

TORBAY COUNCIL

Report No: **528/2005**

Title: **Marine Services Budget and Harbour Charges 2006/07**

To: Harbour Committee on 5th December 2005

1. Purpose

- 1.1 This report provides Members with the opportunity to consider the level of harbour charges to be levied by Marine Services, on behalf of the Council as the Harbour Authority, in the next financial year and to consider and recommend a Marine Services budget for 2006/2007. This is being considered at this time to enable implementation and payment to be made in advance of the granting of facilities for the coming financial year.

2. Relationship to Corporate Priorities

- 2.1 The Marine Services harbour function contributes to the Council's key area of Performance Management by making effective use of resources, as well as contributing to the Jobs and Industry priority.

3. Recommendation(s)

- 3.1 That, having had regard to the opinions expressed by the Harbour Liaison Forums and Harbour Users Groups, Members consider two proposals, for onward recommendation to the Council, to increase the harbour charges for 2006/07, by either a representative average increase of 3% or by a representative average increase of 5%.
- 3.2 That, the Marine Services budget for 2006/07, based on a 3% or 5% increase in harbour charges (as set out in Appendix 2 and Appendix 3 to this report) be recommended to Council for approval.

4. Reason for Recommendation(s)

- 4.1 To advise the Council about the appropriate level of the harbour charges for Tor Bay Harbour for 2006/07, having considered the budgetary implications set out in this report.
- 4.2 To advise the Council on a budget for Marine Services for 2006/07.

5. Key Risks associated with the Recommendation(s)

- 5.1 Members should consider the opinions given and the budgetary implications when setting the Tor Bay Harbour charges for 2006/07.

Likelihood	6	6	12	18	24
	5	5	10	15	20
	4	4	8 X	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
		Impact			

 Low risk  Intermediate risk  High risk

The "x" in the above matrix denotes where the author has assessed the level of final risk to fall

6. **Alternative Options (if any)**

- 6.1 Make no change to the level of harbour charges and accept increased operational deficits.

7. **Background**

- 7.1 The provisional Harbour Estimates for 2006/07, together with the Original Approved Estimate for 2005/06 and Projected Outturn for 2005/06, are attached at Appendix 1 and reflect the likely operating position for the two harbour accounts for next year, without any increase in Harbour Charges.

- 7.2 It will be noted from Appendix 1 that before any increase in charges is applied, there is the likelihood of deficits at both Torquay/Paignton and Brixham Harbours for the 2006/07 financial year of £6,000 and £23,000 respectively.

- 7.3 Before charges are reviewed Provisional Estimates indicate that the balances of the Harbour Reserve Funds as at 31st March, 2007 could be in the region of:-

Torquay and Paignton Harbours	-	£157,000
Brixham Harbour	-	£1,002,000

- 7.4 Given such factors as the continued uncertainty over future levels of fish toll income at Brixham and the probability of future additional maintenance requirements at all three harbours, there is no guarantee that the operational accounts will break even in future years. It is, therefore, important that the ability of the Harbour Reserve Funds to sustain operating deficits without seeking General Fund support, or creating a distortion in Harbour Charges across the Bay, is maintained.

- 7.5 The table below indicates the increase in charges in recent years, compared with the retail price index (RPI) taken at the April point of the previous year. In the last five years increases of 3%, 3.5%, 2.5%, 2.8% and 3% have been applied. Prior to 2005/06 a 1% increase was applied in addition to inflation to effect minute 255(i)/10/94 which related to a Policy Committee decision made on the 4th October 1994 for approved remedial works to Torquay Harbour walls at a cost of £230,000. An indication of previous harbour charges increases compared with RPI are as follows:-

<i>Charges Year</i>	<u>Overall Increase</u>	<u>Actual RPI</u>
2006/07	To be determined	3.2%
2005/06	3%	2.5%
2004/05	3.5%	3.1%
2003/04	2.5%	1.5%
2002/03	2.8%	1.8%
2001/02	3.0%	3.0%
2000/01	6.0%	1.6%
1999/00	3.5%	4.0%

7.6 **Effect on Revenue Income**

An increase in Harbour Charges is estimated to produce the following additional annual income:-

	<u>3 %</u>	<u>5%</u>
Torquay and Paignton Harbours	£6,450	£10,750
Brixham Harbour	£6,420	£10,700

7.7 Actual level of increase to Harbour Charges for 2006/07

It is recommended that harbour charges be increased, on average, by either 3% as shown at Appendix 5 or, on average, by 5% as shown at Appendix 6. For the purposes of comparison the current schedule of approved Tor Bay Harbour Charges 2005/06 is attached as Appendix 4.

