. These are presented in accordance with the Accounts & Audit Regulations 2015 and are published at <https://www.hants.gov.uk/aboutthecouncil/budgetspendingandperformance/accounts>

Signed:

Date:

Anne Hibbert
Corporate Accounting Manager

River Hamble Harbour Authority

Income and Expenditure Statement for the year ended 31 March 2018

	Notes	2017/18 £	2016/17 £
Turnover	2	523,685	518,814
Other operating income	3	73,478	78,750
		<u>597,163</u>	<u>597,564</u>
Staff costs	4		
Salaries		335,581	327,157
National Insurance		33,380	32,603
Pension Contributions		64,801	60,017
Other employee expenses		3,071	3,797
Staff Advertising / Interview Expenses		0	0
		<u>436,833</u>	<u>423,574</u>
Depreciation and other amounts written off tangible and intangible fixed assets	11	(52,241)	33,307
Other operating charges			
Rent/Rates/Leases	5	22,783	16,569
Utilities		4,168	3,743
Other Premises Costs		1,615	2,504
Boats - Repairs & Expenses	6	27,308	29,794
Staff Travel		816	1,111
Insurance		1,600	1,600
Office Expenses	7	25,594	23,450
Environmental Maintenance	8	16,813	15,692
Public Jetties & Navigational Safety		18,031	6,668
Services provided by Hampshire County Council	9	42,999	42,100
Other Services (including Designated Person)		9,570	7,095
Oil Spill Response		4,523	4,290
CCTV		119	176
Projects funded by Reserves	10	2,500	7,424
		<u>178,439</u>	<u>162,216</u>
Profit/(loss) for the financial year	14	<u>34,132</u>	<u>(21,533)</u>

River Hamble Harbour Authority

Statement of Financial Position as at 31 March 2018

	Notes	2017/18 £	2017/18 £	2016/17 £	2016/17 £
Fixed assets					
Tangible assets	11		409,794		357,553
Current assets					
Debtors	12	20,549		7,578	
Cash at bank and in hand		<u>925,206</u>		<u>960,421</u>	
		945,755		967,999	
Creditors: Amounts falling due within one year	13	360,433		364,568	
Net current assets			<u>585,322</u>		<u>603,431</u>
Total assets less current liabilities			995,116		960,984
Net assets			<u>995,116</u>		<u>960,984</u>
Reserves					
Profit and loss account	14		<u>995,116</u>		<u>960,984</u>
			<u>995,116</u>		<u>960,984</u>

For the year ended 31 March 2018 the River Hamble Harbour Authority was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

No notice has been received in accordance with section 476 of the Companies Act 2006 that requires the River Hamble Harbour Authority to obtain an audit.

The Board acknowledges its responsibilities for complying with the requirements of the Act with respect to accounting records and for preparing accounts which give a true and fair view of the state of affairs of the River Hamble Harbour and of the profit or loss for the financial year.

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with Financial Reporting Standard 102 Section 1A *Small Entities*.

The financial statements were approved and authorised for issue by the Harbour Board and signed on its behalf by

_____ on _____
Councillor Keith Evans
Chairman of the Board

The notes on pages 12 to 17 form an integral part of these financial statements.

River Hamble Harbour Authority

Notes to the financial statements
for the year ended 31 March 2018

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with Financial Reporting Standard 102 Section 1A *Small Entities*.

1.2 Turnover

Turnover represents the total value, excluding value added tax, of sales made during the year and derives from the provision of goods and services falling within the River Hamble Harbour Authority's ordinary activities.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, on a straight line basis.

2 Turnover

The total turnover for the year has been derived from the River Hamble Harbour Authority's principal activity, wholly undertaken in the UK.

	2017/18	2016/17
	£	£
Marinas and Boatyards	378,604	377,199
River Moorings	96,951	100,251
Jetty Charges	16,135	13,589
Mooring and Towing Charges	2,662	5,060
Miscellaneous Income - Commercial and Pleasure craft	5,614	4,701
Sublet, Waiting List & Late Payment Fee Income	5,885	4,475
Total Harbour Dues	<u>505,851</u>	<u>505,275</u>
Visitors	17,834	13,539
Total turnover	<u><u>523,685</u></u>	<u><u>518,814</u></u>

3 Other operating income

	2017/18	2016/17
	£	£
Crown Estate Management Fee	63,635	62,720
Miscellaneous Income	5,918	9,654
Interest	2,960	5,471
Other Funding	965	905
Total other operating income	73,478	78,750

