

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

|                        |   |
|------------------------|---|
| <b>Decision Maker:</b> | River Hamble Harbour Board  |
| <b>Date:</b>           | 7 January 2022  |
| <b>Title:</b>          | River Hamble 2021/22 Forecast Outturn and 2022/23 Forward Budget                                |
| <b>Report From:</b>    | The Director of Corporate Operations and Director of Culture, Communities and Business Services |

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#### **Purpose of this Report**

1. The purpose of this report is to present the 2021/22 outturn forecast as at the end of September 2021 and the proposed 2022/23 forward budget to the River Hamble Harbour Board for comment.

#### **Recommendation(s)**

2. That the projected outturn for the 2021/22 financial year is noted.
3. That the proposed forward budget is approved.
4. That the balances held within the reserves and the position on the reserve balances are noted.
5. That the proposal to fund the pump replacement at Warsash jetty from revenue, rather than the Asset Enhancement Reserve as budgeted, be approved.

## **Executive Summary**

6. For the 2021/22 financial year, the River Hamble is projected to achieve a surplus of £57,000 on revenue funded expenditure, compared to a revised budgeted surplus of £59,000. This would allow for the £35,000 annual transfer from the Revenue Reserve (RR) to the Asset Replacement Reserve (ARR) to be made, and for an increase in the balance in the RR from £43,829 to £65,829 by March 2022.
7. In 2022/23 the budgeted surplus on revenue funded expenditure is £37,000. This would potentially increase the Revenue Reserve to £67,829.
8. For both 2021/22 and 2022/23, the projected balance in the RR would slightly exceed the maximum per the reserves policy of no more than 10% of the gross revenue budget, and therefore a potential option to address this issue is considered later within this report.
9. The detailed revised budget for 2021/22, the 2021/22 outturn forecast and the proposed 2022/23 forward budget are set out in Appendices 1 and 2, with the current and projected reserves balances shown in Appendix 3.
10. The forward budget includes the 1% increase to harbour dues, as approved by the River Hamble Harbour Board on 30 July 2021.

## **2021/22 Forecast Outturn**

11. The outturn forecast for 2021/22 as at the end of September 2021 is detailed in Appendix 1. It is projected that a surplus on standard revenue activity of £57,000 will be achieved, £2,000 lower than the budgeted surplus of £59,000.
12. It was agreed by the Board in May 2007, that a contribution of £43,000, later reduced to £35,000 per annum would be made to the Asset Replacement Reserve (ARR) to fund the cost of replacing assets in future years. This contribution is met from the surplus on revenue funded expenditure, supplemented by a transfer from the Revenue Reserve as required.
13. The £35,000 will therefore be transferred to the ARR in full, with the projected remaining £22,000 being transferred to the RR, which would increase to a balance of £65,829 as at 31 March 2022. This projected balance would be slightly above the £62,200 maximum approved RR balance of 10% of the gross revenue budget. A potential solution is proposed within the Reserves section of this report.

14. Total gross expenditure is projected at £640,000, £18,000 higher than the budgeted £622,000. The variance mainly relates to higher staffing costs due to the 1.75% offer for the 2021/22 pay award, with the budget provision for the pay award having been removed from the revised budget following the public sector pay freeze announcement.
15. Other variances include higher than budgeted rent reflecting higher levels of visitor income increasing the turnover rent due to the Crown Estate; higher fuel costs due to increased prices; and an additional bathymetric survey is planned this year, increasing public jetties and navigational safety spend. However, offsetting these pressures is an underspend forecast for staff training costs based on lower annual training requirements and it is proposed to reduce this budget in 2022/23.
16. Income is projected to be £16,000 higher than budgeted at £681,000, mainly due to visitor income expected to be £13,000 higher than budgeted. The increased income is owing to higher activity and larger boats staying for longer periods following on from the easing of Covid-19 restrictions, however it is too soon to know if these levels will be sustained in the long term. Harbour dues income is forecast to be £5,000 higher than budget, resulting from the 1% rate increase for 2022, as approved by the Board on 30 July 2021, and a formalised arrangement for fishermen harbour dues income now being in place.
17. The pump replacement at Warsash jetty is forecast at £12,000. This was originally budgeted to be funded by a draw from the AER. However, in view of the RR balance being projected to exceed the maximum balance set out in the reserves policy, it is proposed that this spend be funded from revenue instead, preserving the balance within the AER.
18. Spend against the ARR of £2,000 is now anticipated, consisting of boat engine and buoy costs. Approximately £1,000 is expected to be added to reserves as interest generated on balances, lower than the budgeted £3,000 due to the Bank of England base rate remaining at 0.1%.

