

Meeting: Harbour Committee

Date: 21<sup>st</sup> December 2020

Wards Affected: All

Report Title: Tor Bay Harbour Budget Monitoring 2020-21

Is the decision a key decision? No

When does the decision need to be implemented? N/A

Cabinet Member Contact Details: Not a Cabinet function

Supporting Officer Contact Details: Adam Parnell, Harbour Master, 01803 853321, [adam.parnell@torbay.gov.uk](mailto:adam.parnell@torbay.gov.uk) and Pete Truman, Principal Accountant, 01803 207302, [pete.truman@torbay.gov.uk](mailto:pete.truman@torbay.gov.uk)

---

## 1. Proposal and Introduction

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 associated financial commitment

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 report such as this is 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 The Committee is asked to note:

- a. the amended outturn projections of the harbour accounts and adjustments to the Reserve Funds shown in Appendix 1;
- b. **that harbour reserves are forecast to be depleted by the end of this financial year;**
- c. the Head of Torbay Harbour Authority's use of delegated powers to make decisions in relation to the harbour budget;
- d. the Harbour Master's use of delegated powers to waive certain harbour charges which to date amounts to £11,448.79;
- e. that the loan made in November 2014 of £86,000 from Harbour Committee reserves to another Council department, which was due to be repaid between 2017 – 2019, remains outstanding.

## Appendices

Appendix 1: Harbour Revenue Accounts 2020-21

## Background Documents

DfT [Ports Good Governance Guidance](#)

## Section 1: Background Information

### 1. What is the proposal / issue?

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

### 2. What is the current situation?

The impact of Covid-19 has resulted in reduced income levels although we anticipate recovering a proportion of these losses through a government grant. Continuing 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.

The latest budget forecast anticipates that the harbour account will be in a deficit position at year-end:

	<b>Original Budget £000</b>	<b>Revised Budget £000</b>	<b>Projected Outturn £000</b>
Operational surplus/(deficit)	0	(167)	(165)

#### Capital Schemes

The current progress of Harbour capital schemes is detailed below:

	<b>Total Budget £000</b>	<b>Actual to Date (including prior years) £000</b>	<b>Projected Outturn £000</b>	<b>Notes</b>
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)

(i) The approved budget for this scheme increased to £2.5m following formal negotiations surrounding Compensation Event Notices issued by main

contractor. The MMO is providing a maximum EMFF grant of £1.6m and the Council has borrowed £1m.

- (ii) Project fees have increased the total cost of the scheme.
- (iii) Works are complete, on budget and the restaurant opened in March.
- (iv) Full implementation delayed due to furloughed contractors.
- (v) Installation is complete.

**Prudential borrowing**

The harbour's liability for prudential borrowing is:

<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	£23k	£165k	£52k	£84k
Bad Debt Provision	£14k			

	<p><b>Reserves</b>  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.</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 via the Harbour Committee to the Council</p>

## Section 2: Implications and Impact Assessment

<b>9.</b>	<b>What are the financial and legal implications?</b>  The Harbour account for 2020-21 is highly likely to be in a deficit position at year-end due to the impact of Covid-19 and the size of contribution to the General Fund.  The DfT's Ports Good Governance Guidance (March 2018) provides guidance for how harbour finances should be operated. While not a statutory publication, this is considered national 'best practice' for the ports industry. Torbay Council do not currently adhere to this model.
<b>10.</b>	<b>What are the risks?</b>  Given the forecast out-turn, there is a high risk that harbour reserves will be depleted by the end of this financial year, requiring a General Fund precept in future years to retain a balanced budget.  If quayside facilities and services do not remained aligned with user need/requirements then there is a risk that incomes will decline.
<b>11.</b>	<b>Public Services Value (Social Value) Act 2012</b>  N/A
<b>12.</b>	<b>What evidence / data / research have you gathered in relation to this proposal?</b>  Feedback from harbour users and liaison forums Feedback from Committee members Feedback from fishing industry leaders Previous Harbour Committee reports
<b>13.</b>	<b>What are key findings from the consultation you have carried out?</b>  There is disquiet amongst harbour stakeholders that despite high revenue incomes the harbour budget is likely to be in deficit at year end
<b>14.</b>	<b>Amendments to Proposal / Mitigating Actions</b>  Reduce the contribution to the General Fund.