4 Employees

	2017/18	2016/17
Staff numbers	12	11

5 Rent Rates Leases

	2017/18	2016/17
	£	£
Rent - Oil Spill Response Equipment Unit	4,196	3,600
Rent - Crown Estates	4,351	0
Rent - Warsash Jetty	1,829	1,735
Rent - Visitors Pontoon	1,829	1,734
Rent - Hamble Jetty	1,829	1,735
Rent - Fishermans Pontoon	1,829	1,734
Rent - Harbour Master's Office	5	5
Business Rates - River Hamble Harbour	6,915	6,026
	22,783	16,569

6 Boat repairs & expenses

	2017/18	2016/17
	£	£
Repair, Maintenance and Boat Refurbishment	23,068	14,844
Vehicle Running Expenses (Fuel)	2,589	6,199
Tools (including Chandlery)	1,651	8,751
	27,308	29,794

7 Office expenses

	2017/18	2016/17
	£	£
Equipment	1,838	1,351
First Aid Supplies/Health & Safety	2,230	1,832
Printing & Stationery	3,941	5,084
Catering/General	1,131	1,915
Retail (Crabbing Equipment)	652	473
Room Hire	210	250
Protective Clothing and Safety Equipment	7,513	4,967
IT Charges	0	23
Postage	2,089	2,625
Subscriptions	678	2,041
Phones	135	(5)
Promotional Events/Publicity/Publications	2,374	2,180
Credit Card Charges (re Income Collection)	2,803	714
	<u>25,594</u>	<u>23,450</u>

8 Environmental Maintenance

	2017/18	2016/17
	£	£
Waste Collection	1,545	1,269
Clearance of Warsash Slipway	15,070	14,200
Miscellaneous Environmental Maintenance Expenditure	198	223
	<u>16,813</u>	<u>15,692</u>

9 Services provided by Hampshire County Council

	2017/18	2016/17
	£	£
Accountancy	21,600	21,600
Transaction processing	2,488	2,488
Tax/cash management	200	200
Internal audit	3,410	3,410
Legal Services	5,960	6,750
Democratic Services	8,460	6,786
	<u>42,118</u>	<u>41,234</u>
Contribution to Solent Forum	881	866
	<u>42,999</u>	<u>42,100</u>

No separate charge is currently levied for the following:

- Rent and repair costs associated with the Harbour Office
- Access to and use of the County Council's IT infrastructure and systems
- Insurance, apart from a nominal premium of £1,600 relating to the Patrol Boats

10 Projects funded by Reserves

	2017/18	2016/17
	£	£
PhD - Sacrificial Anodes	2,500	5,000
Sediment Management Desktop Study	0	200
River Hamble Games	0	2,224
	<u>2,500</u>	<u>7,424</u>

11 Tangible fixed assets

	Marks, Beacons, Lights, Piles, £	Bridges, Walkways, Jetties £	Boats £	Other £	Total £
Cost					
At 1 April 2017	180,068	678,725	55,000	127,744	1,041,537
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers	0	0	0	0	0
At 31 March 2018	180,068	678,725	55,000	127,744	1,041,537
Depreciation					
At 1 April 2017	131,821	424,016	24,999	103,148	683,984
Charge for the year	6,801	20,564	4,333	3,074	34,772
On disposals	0	0	0	0	0
Adjustments	(10,372)	(76,641)	0	0	(87,013)
At 31 March 2018	128,250	367,939	29,332	106,222	631,743
Net book values					
At 31 March 2018	51,818	310,786	25,668	21,522	409,794
At 31 March 2017	48,247	254,709	30,001	24,596	357,553

A review of the useful life of fixed assets took place in 2017/18, and the useful life of some fixed assets has been extended. This has resulted in an adjustment to the accumulated depreciation charge within Marks, Beacons, Lights, Piles, and Bridges, Walkways, Jetties, and a revision in the depreciation charge for 2017/18 and for future years.