### **2022/23 Forward Budget**

19. The proposed 2022/23 forward budget is detailed in Appendix 2 and projects a surplus of £37,000 on general revenue activities which will therefore fully meet the agreed £35,000 transfer to the ARR for the cost of replacing assets in future years, and allow for a further transfer to reserves of £2,000. Should the full projected £2,000 be transferred to the RR, and the proposed measure to fund the pump at Warsash from revenue in 2021/22 not be taken up, this would increase the projected balance of the RR to £67,829.

20. In view of the continuing uncertainties surrounding Covid-19, any potential financial impact has not been factored into the setting of the budget, which has been prepared on the basis of a normal year. Any actual Covid-19 related impact will be captured as a one-off pressure against the budget, which would therefore deplete the planned surplus and potentially could require a draw from reserves.
21. The proposed gross expenditure budget has been set at £651,000, an increase of £29,000 compared with the revised 2021/22 budget, and an increase of £11,000 on the 2021/22 outturn forecast. There has been no inflationary increase to the expenditure budgets, except where specifically referenced below, with every effort being made to mitigate ongoing cost pressures through efficiencies.
22. The salaries forward budget has been increased by £26,000, which includes a provision of £19,000 for the impact of pay inflation over two years (based on an estimated rate of 1.75% for 2021/22 and 2% for 2022/23); the remaining increase relates to the 1.25% increase (from 13.8% to 15.05%) for national insurance contributions and step progression within salary grades, where applicable. The budget for past pension contributions remains nil, however, a budget (previously costed at £25,000 per annum) may need to be reinstated following the actuary's triennial pension valuation which is due in 2022.
23. The training budget has been reduced by £2,000 to bring it in line with expected expenditure levels based on past trends.
24. The rent and rates budget will be increased by £2,000 to include a provision for a business rates increase. The next business rates revaluation is now due in 2023 rather than 2022, the delay being due to the Covid-19 pandemic.
25. Both the premises and transport related repair and maintenance budgets have been increased by £1,000. The increases being based on current forecasts and past trends,
26. Due to the cost of fuel rising the vehicle running expenses budget has been increased by £2,000.
27. A bathymetric survey is now planned for 2022/23 and the cost is reflected within the public jetties and navigational safety budget.
28. Energy related budgets have not been increased at this point. Whilst a rise is expected the increase to charges will not be known until the current contract ends in March 2022 and the new contract begins. If significant, an amendment will be proposed for the revised budget.

29. The income budget for 2022/23 has been set at £688,000, an increase of £7,000 from the revised 2021/22 budget. This is primarily due to the agreed 1% increase to Harbour Dues for the 2022 calendar year and a formalised arrangement for fishermen harbour dues income now being in place.
30. The budget for interest on revenue activities has been reduced to zero to reflect the Bank of England base rate remaining at 0.1%.

## **Reserves**

31. A detailed breakdown of reserves is shown in Appendix 3.
32. The Harbour Board approved a reserves policy on 18<sup>th</sup> May 2007 which provided for the following three reserves:
- Asset Enhancement Reserve (AER) - £320,000 for a programme of future opportunities.
  - Asset Replacement Reserve (ARR) - to replace all Harbour Authority Assets and provide maintenance dredges over a 25 year cycle. Annual contribution of £43,000 later reduced to £35,000, to be received from revenue.
  - Revenue Reserve (RR) - to hold annual surpluses totalling no more than 10% of the gross revenue budget. Any excess to be transferred to the AER, returned to mooring holders or to fund one off revenue budget pressures as approved by the Board.
33. The balance in the Revenue Reserve is expected to increase to £65,829 by the end of March 2022 following the transfer of the £57,000 surplus from revenue, less the agreed £35,000 annual transfer to the AER. The RR balance would therefore be in excess of the 10% of the gross revenue budget set out as the maximum in the reserves policy (equating to a maximum balance in the RR of £62,200).
34. The budgeted revenue surplus in 2022/23 is £37,000 which would leave a remaining surplus of £2,000 after the annual £35,000 transfer to the AER. Should this surplus be transferred in full to the RR it would increase the projected balance in the RR to £67,829 and further above the maximum allowed in the reserves policy (10% of the gross revenue budget equating to a maximum balance in the RR of £65,100).
35. However, as previously stated in this report, to avoid the RR balance exceeding the maximum balance allowed it is proposed that the £12,000 cost of the pump at Warsash Jetty is funded from revenue rather than the AER. This will bring the projected RR balance below the maximum allowed in

2021/22 (£53,829 compared to the maximum allowed balance of £62,200) and 2022/23 (£55,829 compared to the maximum allowed balance of £65,100). It will also relieve some of the pressure on the reducing AER balance, as outlined further below.

