



Meeting: Harbour Committee

Date: 20 March 2017

Wards Affected: All wards in Torbay

Report Title: Tor Bay Harbour Authority Budget Monitoring 2016/17

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1. Purpose

- 1.1 This report provides Members with projections of income and expenditure for the year 2016/17 compared with approved budgets.
- 1.2 This report identifies the overall budgetary position for Tor Bay Harbour Authority as at end of February 2017 to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.
- 1.3 The Committee is asked to note that the amended outturn projections of the harbour accounts and adjustments to the Reserve Funds shown in Appendix 1.
- 1.4 The Committee is asked to note the Executive Head of Business Services' 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 so far this financial year has amounted to £8,827.76 (excl VAT). No additional charges have been levied.

Summary

- 2.1 The Tor Bay Harbour Authority budget was approved by the Harbour Committee on 21st December 2015.
- 2.2 This is the third and final budget monitoring report presented to the Harbour Committee for the financial year 2016/17.

- 2.3 Additional costs have been authorised by the Executive Head of Business Services in respect of increased security arrangements at Brixham Harbour and increased insurance cover. Capital works to refurbish the toilet facilities at Beacon Quay will be funded from the revenue account during the current year.
- 2.4 The Harbour account has benefitted from high levels of income from fish tolls and additional rental streams.

Supporting Information

3. Position

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

	£000
Original Budget 2016/17	0
Current Budgeted deficit	1
Projected Surplus 2016/17	0

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

	Total Budget	Actual to Date (including prior years)	Projected Outturn	Notes
	£000	£000	£000	
Environment Agency grant funding for Torquay Harbour – Haldon & Princess Piers	1,272	850	1,272	(i)
Brixham Major Repairs	123	111	123	(ii)
New Harbour Workboat	45	34	45	(iii)

- (i) The current programme of works on the underwater repairs to the inner walls of Princess Pier and Haldon Pier is now coming to an end. These works are being carried out in Phases over a number of years commencing in 2011, following a grant of £1.3m from the Environment Agency (EA). Before Phase 3 can commence further grant in aid funding will need to be secured from the EA. However, as part of any revised bid to the EA, the Council will also be investigating other alternative sources of partnership funding.
- (ii) These works included repairs to the drying grid, masonry walls and new compound fencing. The works have been completed but not all orders have been processed.
- (iii) A new workboat has been ordered and the hull is currently under construction, with delivery of the craft expected in March/April 2017.

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

Capital Scheme	Amount Borrowed	Start of Repayments	Principal outstanding
Town Dock (Torquay Harbour)	£1,140,000	2008/09	£697,363
Haldon Pier (Torquay Harbour)	£1,200,000	2010/11	£983,016
Brixham Harbour New Fish Quay Development	£4,750,000	2011/12	£4,094,367
Torquay Inner Harbour Pontoons (Inner Dock)	£800,000	2014/15	£744,261
		TOTAL	£6,716,084

3.5 The Tor Bay harbour Authority debt position at the end of February 2017 is set out in the table below:-

	Corporate Debtor System		Harbour Charges	
	Unpaid by up to 60 days	Unpaid over 60 days	Unpaid by up to 60 days	Unpaid over 60 days
Debt outstanding	£27K	£19k	£42k	£45k
Bad Debt Provision	£20k			

The outstanding Harbour Charges debt largely reflects the uptake of payment by instalments and the overall figure is reducing.

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 Business Services, in consultation with the Chairman of the Harbour Committee, has produced a list of Harbour Reserve Fund projects attached as Appendix 2. The Committee is asked to note this list and the obvious ongoing need for a healthy Harbour Reserve Fund.

3.8 Over recent years the Harbour Committee has agreed to make annual contributions to the Council’s General Fund building to a total of £460,000 by 2015/16. The Committee understood that the recommendation relating to the cash contribution should then be reviewed. In 2016/17 the contributions to the Council’s General Fund will be £632,000 and in 2017/18 this will rise again to £682,000.

3.9 The Harbour Committee Budget Working Party initially considered a schedule of budget reductions/income generating proposals by the Executive Head of Business Services to achieve the corporate General Fund contribution target of an additional £400,000 over 2016/17 to 2018/19. While the Working Party was generally supportive of the viability of income generating proposals it was felt that a number of high-risk budget cuts would threaten the operation of the Harbour function and its ability to raise income. These specific proposals were rejected and a revised additional contribution of £285,500 was offered back to the corporate centre with £97,000 to be applied from 2016/17.

3.10 Following developments in the Council’s overall budget exercise the corporate centre made a counter request that amounted to :-

- Bringing forward £25k of identified savings in both 2017/18 and 2018/19, into the 2016/17 year
- Plus an additional £50k of new savings in 2016/17

On consideration of the revised request, the Working Party accepted a plan presented by the Executive Head of Business Services to bring £50,000 of previously identified savings in future years forward to 2016/17. However, income streams proposed to realise the additional £50,000 of new contribution could not be agreed.

3.11 The proposals of the Working Party were accepted by Harbour Committee with a decision to make an additional contribution to the general fund of £147,000 in 2016/17, this recommendation being £50,000 below the contribution requested from the corporate centre.

3.12 If the Council continues to request a significant contribution to the General Fund in the form of a cash dividend and asset rental fee there is a significant risk that the

Harbour Authority will be unable to remain self-funding. In that situation the Harbour Authority would require a precept from the General Fund and this scenario would be contrary to government best practice for the management of municipal ports.

Appendices

Appendix 1 Harbour Revenue Accounts for 2016/17

Appendix 2 Harbour Reserve Funds Project List

Additional Information

None