



Meeting: Harbour Committee

Date: 24th September 2018

Wards Affected: All wards in Torbay

Report Title: Tor Bay Harbour Authority Budget Monitoring 2018/19

Executive Lead Contact Details: Non-Executive Function

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Purpose

- 1.1 This report updates members with income and expenditure projections for 2018/19. It also identifies the overall budgetary position for Tor Bay Harbour Authority as at end of August 2018 to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.
- 1.2 The Committee is requested to note
 - a. the amended outturn projections of the harbour accounts and adjustments to the Reserve Funds shown in Appendix 1;
 - b. the Head of Torbay Harbour Authority's use of delegated powers to make decisions in relation to the budget allocated to Tor Bay Harbour;
 - c. that no waiver of harbour charges has been approved to date under the Harbour Master's use of delegated powers for 2018/19.
2. **Summary**
 - 2.1 The Tor Bay Harbour Authority budget for 2018/19 was approved 5th December 2017.
 - 2.2 Fish toll revenue is higher than at the same point last year. The surplus is funding substantial maintenance works to the mooring infrastructure at Brixham Harbour. Further details are at Appendix 1.
 - 2.3 The Harbour Committee Budget Working Party met 10 Sept 18 and directed the

Harbour Master to update the Committee on the potential future financial position of the Harbour Account. This is at Appendix 2.

Supporting Information

3. Position

3.1 The projected outturn at Appendix 1 reflects budget amendments made within the Head of Torbay 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:

	£000
Original Budget (deficit) 2018/19	(22)
Revised Budget (surplus) 2018/19	28
Projected Surplus 2018/19	18

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	
Torquay Outer Harbour Pontoons	263	263	263	(i)
Oxen Cove Jetty	1,967	252	1,967	(ii)
North Quay Brixham Fendering	75	12	75	(iii)

(i) Scheduled to commence 03 Oct and be complete shortly thereafter.

(ii) Awaiting MMO licence approval which is expected mid-Nov 18.

(iii) Awaiting delivery of fenders to site; expected mid-Oct 18.

3.4 The Harbour's liability for prudential borrowing is detailed below. Note that the 2018/19 repayment is not made until later in the year.

Capital Scheme	Amount Borrowed	Start of Repayments	Principal outstanding
Town Dock (Torquay Harbour)	£1,140,000	2008/09	£593,871
Haldon Pier (Torquay Harbour)	£1,200,000	2010/11	£907,857
Brixham Harbour New Fish Quay Development	£4,750,000	2011/12	£3,893,021
Torquay Inner Harbour Pontoons (Inner Dock)	£800,000	2014/15	£702,716
	TOTAL		£6,312,841

3.5 Debt position at the end of August:

	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	£30k	£36k	£32k	£193k
Bad Debt Provision	£37k			

The outstanding debt consists largely payment of User charges by instalments, and the overall figure will continue to reduce throughout the year.

- 3.6 Under the Council's Scheme of Delegation the Harbour Master can vary the approved Schedule of Harbour Charges in such manner as shall be considered reasonable, keeping a proper written record of all variations approved. These must be reported at least twice a year to the Harbour Committee.

4. Contributions to General Fund

- 4.1 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."

Committee is asked to note the ongoing need for healthy Harbour Reserve Funds which have fallen below the 20%

- 4.2 In previous years the Harbour Committee agreed to make annual contributions to the Council's General Fund in addition to the normal system of recharges for services support (eg HR, Payroll, Legal etc) provided by the Council which total £172,000. These have increased year-on-year and in 2018/19 total £802,000 and an additional £25,000 pa contribution towards the funding of an Environmental Health Officer.
- 4.3 A result of these contributions has been a reduction in maintenance to Harbour infrastructure. There is a significant risk that the Harbour Authority will be unable to remain self-funding because of the estimated costs of rectification works.

5. Future Years Review

- 5.1 The statement at Appendix 2 has been prepared in advance of the Harbour Charges and budget setting report in December and before the normal budget review process has not been carried out by the Head of Tor Bay Harbour and finance officers. It includes a provisional assessment of known operational issues but potential new investment proposals are not yet incorporated.

5.2 Known issues include:

Issue	Estimated cost
Torquay	
South pier,	£60,000
Haldon pier fendering	£60,000
Haldon pier subsidence	Unknown (£100ks)
North quay	£50,000
Brixham	
Dredging for deeper draught vessels	£50,000
MFV basin fendering	£10,000
Mooring ground chain	Up to £100,000 pa for next 5 years
Paignton	
North quay subsidence	£10,000
Timber fendering	£4,000

5.3 In addition to the above, if the Committee decide to fund the redevelopment of the fuel station then this will add a further £60-300,000 cost pressure to the Harbour Reserve.

5.4 If each of the issues tabulated above are addressed in turn over the next 5 years the Harbour will operate at a significant loss even assuming the value of catch landing at Brixham remains at historic highs and there is no further call on funds from the General Reserve.

Appendices

Appendix 1 Harbour Revenue Accounts for 2018/19
 Appendix 2 Harbour Future Year Provisional Projections

Additional Information

None