36. As at 31 March 2021, a total of £590,765 was held in reserves, the majority of which relates to the ARR, with this balance regularly reviewed to ensure that it is maintained at an appropriate level to replace the assets of the Harbour Authority as required.
37. The balance in the ARR is expected to increase to £513,575 at 31 March 2022, after £2,000 expenditure as outlined earlier in this report, offset by the £35,000 annual contribution and £1,000 anticipated interest receivable.
38. There is no planned spend from the ARR in 2022/23. Therefore, with the £35,000 annual contribution and estimated interest receivable, the balance in the ARR is expected to increase to £549,575 by 31 March 2023.
39. The balance in the AER is expected to reduce to £55,361 by 31 March 2022 and reduce further to £27,361 by 31 March 2023 due to the provision for planned expenditure of £12,000 in 2021/22 in relation to a pump replacement at Warsash Jetty and £28,000 in 2022/23 in relation to the contribution to the Hamble Games and delayed design and implementation for the re-design of three pontoons. If however it is agreed that the pump replacement can be charged to revenue the expected AER balances are £67,361 by 31 March 2022 and £39,361 by 31 March 2023.

### **Impact Assessment**

40. This report is in accordance with the budget strategy and the County Council's financial management policy. This policy applies equally to all services and ensures consistent financial management decisions across all services. The proposals outlined in this report are not considered discriminatory.

### **Consultation and Equalities**

41. Consultation and equality impact assessments will be undertaken by the Harbour Authority as appropriate for decisions, but are not included within this finance report.

## **Climate Change Impact Assessment**

42. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

### **43. Climate Change Adaptation and Mitigation.**

The carbon mitigation tool and climate change adaptation tools were not applicable on this occasion because the decision relates to a programme that is strategic/administrative in nature.

## **Conclusions**

44. This report presents the forecast outturn as at 30 September 2021 and proposed forward budget for 2022/23.

45. The forecast for the current year is expected to be broadly in line with the budget allowing for a contribution to the revenue reserve and the proposed forward budget also allows for a small contribution to the revenue reserve.

46. The financial position of the River Hamble Harbour Authority is considered to be healthy and well managed and there are no significant concerns or issues to bring to the Board's attention.

**REQUIRED CORPORATE AND LEGAL INFORMATION:****Links to the Strategic Plan**

|   |     |
|---|-----|
| <b>Hampshire maintains strong and sustainable economic growth and prosperity:</b> | Yes |
| <b>People in Hampshire live safe, healthy and independent lives:</b>              | Yes |
| <b>People in Hampshire enjoy a rich and diverse environment:</b>                  | Yes |
| <b>People in Hampshire enjoy being part of strong, inclusive communities:</b>     | Yes |

**Other Significant Links**

|  |             |
|--|-------------|
| <b>Links to previous Member decisions:</b>                           |             |
| <u>Title</u><br>None   | <u>Date</u> |
| <b>Direct links to specific legislation or Government Directives</b> |             |
| <u>Title</u><br>None   | <u>Date</u> |

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

|                 |                 |
|-----------------|-----------------|
| <u>Document</u> | <u>Location</u> |
| None            |                 |



## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic.
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it.
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **Equalities Impact Assessment:**

1.2. This report is in accordance with the budget strategy and the County Council's financial management policy. This policy applies equally to all services and ensures consistent financial management decisions across all services. The proposals outlined in this report are not considered discriminatory.

### **2. Impact on Crime and Disorder:**

2.1. This report does not deal with any issues relating to crime and disorder.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption? The contents of this report have no impact on carbon footprint or energy consumption.
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Given this is an administrative report that deals with the reporting of the financial position there are no climate change impacts specifically associated with this paper. However the climate change assessment tool will be used by the Harbour Authority as appropriate and impact will be detailed in the Harbour Master's environmental report and other reports as relevant.

