



Meeting: Harbour Committee

Date: 18th March 2013

Wards Affected: All wards in Torbay

Report Title: Review of the Tor Bay Harbour Authority Asset Management Plan

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1. Purpose

- 1.1 The Harbour Authority uses a large number of assets on behalf of the Council, as the owning authority, to deliver a safe and sustainable harbour. By maintaining harbour assets and the harbour estate efficiently the Harbour Authority can deliver a service to harbour users. A well managed harbour will also serve the needs of our communities and hopefully improve the lives of those who live and work in the Bay, as well as improving and regenerating Torbay as a place for visitors.

2. Proposed Decision

- 2.1 **That the Tor Bay Harbour Authority Asset Management Plan 2013/14 set out in Appendix 1 be approved.**

3. Action Needed

- 3.1 That the Tor Bay Harbour Authority Asset Management Plan 2013/14 should be implemented by the harbour authority.
- 3.2 The policies and future actions highlighted within the plan will help to inform the harbour budget setting process.

4. Summary

- 4.1 The Terms of Reference for the Harbour Committee form part of Torbay Council's Constitution.
- 4.2 It is stated within those Terms of Reference that the Harbour Committee is to provide strategic direction in relation to those assets within Tor Bay Harbour and the harbour estate that are managed by the Tor Bay Harbour Authority business unit.

- 4.3 The existence of a Tor Bay Harbour Authority Asset Management Plan will assist the Harbour Committee to provide the strategic direction indicated in 4.2 above.
- 4.4 The 'harbour estate' means the piers, wharves, quays, berths, roads, sheds and other works and conveniences, and the lands, buildings and property of every description, and of whatever nature, which are for the time being vested in or occupied by the Corporation (Council) as harbour authority and used for the purpose of the harbour undertaking. (Tor Bay Harbour Act 1970)
- 4.5 An appropriate asset management plan will help the Harbour Asset Review Working Party to monitor all of the harbour estate and ensure that the assets are fit for purpose. The plan will enable the identification of assets that might be inefficient or a liability in terms of backlog or future maintenance. Consequently the Harbour Committee will be able to provide the necessary strategic advice in respect of harbour assets.
- 4.6 A harbour asset maintenance programme is considered on an annual basis with prioritisation influenced by the results of the condition surveys, which are largely held on the Council's asset register (Torbay Online Asset Database [TOAD]).
- 4.7 As indicated in the Council's Constitution the extent of the harbour estate and any asset purchase and disposal over £25,000, is determined by the Mayor.

Supporting Information

5. Position

- 5.1 All of the assets currently managed by the Tor Bay Harbour Authority business unit on behalf of Torbay Council are governed by the Harbour Committee. Many of the assets are critical to the safe operation of the harbour and other assets are essential in terms of the revenue contribution they make to the ring-fenced budget delivered by Tor Bay Harbour Authority for the Harbour Committee. The extent of the harbour estate is fixed by the Council and may be varied from time to time having taken full consideration of the operational requirements of the harbour authority and the Council's policy to deliver a self-funding, financially sustainable harbour service.
- 5.2 In June of each year the Harbour Committee establishes a Harbour Asset Review Working Party to provide strategic direction in relation to those assets within Tor Bay Harbour and the harbour estate that are managed by Tor Bay Harbour Authority. This is in line with the Harbour Committee's Terms of Reference and Minute No. 102 (2008).
- 5.3 The role of the Working Party is to regularly challenge whether all the harbour assets are required, fit for purpose and provide value for money to meet current and future needs. It is also tasked with identifying under-performing or surplus assets so that it can make recommendations about how such may be rationalised or disposed of. To this end, in June 2012 it was resolved that a Harbour Asset Review Working Party be appointed with the following terms of reference:
- (a) to review all assets within Tor Bay Harbour and the Harbour Estate;

(b) to establish how each asset is performing; and

(c) to identify any assets that are surplus.

5.4 In 2008 under Minute No. 102 it was resolved that the Director of Marine Services (now Executive Head of Tor Bay Harbour Authority), in consultation with the Harbour Asset Review Working Party, be asked to consider the need for a Harbour Asset Management Plan.

5.5 Each year since 2008 the Harbour Asset Review Working Party has been re-established with the same Terms of Reference and each year it has discharged its requirements in respect of (a), (b), (c) above. The first Harbour Asset Management Plan was approved by the Harbour Committee in March 2011 following a recommendation from the Harbour Asset Review Working Party, in fulfilment of Minute No. 102 (2008) outlined in 5.4 above.

5.6 From a corporate perspective the Committee is reminded that “capital investment” is described as :-

Expenditure on the acquisition, creation or enhancement of “fixed assets”

(Fixed assets are items of land & property which have a useful life of more than 1 year)

“Property” is one of the Council’s major resources alongside “People” and “Pounds”. Improving the management of its land and property assets is key to improving service delivery. The following documents demonstrate how the Council does this within its Corporate Planning process –

- **Capital Strategy** – this is the high level summary of the Council’s approach to capital investment covering all services and expenditure plans for replacement and renewal of land & property, infrastructure, plant & equipment etc. It identifies how the Council prioritises its own resources, supplemented by external funding, to improve its own assets and to support others to provide assets to help deliver Council services.
- **Corporate Asset Management Plan** – this is the overarching plan for managing the Council’s land and property assets. It identifies the Council’s approach to ensuring that its land and buildings are suitable, sufficient and in good condition to support service delivery.