Kevin Mowat
Director of Marine Services

Contact Officer: Kevin Mowat
Extension: 2724
E.mail address: Kevin.Mowat@torbay.gov.uk
Pete.Truman@torbay.gov.uk

Richard Thorpe
Director of Finance

Contact Officer: Pete Truman
Extension: 7302
E.mail address

IMPLICATIONS, CONSULTATION AND OTHER INFORMATION

Part 1

These sections may have been completed by the Report author but must have been agreed by the named officers in the Legal, Finance, Human Resources, Estates and Property and Procurement.

Does the proposal have implications for the following issues? If "Yes" - give details. <i>delete as appropriate</i>		Name of responsible officer
Legal	Yes	Bill Norman
Financial – Revenue	Yes – as detailed in the report	Pete Truman
Financial – Capital Plan	No	Steve Warren
Human resources	No	Susan Wiltshire
Property	No	Sam Partridge
Procurement and Efficiency	N/A	

Part 2

The author of the report must complete these sections.

Could this proposal realistically be achieved in a manner that would more effectively: <i>delete as appropriate</i>		
(i)	promote environmental sustainability?	No
(ii)	reduce crime and disorder?	No
(iii)	promote good community relations?	No
(iv)	promote equality of opportunity on grounds of race, gender, disability, age, sexual orientation, religion or belief?	No
(v)	reduce (or eliminate) unlawful discrimination (including indirect discrimination)?	No

If the answer to any of the above questions is "Yes" the author must have addressed the relevant issue/s in the main report and have included a full justification and, where appropriate, an impact assessment.

Part 3

The author of the report must complete this section.

	<i>delete as appropriate</i>	If "Yes", give details
Does the proposal have implications for any other Business Units?	No	

Part 4

Is this proposal in accordance with (i.e. not contrary to) the Council's budget or its Policy Framework?	<i>delete as appropriate</i>
	Yes
1.	If "No" - give details of the nature and extent of consultation with stakeholders and the relevant overview and scrutiny body.
2.	If "Yes" - details and outcome of consultation, if appropriate. Consultation with the Council's Brixham Harbour Liaison Forum and Torquay/Paignton Harbour Liaison Forum was undertaken in November 2005. Both Forums indicated a general support for an increase in the harbour charges of no more than 3%. Individual Harbour User Associations have also been asked to comment on the proposed increases in harbour charges. (Related correspondence will be circulated with this report as appropriate)

Part 5

Is the proposal a Key Decision?	<i>delete as appropriate</i>	If "Yes" - give Reference Number
	No	

Part 6

Wards

All wards

Appendices

Appendix 1	Provisional Harbour Estimates for 2006/07 & Original Estimates for 2005/06 with no increase in Harbour Charges.
Appendix 2	Provisional Harbour Estimates for 2006/07 & Original Estimates for 2005/06 with a 3% increase in Harbour Charges.
Appendix 3	Provisional Harbour Estimates for 2006/07 & Original Estimates for 2005/06 with a 5% increase in Harbour Charges.
Appendix 4	Existing Layout and Schedule of Tor Bay Harbour Charges 2005/06.
Appendix 5	Schedule of Tor Bay Harbour Charges for 2006/07 showing a representative average increase of 3% (to follow).
Appendix 6	Schedule of Tor Bay Harbour Charges for 2006/07 showing a representative average increase of 5% (to follow).
Appendix 7	Letter to Harbour User Groups

Background Papers:

The following documents/files were used to compile this report:

Schedule of Tor Bay Harbour Charges 2005/06.

Tor Bay Harbour Act 1970.

Tor Bay Harbour (Torquay Marina Act &c.) Act 1983.

Minutes for the November Torquay & Paignton Harbour Liaison Forum.

Minutes for the November Brixham Harbour Liaison Forum.