## Appendix 1 – 2021/22 Forecast Outturn as at P6 (end of September)

|  | 2021/22<br>Original<br>Budget<br>£'000 | 2021/22<br>Revised<br>Budget<br>£'000 | 2021/22<br>Forecast<br>Outturn<br>as at Sept<br>£'000 | 2021/22<br>Variance<br>to Budget<br>£'000 |
|--|--|---------------------------------------|---|---|
| <b>EXPENDITURE</b>                         |  |                                       |   |   |
| <b>Staff Related</b>                       |  |                                       |   |   |
| Salaries                                   | 469                                    | 460                                   | 472   | 12  |
| Past Pension Contributions                 | -                                      | -                                     | -   | -   |
| Training                                   | 5                                      | 5                                     | 2   | (3)                                       |
| Professional Subscriptions                 | 2                                      | 2                                     | 2   | -   |
| <b>Sub-Total Staff Related</b>             | <b>476</b>                             | <b>467</b>                            | <b>476</b>  | <b>9</b>                                  |
| <b>Premises</b>                            |  |                                       |   |   |
| Rent / Rates                               | 33                                     | 33                                    | 36  | 3   |
| Electricity                                | 2                                      | 2                                     | 2   | -   |
| Gas  | 1                                      | 1                                     | 1   | -   |
| Water / Sewerage                           | 1                                      | 1                                     | 1   | -   |
| Repair & Maintenance                       | 2                                      | 2                                     | 2   | -   |
| <b>Sub-Total Premises</b>                  | <b>39</b>                              | <b>39</b>                             | <b>42</b>   | <b>3</b>                                  |
| <b>Transport</b>                           |  |                                       |   |   |
| Repair, Maintenance and Boat Refurbishment | 3                                      | 3                                     | 4   | 1   |
| Vehicle Running Expenses (Fuel)            | 3                                      | 3                                     | 5   | 2   |
| Tools (including Chandlery)                | 2                                      | 2                                     | 2   | -   |
| Car Allowances / Staff Travel              | 1                                      | 1                                     | 1   | -   |
| Insurance                                  | 2                                      | 2                                     | 2   | -   |
| <b>Sub-Total Transport</b>                 | <b>11</b>                              | <b>11</b>                             | <b>14</b>   | <b>3</b>                                  |
| <b>Supplies &amp; Services</b>             |  |                                       |   |   |
| Office Expenses                            | 26                                     | 38                                    | 38  | -   |
| Environmental Maintenance                  | 4                                      | 4                                     | 4   | -   |
| Public Jetties & Navigational Safety       | 6                                      | 6                                     | 9   | 3   |
| Central Department Charges                 | 43                                     | 43                                    | 43  | -   |
| Designated Person                          | 10                                     | 10                                    | 10  | -   |
| Oil Spill Response                         | 4                                      | 4                                     | 4   | -   |
| <b>Sub-Total Supplies &amp; Services</b>   | <b>93</b>                              | <b>105</b>                            | <b>108</b>  | <b>3</b>                                  |
| <b>GROSS EXPENDITURE</b>                   | <b>619</b>                             | <b>622</b>                            | <b>640</b>  | <b>18</b>                                 |

**Appendix 1 – 2021/22 Forecast Outturn as at P6 (end of September)**

|   | <b>2021/22<br/>Original<br/>Budget<br/>£'000</b> | <b>2021/22<br/>Revised<br/>Budget<br/>£'000</b> | <b>2021/22<br/>Forecast<br/>Outturn<br/>as at Sept<br/>£'000</b> | <b>2021/22<br/>Variance<br/>to Budget<br/>£'000</b> |
|---|--|---|--|---|
| <b>INCOME</b>                               |  |   |  |   |
| Harbour Dues                                | (551)  | (551)   | (556)  | (5)   |
| Crown Estate Funding                        | (71)   | (71)  | (71)   | -   |
| Visitor Income                              | (45)   | (45)  | (58)   | (13)  |
| Miscellaneous Income                        | (3)  | (3)   | (3)  | -   |
| Towing Charges                              | (9)  | (9)   | (9)  | -   |
| Other Funding                               | (1)  | (1)   | -  | 1   |
| Interest                                    | (1)  | (1)   | -  | 1   |
| <b>GROSS INCOME</b>                         | <b>(681)</b>                                     | <b>(681)</b>                                    | <b>(697)</b>   | <b>(16)</b>   |
| <b>NET REVENUE FUNDED<br/>EXPENDITURE</b>   | <b>(62)</b>                                      | <b>(59)</b>                                     | <b>(57)</b>  | <b>2</b>  |
| <b>INCOME / EXPENDITURE ON<br/>RESERVES</b> |  |   |  |   |
| <b>Projects Funded by Reserves</b>          |  |   |  |   |
| Asset Enhancement Projects                  | 12   | 12  | 12   | -   |
| Asset Replacement Projects                  | -  | -   | 2  | 2   |
| Revenue Reserve Projects                    | -  | -   | -  | -   |
| <b>Expenditure from Reserves</b>            | <b>12</b>  | <b>12</b>                                       | <b>14</b>  | <b>2</b>  |
| <b>Interest on Reserves</b>                 |  |   |  |   |
| Asset Enhancement Interest                  | -  | -   | -  | -   |
| Asset Replacement Interest                  | (3)  | (3)   | (1)  | 2   |
| <b>Income on Reserves</b>                   | <b>(3)</b>                                       | <b>(3)</b>                                      | <b>(1)</b>   | <b>2</b>  |
| <b>NET RESERVES FUNDED<br/>EXPENDITURE</b>  | <b>9</b>   | <b>9</b>  | <b>13</b>  | <b>4</b>  |
| <b>TOTAL NET EXPENDITURE</b>                | <b>(53)</b>                                      | <b>(50)</b>                                     | <b>(44)</b>  | <b>6</b>  |