12 Debtors

	2017/18 £	2016/17 £
Trade debtors	20,549	5,078
Prepayments and accrued income	0	2,500
	20,549	7,578

No debtor amounts fall due after more than one year

13 Creditors: amounts falling due within one year

	2017/18 £	2016/17 £
Trade creditors	0	0
Accruals and deferred income	360,433	364,568
	<u>360,433</u>	<u>364,568</u>

No creditor amounts fall due after more than one year

14 Profit and Loss Account

	Total £
At 1 April 2017	960,984
Transfers to/(from) Profit and Loss account	34,132
At 31 March 2018	<u>995,116</u>

15 Movement in reserves

	Cash backed Reserves			Total cash backed Reserves (£)	Asset backed Reserve (£)	Total Reserves (£)
	General Reserve £	Asset Enhancement (£)	Asset Replacement (£)			
As at 1 April 2017	88,062	71,967	443,402	603,431	357,553	960,984
Movement:						
2017/18 surplus	34,132	0	0	34,132	0	34,132
Transfers:						
Asset additions	0	0	0	0	0	0
Depreciation	(52,241)	0	0	(52,241)	52,241	0
Asset contribution	(35,000)	0	35,000	0	0	0
Projects	2,500	(2,500)	0	0	0	0
Interest	(2,159)	293	1,866	0	0	0
Total movement	<u>(52,768)</u>	<u>(2,207)</u>	<u>36,866</u>	<u>(18,109)</u>	<u>52,241</u>	<u>34,132</u>
As at 31 March 2018	<u>35,294</u>	<u>69,760</u>	<u>480,268</u>	<u>585,322</u>	<u>409,794</u>	<u>995,116</u>

River Hamble Harbour Authority

	Original Budget	P6 Forecast Outturn	Actuals	Variance to Budget
	(£)	(£)	(£)	(£)
	2017/2018	2017/2018	2017/2018	2017/2018
EXPENDITURE				
Staff Related				
Salaries	415,000	441,000	433,762	18,762
Training	10,000	5,000	1,045	(8,955)
Staff Advertising/Interview Expenses	0	0	0	0
Other Employee Expenses	0	0	223	223
Professional Subscriptions	0	0	1,803	1,803
Sub Total Staff Related	425,000	446,000	436,833	11,833
Premises				
Rent / Rates	17,000	18,000	22,783	5,783
Electricity	2,000	2,000	1,939	(61)
Gas	1,000	1,000	1,680	680
Water / Sewerage	1,000	1,000	549	(451)
Repair & Maintenance (including Health & Safety Modifications)	1,000	1,000	598	(402)
Service Charges	0	0	54	54
Cleaning	0	0	153	153
Burglar Alarms / Security	1,000	1,000	810	(190)
Sub Total Premises	23,000	24,000	28,566	5,566
Transport				
Repair, Maintenance and Boat Refurbishment	19,000	19,000	23,068	4,068
Vehicle Running Expenses (Fuel)	3,000	3,000	2,589	(411)
Tools (inc Chandlery)	2,000	2,000	1,651	(349)
Car Allowances/Staff Travel	1,000	1,000	816	(184)
Insurance	2,000	2,000	1,600	(400)
Sub Total Transport	27,000	27,000	29,724	2,724
Supplies & Services				
Office Expenses	27,000	20,000	25,594	(1,406)
Environmental Maintenance	10,000	10,000	17,694	7,694

	Original Budget	P6 Forecast Outturn	Actuals	Variance to Budget
	(£)	(£)	(£)	(£)
	2017/2018	2017/2018	2017/2018	2017/2018
Public Jetties & Navigational Safety (including Navigational Aids)	10,000	11,000	18,031	8,031
Central Department Charges	48,000	42,000	42,118	(5,882)
Other Services (including Designated Person)	11,000	9,000	9,570	(1,430)
Oil Spill Response	5,000	5,000	4,523	(477)
CCTV	0	0	119	119
Sub Total Supplies & Services	111,000	97,000	117,649	6,649
Gross Expenditure (Current)	586,000	594,000	612,772	26,772
INCOME				
Miscellaneous Income	(7,000)	(9,000)	(5,918)	1,082
Interest	(1,000)	(1,000)	(801)	199
Harbour Dues	(514,000)	(509,000)	(505,851)	8,149
The Crown Estate Funding	(64,000)	(64,000)	(63,635)	365
Other Funding	(5,000)	(5,000)	(965)	4,035
Visitor Income	(20,000)	(20,000)	(17,834)	2,166
Gross Income	(611,000)	(608,000)	(595,004)	15,996
NET REVENUE FUNDED EXPENDITURE	(25,000)	(14,000)	17,768	42,768
Projects Funded by Reserves				
- Asset Enhancement	2,000	3,000	2,500	500
- Asset Replacement	0	0	0	0
- Revenue Reserve	0	0	0	0
Gross Expenditure	2,000	3,000	2,500	500

