

Clerk: Lisa Antrobus  
Telephone: 01803 207013  
E-mail address: [governance.support@torbay.gov.uk](mailto:governance.support@torbay.gov.uk)  
Date: Wednesday, 17 March 2021

Governance Support  
Town Hall  
Castle Circus  
Torquay  
TQ1 3DR

Dear Member

## **HARBOUR COMMITTEE - MONDAY, 22 MARCH 2021**

I am now able to enclose, for consideration at the Monday, 22 March 2021 meeting of the Harbour Committee, the following reports that were unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>	<b>Page</b>
7.	<b>Budget Monitoring</b>	(Pages 57 - 62)

Yours sincerely

Lisa Antrobus  
Clerk

**Meeting: Harbour Committee**

**Date: 22<sup>nd</sup> March 2021**

**Wards Affected: All**

**Report Title: Tor Bay Harbour Budget Monitoring 2020-21**

**Cabinet Member Contact Details:** Not a Cabinet function

**Director/Assistant Director Contact Details:**

Kevin Mowat, Director of Place, (01803) 208433, [Kevin.Mowat@torbay.gov.uk](mailto:Kevin.Mowat@torbay.gov.uk)

Adam Parnell, Harbour Master, 01803 853321, [adam.parnell@torbay.gov.uk](mailto:adam.parnell@torbay.gov.uk)

Pete Truman, Principal Accountant, 01803 207302, [pete.truman@torbay.gov.uk](mailto:pete.truman@torbay.gov.uk)

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**1. Purpose of Report**

- 1.1 This report identifies the overall budgetary position for Tor Bay Harbour Authority as at November 2020 compared with approved budgets.

**2. Reason for Proposal and its benefits**

- 2.1 The 2020/21 Tor Bay Harbour Authority budget was approved by the Harbour Committee on 24<sup>th</sup> September 2019 and a monitoring report has been presented to each Harbour Committee meeting to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.

**3. Recommendation(s) / Proposed Decision**

- 3.1 That the amended outturn projections of the harbour account and adjustments to the Reserve Funds shown in Appendix 1 be noted.
- 3.2 **That the Committee note that the harbour reserve fund is forecast to be depleted by the end of this financial year.**
- 3.3 That the Head of Tor Bay Harbour Authority/Harbour Master, in consultation with the Director of Place, should use of delegated powers to make in-year decisions in relation to the harbour budget.
- 3.4 That the Head of Tor Bay Harbour Authority/Harbour Master should make use of delegated powers to waive certain harbour charges, which to date amounts to £11,448.79.

## Appendices

Appendix 1: Harbour Revenue Accounts 2020-21

### Background Documents

Department for Transport (DfT) - [Ports Good Governance Guidance](#)

### Report Clearance

<b>Report clearance:</b>	<b>Reviewed &amp; approved by:</b>	<b>Date:</b>
Chief Executive	Anne-Marie Bond	
Monitoring Officer	Amanda Barlow	
Chief Finance Officer	Martin Phillips	
Director Place	Kevin Mowat	

## Supporting Information

<b>1.</b>	<p><b>What is the proposal / issue?</b></p> <p>The 2020/21 Tor Bay Harbour Authority budget was approved by the Harbour Committee on 24<sup>th</sup> September 2019 and a budget monitoring report has been presented to each Harbour Committee meeting to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.</p>																																						
<b>2.</b>	<p><b>What is the current situation?</b></p> <p>The impact of Covid-19 has resulted in reduced income levels although we anticipate recovering a proportion of these losses through a government grant.</p> <p>Continuing high levels of contribution to the General Fund, including an uplift to the level of recharged support services in-year, has had a significant effect on financial outcomes.</p> <p>The consequence is that the harbour account will be in a deficit position at year end.</p> <p>The performance against budget is:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">Original Budget £000</th> <th style="text-align: center;">Revised Budget £000</th> <th style="text-align: center;">Projected Outturn £000</th> </tr> </thead> <tbody> <tr> <td>Operational surplus/(deficit)</td> <td style="text-align: center;">0</td> <td style="text-align: center;">(165)</td> <td style="text-align: center;">(164)</td> </tr> </tbody> </table> <p><b>Capital Schemes</b></p> <p>The current progress of Harbour capital schemes is detailed below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="text-align: center;">Total Budget £000</th> <th style="text-align: center;">Actual to Date (including prior years) £000</th> <th style="text-align: center;">Projected Outturn £000</th> <th style="text-align: center;">Notes</th> </tr> </thead> <tbody> <tr> <td>Oxen Cove Jetty</td> <td style="text-align: center;">2,500</td> <td style="text-align: center;">2,482</td> <td style="text-align: center;">2,482</td> <td style="text-align: center;">(i)</td> </tr> <tr> <td>Victoria Breakwater</td> <td style="text-align: center;">3,893</td> <td style="text-align: center;">3,784</td> <td style="text-align: center;">3,784</td> <td style="text-align: center;">(ii)</td> </tr> <tr> <td>Harbour Light Restaurant Redevelopment</td> <td style="text-align: center;">800</td> <td style="text-align: center;">719</td> <td style="text-align: center;">800</td> <td style="text-align: center;">(iii)</td> </tr> <tr> <td>Brixham Harbour Water Meters</td> <td style="text-align: center;">110</td> <td style="text-align: center;">117</td> <td style="text-align: center;">128</td> <td style="text-align: center;">(iv)</td> </tr> <tr> <td>Brixham Harbour CCTV Upgrade</td> <td style="text-align: center;">86</td> <td style="text-align: center;">79</td> <td style="text-align: center;">86</td> <td style="text-align: center;">(v)</td> </tr> </tbody> </table>		Original Budget £000	Revised Budget £000	Projected Outturn £000	Operational surplus/(deficit)	0	(165)	(164)		Total Budget £000	Actual to Date (including prior years) £000	Projected Outturn £000	Notes	Oxen Cove Jetty	2,500	2,482	2,482	(i)	Victoria Breakwater	3,893	3,784	3,784	(ii)	Harbour Light Restaurant Redevelopment	800	719	800	(iii)	Brixham Harbour Water Meters	110	117	128	(iv)	Brixham Harbour CCTV Upgrade	86	79	86	(v)
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- (i) The approved budget for this scheme was increased to £2.5m following formal negotiations surrounding Compensation Event Notices issued by the main contractor. The MMO is providing a maximum EMFF grant of £1.6m and it is now anticipated that the Council borrowing for the scheme will be no more than £1m.
- (ii) Project fees have increased the total cost of the scheme.
- (iii) Works are complete, on budget and the restaurant opened in March 2020.
- (iv) Full implementation delayed due to furloughed contractors.
- (v) Installation is complete.