## Appendix 1 – 2021/22 Forecast Outturn as at P6 (end of September)

|   | 2021/22<br>Original<br>Budget | 2021/22<br>Revised<br>Budget | 2021/22<br>Forecast<br>Outturn<br>as at Sept | 2021/22<br>Variance<br>to Budget |
|---|-------------------------------|------------------------------|--|----------------------------------|
|   | £'000                         | £'000                        | £'000  | £'000                            |
| <b>RESERVES</b>                                 |                               |                              |  |                                  |
| Contribution to Asset Replacement Reserves      | 35                            | 35                           | 35   | -                                |
| Transfer To / (From) Revenue Reserves           | 27                            | 24                           | 22   | (2)                              |
| Transfer To / (From) Asset Enhancement Reserves | -                             | -                            | -  | -                                |
|   | <b>62</b>                     | <b>59</b>                    | <b>57</b>                                    | <b>(2)</b>                       |
| Transfer Interest to Reserves                   | 3                             | 3                            | 1  | (2)                              |
| Transfers from Reserves - Projects              | (12)                          | (12)                         | (14)   | (2)                              |
|   | <b>(9)</b>                    | <b>(9)</b>                   | <b>(13)</b>                                  | <b>(4)</b>                       |
| <b>TOTAL TRANSFERS TO / (FROM) RESERVES</b>     | <b>53</b>                     | <b>50</b>                    | <b>44</b>                                    | <b>(6)</b>                       |

**Appendix 1b – Further detail on Harbour Dues, Visitors Income, Office Expenses and Central Department Charges**

|  | <b>2021/22<br/>Original<br/>Budget<br/>£'000</b> | <b>2021/22<br/>Revised<br/>Budget<br/>£'000</b> | <b>2021/22<br/>Forecast<br/>Outturn as<br/>at Sept<br/>£'000</b> | <b>2021/22<br/>Variance<br/>to<br/>Budget<br/>£'000</b> |
|--|--|---|--|---|
| <b>Harbour Dues Income</b>                   |  |   |  |   |
| Marinas and Boatyards                        | (443)  | (443)   | (444)  | (1)   |
| River Moorings                               | (108)  | (108)   | (112)  | (4)   |
| <b>Total Harbour Dues Income</b>             | <b>(551)</b>                                     | <b>(551)</b>                                    | <b>(556)</b>   | <b>(5)</b>  |
| <b>Visitor Income</b>                        |  |   |  |   |
| Mid Stream Visitors Pontoon                  | (17)   | (17)  | (25)   | (8)   |
| Warsash Jetty                                | (18)   | (18)  | (18)   | -   |
| Hamble Jetty                                 | (3)  | (3)   | (3)  | -   |
| Commercial and Pleasure Craft Income         | (7)  | (7)   | (12)   | (5)   |
| <b>Total Visitor Income</b>                  | <b>(45)</b>                                      | <b>(45)</b>                                     | <b>(58)</b>  | <b>(13)</b>   |
| <b>Office Expenses</b>                       |  |   |  |   |
| Equipment                                    | 1  | 1   | 1  | -   |
| First Aid Supplies / Health & Safety         | 1  | 1   | 2  | 1   |
| Printing & Stationery                        | 3  | 2   | 2  | -   |
| Catering / General                           | 1  | 1   | 1  | -   |
| Protective Clothing and Safety Equipment     | 3  | 3   | 3  | -   |
| IT Charges                                   | 7  | 7   | 7  | -   |
| Postage                                      | 1  | 1   | 1  | -   |
| Subscriptions                                | 2  | 2   | 2  | -   |
| Promotional Events / Publicity /Publications | 3  | 3   | 3  | -   |
| Retail (Crabbing Equipment)                  | 1  | 1   | -  | (1)   |
| Credit Card Charges (re Income Collection)   | 3  | 16  | 16   | -   |
| <b>Total Office Expenses</b>                 | <b>26</b>  | <b>38</b>                                       | <b>38</b>  | <b>-</b>  |
| <b>Central Department Charges</b>            |  |   |  |   |
| Operational Finance                          | 22   | 22  | 22   | -   |
| Integrated Business Centre / Audit / Tax     | 6  | 6   | 6  | -   |
| Democratic Services (Including Venue Hire)   | 9  | 9   | 9  | -   |
| Legal Services                               | 5  | 5   | 5  | -   |
| Solent Forum Contribution                    | 1  | 1   | 1  | -   |
| <b>Total Central Department Charges</b>      | <b>43</b>  | <b>43</b>                                       | <b>43</b>  | <b>-</b>  |

