Subject:	**Revenue Budget 2012/13**
Head of Service:	Head of Finance
Decision Issues:	No decision required
Decision:	Non-key
Classification:	This report is open to the public
CCC Ward:	**Harbour**
Summary:	*This report outlines the budget for 2012/13 in comparison with the 2011/12 projection and 2010/11 actual result.*
To Consider	**That the report be noted**

SUPPORTING INFORMATION

1. Introduction

1.1 The Harbour budget presented here is the result of detailed discussions held between the Deputy Head of Culture and Enterprise, the Port Manager and Harbour Master, and the Financial Services Manager.

1.2 The budget was compiled on a zero based approach and represents a realistic budget taking into account all known expenditure liabilities and income streams.

2. The Budget

2.1 The 2012/13 budget is being considered by full council on 16 February 2012.

2.2 The figures below compare the harbour budget with the most recent projected outturn for 2011/12 and the actual results for 2010/11:

	2012/13 Budget	2011/12 Projection as at Sept 2011	2010/11 Actual
Revenues	£	£	£
Rents and Concessions	435,100	406,900	419,755
Cargo Wharfage	32,000	32,000	24,153
Vessel Fees and Dues	67,400	62,400	51,540
Storage	7,000	7,000	6,048
Parking Fees	55,000	60,000	44,511
Other Income	49,700	47,500	50,920
	646,200	**615,800**	**596,925**
Direct Costs			
Employee Costs	118,800	126,100	146,300
Premises Costs	136,700	129,100	117,195
Transport Costs	8,500	15,000	10,276
Supplies and Services	20,000	17,100	27,523
	284,000	**287,300**	**301,293**
Operating Surplus	**362,200**	**328,500**	**295,632**
Central Support Costs	(130,300)	(139,300)	(173,360)
Capital Charges	(46,300)	(37,100)	(27,830)
Interest on Reserves	5,300	3,800	2,646
Depreciation	(10,000)	(8,000)	(6,000)
Net Result	**180,900**	**147,900**	**91,089**

As the Harbour budget is a ring-fenced account, end of year surpluses or deficits will be transferred to the Harbour General Reserve.

3. **Explanation of Major Variances in Revenues and Direct Costs**

3.1 Major variances between the 2012/13 budget and the 2011/12 projection are explained as follows:

- Additional rent arising from letting some vacant space, rent reviews and full year income from the 8 additional beach huts.

- Savings on Employee costs as a result of reduced employer's superannuation contributions and reduced overtime.

- An increase in Premises costs is due to additional repair and maintenance requirements and an increase in the annual contribution to the dredging reserve.

- Transport costs are lower as there was higher than expected pilot boat costs in 2011/12 which are unlikely to be repeated in 2012/13.

3.2 The Harbour Board will receive quarterly budget monitoring reports showing performance against the budget and a projected full year outturn.

4. Central Support Costs and Capital Charges

4.1 Following initial notification of the central support costs, these were subject to review and challenge. Overall costs have been reduced as a result.

4.2 The Capital Charge budget has increased to reflect capital charges for the south quay repairs due to be completed in 2012/13.

4.3 Depreciation charges were recalculated across the council in 2008/09. This has meant that the harbour's depreciation charge would have risen from £700 in 2007/08 to £10,000 in 2008/09. However, it has been agreed to phase in the increase over a five-year period resulting in a charge of £10,000 for 2012/13.

5. Relevant Council Policy

Council Budget Strategy

6. Consultation

Consultation has taken place as part of the overall budget process.

7. Options available

7.1 The Board can:

a) Note the budget as presented, or

b) Suggest changes to the budget

8. Implications

(a) Financial Implications – as identified in the report

(d) Legal Implications – none

Other implications:

(c) Property Portfolio Implications – utilisation of vacant land and buildings can generate additional income.

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