



Report No: **326/2007** Public Agenda Item: **Yes**

Title: **Marine Services Budget and Harbour Charges 2008/09**

Wards Affected: **All Wards in Torbay**

To: **Harbour Committee** On: **3 December 2007**

Key Decision: **Yes** Date Decision Effective:

Change to Budget: **Yes** Change to Policy Framework: **No**

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## **1. What we are trying to achieve**

- 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 the Marine Services budget for 2008/09. 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. Recommendation(s) for decision**

- 2.1 That, having had regard to the opinions expressed by the Harbour Liaison Forums and the Harbour User Groups, Members consider two proposals, to increase the harbour charges for 2008/09, by either a representative average 5% or by a representative average increase of 7%.
- 2.2 That the Marine Services budget for 2008/09, based on either a 5% or 7% increase in harbour charges (as set out in Appendix 2 and Appendix 3 to this report) be approved.
- 2.3 That the existing non commercial customers being displaced by the Torquay Harbour Town Dock be given a three year phased increase to the charges being proposed for new non commercial customers.
- 2.4 That during 2008/09 Marine Services review the harbour charges for commercial customers using the Torquay Harbour Town Dock and other harbour facilities.

### **3. Key points and reasons for recommendations**

- 3.1 The provisional Harbour Estimates for 2008/09, together with the Original Approved Estimate for 2007/08 and Projected Outturn for 2007/08, 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.
- 3.2 It will be noted from Appendix 1 that before any increase in charges is applied, there is the likelihood of a surplus at Torquay/Paignton Harbours of £12,000 and a deficit at Brixham Harbour of £26,000 for the 2008/09 financial year.
- 3.3 An increase in Harbour Charges is estimated to produce the following additional annual income:-

	<u>5%</u>	<u>7%</u>
Torquay and Paignton Harbours	£18,200	£22,000
Brixham Harbour	£9,500	£13,300

- 3.4 It is recommended that Harbour Charges be increased, on average, by either 5% as shown at Appendix 5 or on average 7% as shown at Appendix 6. For the purposes of comparison the current schedule of approved Tor Bay Harbour Charges 2007/08 is attached at Appendix 4
- 3.5 The Committee are asked decide on the appropriate level of harbour charges for Tor Bay Harbour for 2008/09, having considered the budgetary implications set out in this report.
- 3.6 The Committee are also asked to approve the 2008/09 budget for Marine Services.

**For more detailed information on this proposal please refer to the supporting information.**

**Capt Kevin Mowat**  
**Director of Marine Services**

**Pete Truman**  
**Principal Accountant**

## Supporting information to Report 326/2007

### A1. Introduction and history

- A1.1 Before charges are reviewed Provisional Estimates indicate that the balances of the Harbour Reserve Funds as at 31<sup>st</sup> March 2009 could be in the region of:-

Torquay and Paignton Harbours - £312,800  
Brixham Harbour - £408,900

- A1.2 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.
- A1.3 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%, 3%, 3.5% and 2.5% 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 4<sup>th</sup> 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:-

Charges Year	Overall Increase	Actual RPI
2008/09	To be determined	4.5%
2007/08	3%	2.6%
2006/07	3%	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%

### A2. Risk assessment of preferred option

#### A2.1 Outline of significant key risks

The major risk associated with this report is not presenting a realistic budget resulting in major operational deficits to be funded from the Harbour Reserves. The balance on the Torquay & Paignton Reserve is currently below the recommended level and the Brixham Reserve has a number of capital commitments approved which will reduce the level when completed. Depletion of these Reserves would require support from the Council's Revenue Fund to meet operational deficits. Accordingly the Director of Marine Services has recommended a budget that will meet the operational requirements of the Harbours for the forthcoming year in line with prudent expectations for income.

There is a potential risk of customer resistance to increasing Harbour Charges resulting in a shortfall in targeted income. The Director of Marine Services has evaluated this risk in line with demand levels for services and the need for harbour income to keep pace with costs. The level of risk is further mitigated by the consultation process with Harbour User Associations and Liaison Forums.

**(Note: A full risk assessment of the proposals is available from the report author.)**

### **A3. Other Options**

A3.1 Make no change to the level of harbour charges and accept increased operational deficits.

### **A4. Summary of resource implications**

A4.1 The recommendations will not have any detrimental effect on resources.

### **A5. What impact will there be on equalities, environmental sustainability and crime and disorder?**

A5.1 The recommendations will not have any detrimental effect on equalities, environmental sustainability or crime and disorder.

### **A6. Consultation and Customer Focus**

A6.1 Consultation with the Brixham Harbour Liaison Forum and Torquay/Paignton Harbour Liaison Forum was undertaken in November 2007. The responses from both the Torquay/Paignton Harbour Liaison Forum and the Brixham Harbour Liaison Forum will be circulated prior to the meeting in the form of minutes of the meetings. 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).

### **A7. Are there any implications for other Business Units?**

A7.1 No

## **Appendices**

Appendix 1 Provisional Harbour Estimates for 2008/09 & Original Estimates for 2007/08 with no increase in Harbour Charges.

Appendix 2 Provisional Harbour Estimates for 2008/09 & Original Estimates for 2007/08 with a 5% increase in Harbour Charges.

Appendix 3 Provisional Harbour Estimates for 2008/09 & Original Estimates for 2007/08 with a 7% increase in Harbour Charges.

Appendix 4 Existing Layout and Schedule of Tor Bay Harbour Charges 2007/08.

Appendix 5 Schedule of Tor Bay Harbour Charges 2008/09 showing a representative average increase of 5%.

Appendix 6 Schedule of Tor Bay Harbour Charges 2008/09 showing a representative average increase of 7%.

Appendix 7 Letter to Harbour User Groups.

Appendix 8 Letter from Brixham Harbour Users Association.

Appendix 9 Letter from Torquay Harbour Users Association.

**Documents available in members' rooms**

None

**Background Papers:**

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

Schedule of Tor Bay Harbour Charges 2007/08

Tor Bay Harbour Act 1970

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

Minutes of November Torquay & Paignton Liaison Forum

Minutes of November Brixham Harbour Liaison Forum