## Appendix 2 – 2022/23 Forward Budget

|  | 2021/22<br>Forecast<br>Outturn<br>£'000 | 2021/22<br>Revised<br>Budget<br>£'000 | Adjust'<br>ments<br>£'000 | 2022/23<br>Forward<br>Budget<br>£'000 |
|--|---|---------------------------------------|---------------------------|---------------------------------------|
| <b>EXPENDITURE</b>                         |   |                                       |                           |                                       |
| <b>Staff Related</b>                       |   |                                       |                           |                                       |
| Salaries                                   | 472                                     | 460                                   | 26                        | 486                                   |
| Past Pension Contributions                 | -                                       | -                                     | -                         | -                                     |
| Training                                   | 2                                       | 5                                     | (2)                       | 3                                     |
| Professional Subscriptions                 | 2                                       | 2                                     | -                         | 2                                     |
| <b>Sub-Total Staff Related</b>             | <b>476</b>                              | <b>467</b>                            | <b>24</b>                 | <b>491</b>                            |
| <b>Premises</b>                            |   |                                       |                           |                                       |
| Rent / Rates                               | 36                                      | 33                                    | 2                         | 35                                    |
| Electricity                                | 2                                       | 2                                     | -                         | 2                                     |
| Gas  | 1                                       | 1                                     | -                         | 1                                     |
| Water / Sewerage                           | 1                                       | 1                                     | -                         | 1                                     |
| Repair & Maintenance                       | 2                                       | 2                                     | 1                         | 3                                     |
| <b>Sub-Total Premises</b>                  | <b>42</b>                               | <b>39</b>                             | <b>3</b>                  | <b>42</b>                             |
| <b>Transport</b>                           |   |                                       |                           |                                       |
| Repair, Maintenance and Boat Refurbishment | 4                                       | 3                                     | 1                         | 4                                     |
| Vehicle Running Expenses (Fuel)            | 5                                       | 3                                     | 2                         | 5                                     |
| Tools (including Chandlery)                | 2                                       | 2                                     | -                         | 2                                     |
| Car Allowances / Staff Travel              | 1                                       | 1                                     | -                         | 1                                     |
| Insurance                                  | 2                                       | 2                                     | -                         | 2                                     |
| <b>Sub-Total Transport</b>                 | <b>14</b>                               | <b>11</b>                             | <b>3</b>                  | <b>14</b>                             |
| <b>Supplies &amp; Services</b>             |   |                                       |                           |                                       |
| Office Expenses                            | 38                                      | 38                                    | -                         | 38                                    |
| Environmental Maintenance                  | 4                                       | 4                                     | -                         | 4                                     |
| Public Jetties & Navigational Safety       | 9                                       | 6                                     | (1)                       | 5                                     |
| Central Department Charges                 | 43                                      | 43                                    | -                         | 43                                    |
| Designated Person                          | 10                                      | 10                                    | -                         | 10                                    |
| Oil Spill Response                         | 4                                       | 4                                     | -                         | 4                                     |
| <b>Sub-Total Supplies &amp; Services</b>   | <b>108</b>                              | <b>105</b>                            | <b>(1)</b>                | <b>104</b>                            |
| <b>GROSS EXPENDITURE</b>                   | <b>640</b>                              | <b>622</b>                            | <b>29</b>                 | <b>651</b>                            |