These documents form part of the Council’s Budget & Policy Framework. They require annual review in order to update practices and procedures to seek to improve performance, reflect the latest position on capital resources and the latest demands for investment.

5.7 In 2009 Princess Pier (structural repairs to the stone structure) was one of the projects deemed the most important for immediate investment from an **Asset Management and Community Plan perspective** (excluding school and Local Transport Plan improvements which in previous years have been separately funded).

- 5.8 At a corporate level the Council is seeking to reduce the number of assets it holds in order to concentrate resources and provide a more economical but higher quality service. This Council policy has a two-fold benefit -
- Reduction in running costs resulting from inefficient or poorly maintained assets
 - Generation of receipts to fund schemes on the approved Capital Plan or schemes on the Reserve List
- 5.9 Due to the level of capital receipts required to support the Council's capital plan and the uncertainty over future capital funding no change is proposed to the policy of allocating all capital receipts to support schemes on the existing capital plan. Exceptions to this policy are possible as was the case with the recent long lease disposal of the Old Market House at Brixham harbour.
- 5.10 With the expected ongoing significant reductions in central government funding for public sector capital schemes the private sector could have a greater role in providing finance for public sector infrastructure, including new harbour assets or an expansion of privately owned infrastructure within harbour limits or on the harbour estate.
- 5.11 In recent years the Council has recognised the significant issue of repair and maintenance of the property portfolio. This position is particularly important given that the harbour authority manages significant marine infrastructure.
- 5.12 An indication of the repair issues are identified within the rolling programme of condition surveys in the Asset Management Plan. Priority continues to be given to Condition D (condition bad – life expired and or serious risk of imminent failure) and Priority 1 works (urgent work that will prevent immediate closure and or address an immediate high risk to the health and safety of occupiers and or remedy a serious breach of legislation) It is hoped to eliminate these works completely over the next few years.
- 5.13 The intention is to eliminate the backlog of maintenance as quickly as budgetary provision allows and to move to a position in Condition C of a 70:30 split of planned to reactive maintenance. This will be done by continuing with the cycle of maintenance surveys and introducing where possible life cycle costing so that future demand can be predicted and budgeted for in advance.
- 5.14 The Council is the freehold owner of Tor Bay Harbour and the harbour estate. Under the Tor Bay Harbour Act 1970 and 1983, the Council is also the harbour authority for the harbour. Under these Acts the Council, as the harbour authority, has a duty to maintain and improve the harbour and the services and the facilities in it and, under the same Acts, the harbour authority is granted the relevant powers to do so.

6. Possibilities and Options

- 6.1 It is considered to be best practice for a Harbour Authority to produce an Asset Management Plan and it assists the Harbour Committee to provide strategic direction in relation to those assets within Tor Bay Harbour and the harbour estate

that are managed by Tor Bay Harbour Authority. This Council has developed processes to demonstrate good asset management and a strategy for capital investment. This results in more efficient and effective use of its assets and capital resources in support of its Corporate Priorities and service objectives.

- 6.2 The repair and maintenance budget could be increased further to reduce backlog over a shorter timeframe. This has to be considered with regard to other capital and revenue pressures.

7. Preferred Solution/Option

- 7.1 To approve and adopt the Tor Bay Harbour Authority Asset Management Plan 2013/14 as set out in Appendix 1.
- 7.2 Good asset management and a planned approach to capital investment impact on improving the quality of life and creating safer environments for all.

8. Consultation

- 8.1 The Asset Management Plan is designed to assist the Harbour Authority to deliver its Business Plan priorities alongside, and complementary to, the provision of its statutory functions.
- 8.2 The Plan has been developed through officer consultation with support from the Torbay Development Agency. Although this Asset Management Plan broadly follows a corporate template it is expected that further development of the Plan will emerge via the Harbour Asset Review Working Party.
- 8.3 The Tor Bay Harbour Authority Asset Management Plan 2013/14 has been considered by the Harbour Asset Review Working Party.

9. Risks

- 9.1 Failure to deal with urgent structural repair could lead to deterioration of the asset base and additional costs. The identified repair demands in the Plan, although only approximate, are significant and are increasing over time. This is a key challenge given the limited availability of both revenue and capital resources.
- 9.2 A risk to the Plan is that it will not be “fit for purpose” i.e. it will not assist the harbour authority to use its resources economically and efficiently in support of its priorities.
- 9.3 Unforeseen emergency works could disrupt the repairs and maintenance programme. Over the period of the maintenance plan there will inevitably be some unforeseen works which arise and need immediate attention e.g. storm damage etc. This will require periodic revision of the programme with some works having to be deferred.
- 9.4 Existing annual maintenance funding is dependent on sustaining the current levels of harbour income. Also, the financial settlement for the public sector in future years is uncertain and may significantly affect the Council’s ability to implement the Capital Strategy and the corporate Asset Management Plan.

9.5 Annual maintenance funding has reduced to meet the Council's need for a cash dividend in 2012/13 and 2013/14.

Appendices

Appendix 1 - Draft Tor Bay Harbour Authority Asset Management Plan 2013/14

Additional Information

None