	Original Budget	P6 Forecast Outturn	Actuals	Variance to Budget
	(£)	(£)	(£)	(£)
	2017/2018	2017/2018	2017/2018	2017/2018
Interest on Reserves				
- Asset Enhancement	0	0	(293)	(293)
- Asset Replacement	(2,000)	(2,000)	(1,866)	134
Gross Income	(2,000)	(2,000)	(2,159)	(159)
NET RESERVES FUNDED EXPENDITURE	0	1,000	341	341
TOTAL NET EXPENDITURE	(25,000)	(13,000)	18,109	43,109
RESERVES				
Contribution to Asset Replacement Reserves	25,000	14,000	35,000	10,000
Transfer Interest to Reserves	2,000	2,000	2,159	159
Transfers from Reserves - Projects	(2,000)	(3,000)	(2,500)	(500)
Total Transfers To/(From) Reserves	35,000	13,000	34,659	(341)
NET DEFICIT FUNDED FROM GENERAL RESERVE	0	0	52,768	42,768

River Hamble Harbour Authority

FURTHER DETAIL ON: Office Expenses; Other Services; Harbour Dues Income.

	Original Budget (£) 2017/2018	P6 Forecast Outturn (£) 2017/2018	Actuals (£) 2017/2018	Variance to Budget (£) 2017/2018
Office Expenses				
Equipment	1,000	1,000	1,838	838
First Aid Supplies/Health & Safety	1,000	1,000	2,230	1,230
Printing & Stationery	4,000	4,000	3,941	(59)
Catering/General	2,000	2,000	1,131	(869)
Retail (Crabbing Equipment)	1,000	1,000	652	(348)
Room Hire	0	0	210	210
Protective Clothing and Safety Equipment	3,000	3,000	7,513	4,513
IT Charges	5,000	0	0	(5,000)
Postage	2,000	2,000	2,089	89
Subscriptions	1,000	1,000	678	(322)
Phones	2,000	0	135	(1,865)
Promotional Events/Publicity/Publications	4,000	4,000	2,374	(1,626)
Credit Card Charges	1,000	1,000	2,803	1,803
Sub Total	27,000	20,000	25,594	(1,406)

Other Services				
Subscriptions/Memberships/ Licences/Designated Person	11,000	9,000	9,570	(1,430)
Sub Total	11,000	9,000	9,570	(1,430)

	Original Budget (£) 2017/2018	P6 Forecast Outturn (£) 2017/2018	Actuals (£) 2017/2018	Variance to Budget (£) 2017/2018
Harbour Dues				
Marinas and Boatyards	(380,000)	(380,000)	(378,604)	1,396
River Moorings	(102,000)	(102,000)	(96,951)	5,049
Jetty Charges	(15,000)	(19,000)	(16,135)	(1,135)
Mooring and Towing Charges	0	0	(2,662)	(2,662)
Miscellaneous Income - Commercial and Pleasure craft	(8,000)	(8,000)	(5,614)	2,386
Sublet, Waiting List & Late Payment Fee Income	(9,000)	0	(5,885)	3,115
Sub Total	(514,000)	(509,000)	(505,851)	8,149

Notes to Appendices 2 and 3

The details of significant variations are as follows:

1. Staff related expenditure was £11,833 higher than the original budget. Salaries costs were £18,762 higher than originally budgeted, largely the result of the decision to create a full time assistant harbour master role as a job share for two staff previously in seasonal roles, when the budget had assumed a part time post. The planned overspend on salary costs was partly offset by training costs being £8,995 lower than originally budgeted. This was the result of lower staff turnover resulting in reduced demand for training for new staff and the cyclical nature of refresher training for staff in general.
2. Premises costs were overspent by £5,566, due to the payment of additional turnover rent to the Crown Estate relating to 2015/16. This cost will not recur.
3. There were underspends on non-boat engine replacement related transport budgets, within Vehicle Running Expenses (Fuel), Tools (inc Chandlery), Staff Car Allowances / Staff Travel, and insurance costs.
4. Supplies and Services expenditure was £6,649 higher than the original budget, due to an overspend on the Environmental Maintenance budget of £7,694, relating to additional costs incurred in clearing storm deposits from Warsash Slipway and rubbish collection. There was also an overspend of £8,031 against the Public Jetties and Navigational Safety budget, mainly due to the engineering surveys carried out during the year as part of the asset review.
5. Within Supplies and Services there was a net underspend against Office Expenses of £1,406. A provision had been made within this budget area for costs associated with any development of the harbour management system, however no costs were incurred and there was therefore an underspend of £5,000. This was partially offset by expenditure on protective clothing and safety equipment relating to the purchase of new body cameras.
6. The cost of one-off items that it is recommended are charged to the ARR in future was £36,959 in 2017/18, relating to boat engine replacements, public jetties and navigational safety and engineering surveys. Had these costs been charged to the ARR in 2017/18, total expenditure would have been £575,813, lower than the overall expenditure budget.
7. Central Department Charges