## Appendix 2 – 2022/23 Forward Budget

|   | 2021/22<br>Forecast<br>Outturn<br>£'000 | 2021/22<br>Revised<br>Budget<br>£'000 | Adjust'<br>ments<br>£'000 | 2022/23<br>Forward<br>Budget<br>£'000 |
|---|---|---------------------------------------|---------------------------|---------------------------------------|
| <b>INCOME</b>                           |   |                                       |                           |                                       |
| Harbour Dues                            | (556)                                   | (551)                                 | (8)                       | (559)                                 |
| Crown Estate Funding                    | (71)                                    | (71)                                  | -                         | (71)                                  |
| Visitor Income                          | (58)                                    | (45)                                  | -                         | (45)                                  |
| Miscellaneous Income                    | (3)                                     | (3)                                   | -                         | (3)                                   |
| Towing Charges                          | (9)                                     | (9)                                   | -                         | (9)                                   |
| Other Funding                           | -                                       | (1)                                   | -                         | (1)                                   |
| Interest                                | -                                       | (1)                                   | 1                         | -                                     |
| <b>GROSS INCOME</b>                     | <b>(697)</b>                            | <b>(681)</b>                          | <b>(7)</b>                | <b>(688)</b>                          |
| <b>NET REVENUE FUNDED EXPENDITURE</b>   | <b>(57)</b>                             | <b>(59)</b>                           | <b>22</b>                 | <b>(37)</b>                           |
| <b>INCOME / EXPENDITURE ON RESERVES</b> |   |                                       |                           |                                       |
| <b>Projects Funded by Reserves</b>      |   |                                       |                           |                                       |
| Asset Enhancement Projects              | 12                                      | 12                                    | 16                        | 28                                    |
| Asset Replacement Projects              | 2                                       | -                                     | -                         | -                                     |
| Revenue Reserve Projects                | -                                       | -                                     | -                         | -                                     |
| <b>Expenditure from Reserves</b>        | <b>14</b>                               | <b>12</b>                             | <b>16</b>                 | <b>28</b>                             |
| <b>Interest on Reserves</b>             |   |                                       |                           |                                       |
| Asset Enhancement Interest              | -                                       | -                                     | -                         | -                                     |
| Asset Replacement Interest              | (1)                                     | (3)                                   | 2                         | (1)                                   |
| <b>Income on Reserves</b>               | <b>(1)</b>                              | <b>(3)</b>                            | <b>2</b>                  | <b>(1)</b>                            |
| <b>NET RESERVES FUNDED EXPENDITURE</b>  | <b>13</b>                               | <b>9</b>                              | <b>18</b>                 | <b>27</b>                             |
| <b>TOTAL NET EXPENDITURE</b>            | <b>(44)</b>                             | <b>(50)</b>                           | <b>40</b>                 | <b>(10)</b>                           |

## Appendix 2 – 2022/23 Forward Budget

|   | 2021/22<br>Forecast<br>Outturn<br>£'000 | 2021/22<br>Revised<br>Budget<br>£'000 | Adjust'<br>ments<br>£'000 | 2022/23<br>Forward<br>Budget<br>£'000 |
|---|---|---------------------------------------|---------------------------|---------------------------------------|
| <b>RESERVES</b>                                 |   |                                       |                           |                                       |
| Contribution to Asset Replacement Reserves      | 35                                      | 35                                    | -                         | 35                                    |
| Transfer To / (From) Revenue Reserves           | 22                                      | 24                                    | (22)                      | 2                                     |
| Transfer To / (From) Asset Enhancement Reserves | -                                       | -                                     | -                         | -                                     |
|   | <b>57</b>                               | <b>59</b>                             | <b>(22)</b>               | <b>37</b>                             |
| Transfer Interest to Reserves                   | 1                                       | 3                                     | (2)                       | 1                                     |
| Transfers from Reserves - Projects              | (14)                                    | (12)                                  | (16)                      | (28)                                  |
|   | <b>(13)</b>                             | <b>(9)</b>                            | <b>(18)</b>               | <b>(27)</b>                           |
| <b>TOTAL TRANSFERS TO / (FROM) RESERVES</b>     | <b>44</b>                               | <b>50</b>                             | <b>(40)</b>               | <b>10</b>                             |