### **Prudential borrowing**

The harbour's liability for prudential borrowing is as follows:

<b>Capital Scheme</b>	<b>Amount Borrowed</b>	<b>Start of Repayments</b>	<b>£ Principal outstanding</b>
Town Dock (Torquay Harbour)	£1,140,000	2008/09	£481,058
Haldon Pier (Torquay Harbour)	£1,200,000	2010/11	£825,855
Brixham Harbour New Fish Quay Development	£4,750,000	2011/12	£3,673,231
Torquay Inner Harbour pontoons (Inner Dock)	£800,000	2014/15	£657,278
Brixham Harbour Jetty	£840,000	2020/21	£829,476
<b>TOTAL</b>			<b>£6,466,898</b>

### **Debt position**

The debt position is:

	<b>Corporate Debtor System</b>		<b>Harbour Charges</b>	
	< 60 days	> 60 days	< 60 days	> 60 days
Debt outstanding	£37k	£64k	£17k	£46k
Bad Debt Provision	£14k			

	<p><b>Reserves</b></p> <p>In 2011 the Harbour Committee set a reserve target of 20% of budgeted turn-over. This has been missed for a number of consecutive years and it is now very likely that the Reserve will be depleted by the end of this financial year. For at least the last 30 years the Harbour Account has always held a reserve fund but this prudent position is now at serious and immediate risk.</p>
3.	<p><b>What is the relationship with the priorities within the Partnership Memorandum and the Council's Principles?</b></p> <p>A safe, efficient and self-financing harbour positively contributes to the following priorities:</p> <ul style="list-style-type: none"> <li>• A Thriving Economy</li> <li>• A Council Fit for the Future</li> </ul>
5.	<p><b>How does this proposal/issue contribute towards the Council's responsibilities as corporate parents?</b></p> <p>N/A</p>
6.	<p><b>How does this proposal/issue tackle poverty, deprivation and vulnerability?</b></p> <p>Tor Bay Harbour is a regional focus for maritime-related employment. It is a thriving maritime recreational and leisure hub of national renown and also accommodates the largest fishing port in England and Wales by value of catch landed.</p> <p>A healthy, safe and efficient Bay is also a key driver for non-maritime sectors such as tourism, environment, R&amp;D etc.</p>
7.	<p><b>How does the proposal/issue impact on people with learning disabilities?</b></p> <p>No discernible impact.</p>
8.	<p><b>Who will be affected by this proposal and who do you need to consult with? How will the Council engage with the community? How can the Council empower the community?</b></p> <p>All harbour stakeholders, including maritime and non-maritime businesses are affected.</p> <p>Consultation is effected through regular harbour stakeholder liaison forums who are empowered to provide feedback to the Harbour Committee.</p>
9.	<p><b>What are the financial and legal implications?</b></p> <p>The Harbour account for 2020-21 may well be in a deficit position at year-end due to a combination of the following factors :-</p> <ul style="list-style-type: none"> <li>• Reduced income due to the impact of Covid-19</li> <li>• Increased expenditure to address health &amp; safety issues</li> <li>• The size of contribution to the General Fund</li> </ul>

10.	<p><b>What are the risks?</b></p> <p>With the forecast that the harbour reserve fund will be depleted by the end of this financial year, there is a serious risk of the balance moving to a negative position, which will require remedial action. To mitigate this situation the harbour account contribution to the General Fund in 2021/22 has been reduced by £200,000 (£150k general reduction and £50k for a new Health &amp; Safety Officer). Furthermore, to avoid a draw on the harbour reserve fund the General Fund has provided a one off allocation of £150,000 to support dredging activity. This £150k contribution also covers off a loan previously provided from the harbour reserve to Children's Services.</p> <p>If quayside facilities and services do not remain aligned with user need/requirements then there is a risk that incomes will decline.</p>
11.	<p><b>Public Services Value (Social Value) Act 2012</b></p> <p>N/A</p>
12.	<p><b>What evidence / data / research have you gathered in relation to this proposal?</b></p> <p>Feedback from harbour users and liaison forums  Feedback from Committee members  Feedback from fishing industry leaders  Previous Harbour Committee reports</p>
13.	<p><b>What are key findings from the consultation you have carried out?</b></p> <p>There is ongoing disquiet amongst harbour stakeholders that despite high revenue incomes the harbour budget is likely to be in deficit at year end.</p>
14.	<p><b>Amendments to Proposal / Mitigating Actions</b></p> <p>None</p>