



**Meeting: Harbour Committee**

**Date: 26<sup>th</sup> June 2017**

**Wards Affected: All wards in Torbay**

**Report Title: Tor Bay Harbour Authority Budget Monitoring 2017/18**

**Executive Lead Contact Details: Non-Executive Function**

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## **1. Purpose**

- 1.1 This report provides Members with projections of income and expenditure for the year 2017/18 compared with approved budgets.
- 1.2 This report identifies the overall budgetary position for Tor Bay Harbour Authority as at end of May 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 to date amounts to £2,770.51

## **2. Summary**

- 2.1 The Tor Bay Harbour Authority budget was approved by the Harbour Committee on 13<sup>th</sup> December 2016.
- 2.2 This is the first budget monitoring report presented to the Harbour Committee for the financial year 2017/18.

- 2.3 Fish tolls have continued on from the high levels experienced in 2016/17. The increase in expected income is partially offset by new maintenance requirements at Brixham and the costs of a potential management re-structure.

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### 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:

	<b>£000</b>
Original Budget 2017/18	0
Projected Surplus 2017/18	33

- 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	1,277	1,277	(i)
Brixham Major Repairs	123	123	123	(ii)
New Harbour Workboat	45	34	45	(iii)

- (i) Work has recently completed on the underwater repair works to the inner walls of Princess Pier and Haldon Pier. These works were 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 are now complete and include repairs to the drying grid, masonry walls and new compound fencing.
- (iii) Construction of the new workboat is finished with just survey and certification works to be completed.

3.4 The Harbour's liability for prudential borrowing is detailed in the following table, (the repayment instalment for 2017/18 will be made later in the year):

<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	£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
		<b>TOTAL</b>	<b>£6,716,084</b>

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

	<b>Corporate Debtor System</b>		<b>Harbour Charges</b>	
	Unpaid by up to 60 days	Unpaid over 60 days	Unpaid by up to 60 days	Unpaid over 60 days
Debt outstanding	£14k	£29k	£85k	£286k
Bad Debt Provision	£37k			

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 Funds projects attached as Appendix 2. The Committee is asked to note this list and the obvious ongoing need for healthy Harbour Reserve Funds.
- 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 £607,000 by 2016/17. The Committee understood that the recommendation relating to the cash contribution should then be reviewed.
- 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 £276,000 over 2017/18 to 2019/20. The Working Party initially made a counter offer of £137,500 and following further discussion a final figure of £223,000 was agreed with £50,000 applicable in the first year.
- 3.10 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

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|------------|--------------------------------------|
| Appendix 1 | Harbour Revenue Accounts for 2017/18 |
| Appendix 2 | Harbour Reserve Funds Project List   |

## Additional Information

None