The basis for the central department charges is as follows:

- Operational Finance - £21,600 based on an assessment of the time devoted to the River Hamble. This is reviewed regularly.
- Corporate Resources central charges – based on volumes and reviewed regularly. A more detailed breakdown of these services is listed below:

○ Integrated Business Centre (IBC)	£2,488
○ Tax/Cash Management	£200
○ Audit Services	<u>£3,410</u>
	£6,098

- The charge for Audit Services is an SLA to cover audit requirements, both for specific site visits to the River Hamble and to cover systems and processes used by the River Hamble, such as payroll and IT systems
- Legal Services and Democratic Services – these charges are based on actual hours worked multiplied by an hourly rate which has been benchmarked to ensure best value. £5,960 was incurred for legal advice, with the balance of £8,460 for Democratic and Member Services support.

The following costs are not currently 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
 - Insurance, apart from a nominal fee relating to the Patrol Boats
8. A saving of £1,430 was made against the Other Services budget, as no additional costs were incurred in relation to the expertise of the designated person and so only the annual retainer was paid.
 9. Total income for 2017/18 was £595,004, £15,996 below the original budget of £611,000, but £2,219 higher than the income achieved in 2016/17.
 10. The two most significant areas in which income targets did not meet the budget were Other Funding and Harbour Dues, although Harbour Dues were in line with amounts received in previous years.
 11. Income from Other Funding was £4,000 lower than budget. It was identified as part of the forward budget report for 2018/19 that sublet, waiting list and late payment fee income from the Crown Estate is now included in the management agreement with the Crown Estate. This new agreement came into place after the budget for 2017/18 had been set.
 12. Harbour Dues fell short of the budget by approximately £8,000, albeit they were broadly in line with prior year trends. The Harbour Dues budget for 2018/19 has been updated accordingly to bring the budget back in line with prior year income trends.
 13. There were various other smaller adverse variances totalling £4,000 on Visitor and Miscellaneous income, albeit visitor income was slightly higher than in 2016/17.

River Hamble Harbour Authority - Reserves 2017/2018

	General Reserve	Asset Enhancement Reserve	Asset Replacement Reserve	TOTAL
	(£)	(£)	(£)	(£)
Balance as at 31 March 2017	(88,062)	(71,967)	(443,402)	(603,431)
PhD project - Sacrificial Anodes	0	2,500	0	2,500
Plus Annual Interest	0	(293)	(1,866)	(2,159)
Transfer from General Reserve to Revenue	17,768	0	0	17,768
Transfer to ARR from General Reserve	35,000	0	(35,000)	(0)
Net Surplus for year	0	0	0	0
Balance at 31 March 2018	(35,294)	(69,760)	(480,268)	(585,322)
Transfer to ARR from Revenue	0	0	(35,000)	(35,000)
Asset Replacement	0	0	52,000	52,000
River Hamble Games 2018	0	3,000	0	3,000
Potential Projects	0	50,000	0	50,000
Plus Estimated Annual Interest	0	0	(2,000)	(2,000)
Plus Estimated Net deficit for year	3,000	0	0	3,000
Predicted Balance at 31 March 2019	(32,294)	(16,760)	(465,268)	(514,322)
Commitments for future projects	0	0	0	0
Balance Available	(32,294)	(16,760)	(465,268)	(514,322)

This assumes the recommendations for amending the 2018/19 budget are approved by the Board including charging costs associated with the Public Jetties & Navigational Safety and Repair, Maintenance & Boat Refurbishment to the Asset Replacement Reserve (ARR).

Reconciliation of profit and loss to deficit generated on general revenue activities

	2017/18 £	2017/18 £
Profit/(loss) for the financial year from Income Statement		34,132
Add back:		
Adjustment to Accumulated Depreciation following Asset Review	(87,013)	
Depreciation charge 2017/18	<u>34,773</u>	
Net Depreciation Charge for Year		(52,241)
Projects funded from reserves		2,500
Less:		
Interest on AER and ARR		(2,159)
Agreed transfer to ARR		(35,000)
		<u><u>(52,768)</u></u>