



**Meeting: Harbour Committee**


**Date: 16<sup>th</sup> December 2013**

**Wards Affected: All wards in Torbay**

**Report Title: Tor Bay Harbour Authority Budget Monitoring 2013/14**

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## **1. Purpose**

- 1.1 This report provides Members with projections of income and expenditure for the year 2013/14 compared with approved budgets.
- 1.2 This report identifies the overall budgetary position for Tor Bay Harbour Authority as at end of October 2013 to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.
- 1.3 The Committee is asked to note the amended outturn positions of the two harbour accounts and adjustments to the Reserve Funds shown in Appendix 1.
- 1.4 The Committee is asked to note the Executive Head of Harbour Tor Bay Harbour Authority's use of delegated powers to make decisions in relation to the budget allocated to Tor Bay Harbour.
- 1.5 The Committee is asked to note the Harbour Master's use of delegated powers to waive certain harbour charges, which this financial year amounts to £1,504.93 (ex VAT). No additional charges have been levied.

## **2. Summary**

- 2.1 The Tor Bay Harbour Authority budget was approved by the Harbour Committee on 17<sup>th</sup> December 2012.
- 2.2 This is the third budget monitoring report presented to the Harbour Committee for

the financial year 2013/14.

- 2.3 The Torquay and Paignton Harbour account has benefitted from additional income and costs savings and is now expected to produce a surplus.
- 2.4 Brixham Harbour account has gained from higher than anticipated Marina income relating to 2012 but other income headings are unlikely to reach budgeted target levels. Significant additional costs have also been incurred, increasing the anticipated deficit on the account for the year. This, along with committed capital spending is likely to bring the Brixham Reserve level well below the minimum level. The Executive Head of Tor Bay Harbour Authority will introduce measures to remedy this situation within future years budget planning.

### Supporting Information

#### 3. Position

- 3.1 The projected outturn at Appendix 1 reflects amendments to the budget made within the Executive Head of Tor Bay Harbour Authority's delegated powers. Details of each amendment can be found in the associated note.
- 3.2 The performance against budget is summarised below:

	<b>Current Budget 2013/14</b>	<b>Projected Outturn 2013/14</b>
	<b>£000</b>	<b>£000</b>
Torquay and Paignton Harbours Surplus/(Deficit)	(13)	10
Brixham Harbour Surplus/(Deficit)	(14)	(37)

- 3.3 The current progress of Harbour capital schemes is detailed below:

	<b>Total Budget</b>	<b>Actual to Date (including prior years)</b>	<b>Projected Outturn</b>	<b>Notes</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Environment Agency grant funding for Torquay Harbour – Haldon & Princess Piers	1,272	365	1,272	(i)
Brixham Harbour – Various Repairs	240	184	250	(ii)

Brixham Breakwater Repairs	150	deferred	150	(iii)
Fish Market Roof – PV Panels	48	0	48	(iv)
Torquay Inner Harbour Pontoons	800	26	800	(v)

- (i) An initial application for external funding from the Environment Agency was successful and the grant of approximately £1.3m is currently being used for Phase 2 which commenced in the autumn of 2011 and further work followed in winter 2012. Work towards a further bid of funding from the Environment Agency is now being finalised.
- (ii) Essential repair work was required to the quay edge capping, access ladders and fenders within the fishing vessel basin. Funding for this spend has been approved from the Brixham Harbour reserve and work is now almost complete. Costs are now expected to exceed the original budget, rising to £250k.
- (iii) The Environment Agency (EA) has approved £150k within their medium-term financial plan (2014/15) for the works required to the Brixham Breakwater. Council Engineers are working with the EA to secure an early release of funds (circa £50k) to start some essential work in 2014. In the meantime the Council's approved £150k capital work will remain deferred.
- (iv) Approximately £48k has been earmarked from the Brixham Harbour reserve to fund a 10kw Photovoltaic solar energy system on the new Fish Market roof. This capital spend has already been approved by Torbay Council but may require re-submission. Further evaluation is now underway with the Torbay Economic Development Company to determine a clear business case.
- (v) This project was approved by Council in February 2013 for delivery in March 2014.

3.4 The Harbour's liability for prudential borrowing is detailed in the following table

<b>Capital Scheme</b>	<b>Amount Borrowed</b>	<b>Start of Repayments</b>	<b>Principal outstanding at 1<sup>st</sup> April 2013</b>
Haldon Pier (Torquay Harbour)	£1,200,000	2010/11	£1,115,037
Town Dock (Torquay Harbour)	£1,140,000	2008/09	£879,324
Brixham Harbour New Fish Quay Development	£4,750,000	2011/12	£4,447,785
		<b>TOTAL</b>	<b>£6,442,146</b>

3.5 The Tor Bay harbour Authority debt position at the end of November 2013 is set out in the table below:-

	Corporate Debtor System		HMS	
	Unpaid by up to 60 days	Unpaid over 60 days	Unpaid by up to 60 days	Unpaid over 60 days
Debt outstanding	£18k	£31k	£18k	£42k
Bad Debt Provision	£15k		N/A	

The Harbour Management System (HMS) debt does not have a separate bad debt provision because the income is not credited until it is received. However, following the recent internal audit report the Executive Head of Torbay Harbour Authority has determined that the overall debt position should be shown to the Harbour Committee on each budget monitoring report.

3.6 Under the Council’s Scheme of Delegation the Harbour Master can vary (by addition or waiver (in full or as to part)) the approved Schedule of Harbour Charges in such manner as shall be considered reasonable. However, the Harbour Master shall maintain a proper written record of all variations approved using the delegated powers and shall, at least twice a year, report to the Harbour Committee the total value of the additional charges levied and the total value of the charges waived (see paragraph 1.5).

3.7 Harbour Committee minute 398 (5) from December 2011 states the following :-

*“That, as recommended by the Harbour Committee’s Budget Working Party, each harbour reserve fund is split with 20% of budgeted turnover ring-fenced to meet any deficit in the revenue budget or winter storm damage and the balance ring-fenced to fund harbour related capital projects.”*

Consequently the Executive Head of Tor Bay Harbour Authority, in consultation with the Chairman of the Harbour Committee, has produced a list of Harbour Reserve Funds projects attached as Appendix 2. The Committee is asked to note this list and the obvious ongoing need for healthy Harbour Reserve Funds.

## Appendices

- Appendix 1 Harbour Revenue Accounts 2013/14
- Appendix 2 Harbour Reserve Funds Project List

## Additional Information

None