**Appendix 2a – Further detail on Harbour Dues, Visitors Income, Office Expenses and Central Department Charges**

|  | <b>2021/22<br/>Forecast<br/>Outturn<br/>£'000</b> | <b>2021/22<br/>Revised<br/>Budget<br/>£'000</b> | <b>Adjust'<br/>ments<br/>£'000</b> | <b>2022/23<br/>Forward<br/>Budget<br/>£'000</b> |
|--|---|---|------------------------------------|---|
| <b>Harbour Dues Income</b>                   |   |   |                                    |   |
| Marinas and Boatyards                        | (444)   | (443)   | (3)                                | (446)   |
| River Moorings                               | (112)   | (108)   | (5)                                | (113)   |
| <b>Total Harbour Dues Income</b>             | <b>(556)</b>                                      | <b>(551)</b>                                    | <b>(8)</b>                         | <b>(559)</b>                                    |
| <b>Visitor Income</b>                        |   |   |                                    |   |
| Mid Stream Visitors Pontoon                  | (25)  | (17)  | -                                  | (17)  |
| Warsash Jetty                                | (18)  | (18)  | -                                  | (18)  |
| Hamble Jetty                                 | (3)   | (3)   | -                                  | (3)   |
| Commercial and Pleasure Craft Income         | (12)  | (7)   | -                                  | (7)   |
| <b>Total Visitor Income</b>                  | <b>(58)</b>                                       | <b>(45)</b>                                     | <b>-</b>                           | <b>(45)</b>                                     |
| <b>Office Expenses</b>                       |   |   |                                    |   |
| Equipment                                    | 1   | 1   | -                                  | 1   |
| First Aid Supplies / Health & Safety         | 2   | 1   | -                                  | 1   |
| Printing & Stationery                        | 2   | 2   | -                                  | 2   |
| Catering / General                           | 1   | 1   | -                                  | 1   |
| Protective Clothing and Safety Equipment     | 3   | 3   | -                                  | 3   |
| IT Charges                                   | 7   | 7   | -                                  | 7   |
| Postage                                      | 1   | 1   | -                                  | 1   |
| Subscriptions                                | 2   | 2   | -                                  | 2   |
| Promotional Events / Publicity /Publications | 3   | 3   | -                                  | 3   |
| Retail (Crabbing Equipment)                  | -   | 1   | -                                  | 1   |
| Credit Card Charges (re Income Collection)   | 16  | 16  | -                                  | 16  |
| <b>Total Office Expenses</b>                 | <b>38</b>   | <b>38</b>                                       | <b>-</b>                           | <b>38</b>                                       |
| <b>Central Department Charges</b>            |   |   |                                    |   |
| Operational Finance                          | 22  | 22  | -                                  | 22  |
| Integrated Business Centre / Audit / Tax     | 6   | 6   | -                                  | 6   |
| Democratic Services (Including Venue Hire)   | 9   | 9   | -                                  | 9   |
| Legal Services                               | 5   | 5   | -                                  | 5   |
| Solent Forum Contribution                    | 1   | 1   | -                                  | 1   |
| <b>Total Central Department Charges</b>      | <b>43</b>   | <b>43</b>                                       | <b>-</b>                           | <b>43</b>                                       |

### Appendix 3 – Reserves

|  | Revenue Reserve<br>£ | Asset Enhancement Reserve<br>£ | Asset Replacement Reserve<br>£ | Total<br>£     |
|--|----------------------|--------------------------------|--------------------------------|----------------|
| <b>Balance as at 31 March 2021</b>                               | <b>43,829</b>        | <b>67,361</b>                  | <b>479,575</b>                 | <b>590,765</b> |
| Transfer to ARR from Revenue                                     | (35,000)             | 0                              | 35,000                         | 0              |
| Asset Enhancement - Warsash jetty pump replacement               | 0                    | (12,000)                       | 0                              | (12,000)       |
| Asset Replacement - Boat engines and navigation buoy anchors     | 0                    | 0                              | (2,000)                        | (2,000)        |
| Annual Interest Receivable                                       | 0                    | 0                              | 1,000                          | 1,000          |
| Net Surplus for the year   | 57,000               | 0                              | 0                              | 57,000         |
| <b>Balance at 31 March 2022</b>                                  | <b>65,829</b>        | <b>55,361</b>                  | <b>513,575</b>                 | <b>634,765</b> |
| Transfer to ARR from Revenue                                     | (35,000)             | 0                              | 35,000                         | 0              |
| Asset Enhancement - Hamble Games and re-design of three pontoons | 0                    | (28,000)                       | 0                              | (28,000)       |
| Annual Interest Receivable                                       | 0                    | 0                              | 1,000                          | 1,000          |
| Net Surplus for the year   | 37,000               | 0                              | 0                              | 37,000         |
| <b>Balance at 31 March 2022</b>                                  | <b>67,829</b>        | <b>27,361</b>                  | <b>549,575</b>                 | <b>644,765</b> |