



Title: **Tor Bay Harbour Authority Budget Monitoring 2011/12**

Wards Affected: **All Wards in Torbay**

To: **Harbour Committee** On: **8 March 2012**

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## **1. Key points and Summary**

- 1.1 This report provides Members with projections of income and expenditure for the year 2011/12 compared with approved budgets.
- 1.2 This report identifies the overall budgetary position for Tor Bay Harbour Authority as at end of January 2012 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 the resulting change in reserve movements.
- 1.4 The Committee is asked to note the Executive Head of Tor Bay Harbour Authority's use of delegated powers to make decisions in relation to the budget allocated to Tor Bay Harbour.
- 1.5 Both Harbour accounts are currently expected to show a substantially improved position to the current budget due to a variety of different reasons that are explained further in the "Notes" section of Appendix 1.
- 1.6 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 £18,333.16 ex VAT) and which have been spread across both harbour accounts. No additional charges have been levied.

## **2. Introduction**

- 2.1 The Tor Bay Harbour Authority budget was approved by the Harbour Committee on 6<sup>th</sup> December 2010.
- 2.2 This is the fourth and final budget monitoring report presented to the Harbour Committee for the financial year 2011/12.
- 2.3 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.

2.4 The performance against budget is summarised below:

	<b>Original Budget 2011/12</b>	<b>Current Budget 2011/12</b>	<b>Projected Outturn 2011/12</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Torquay and Paignton Harbours Surplus/(Deficit)	0	(1)	56
Brixham Harbour Surplus/(Deficit)	(50)	30	121

2.5 Minute 398 approved the use of harbour reserve funds to make additional payments against the financing charges of capital projects. The Executive Head of Tor bay Harbour Authority will consider applying some or the entire projected surplus at Brixham harbour for this purpose and any repayment will be reported in the Outturn report for 2011/12.

2.6 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>	
Torquay Harbour – Haldon & Princess Piers [General Fund element]	1,200 [600]	1,200 [600]	1,200 [600]	(i)
Brixham Harbour – Various Repairs	640	647	649	(ii)
Brixham Harbour – New Fish Quay Development	4,750	4,750	4,750	(iii)
Brixham Breakwater Repairs	150	0	150	(iv)
Fish Market Roof – PV Panels	48	0	48	(v)

- (i) The Phase 1 works are now complete and they have included sprayed concrete on the seaward face, additional rock armouring, some emergency repairs to the inside wall and a trial repair method that included a row of mini-piles. 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 will commence in the autumn of 2011. Work towards a further bid of approximately £7m of external funding from the Environment Agency is now underway and is expected to be submitted later this year.
- (ii) Further repair work is required to the ladders and fenders. Funding for this spend has been approved from the Brixham Harbour reserve but is not currently reflected in the Capital Plan
- (iii) Work commenced in February 2008 and the development has now been completed. Borrowing has been approved up to £4.75m and the capital charges used to service this loan can now be seen within the Brixham Harbour revenue account for 2011/12.

- (iv) The Environment Agency approved a grant of £40,000 to produce a more detailed structural report of the breakwater. Officers have now evaluated this new report and work has started on a bid for further Environment Agency funding from their medium-term capital plan. Unfortunately, the additional wave modelling results and economic appraisal has been delayed by new modelling data. A bid for external funding from the Environment Agency is now expected to be submitted later this year.
- (v) In the meantime the approved £150k capital work has been postponed.
- (vi) 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 the recent announcement regarding a significant reduction in the feed-in tariff rate has meant that the scheme may no longer be viable. Further evaluation is now required to determine a clear business case.

2.7 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 31<sup>st</sup> March 2012</b>
Haldon Pier (Torquay Harbour)	£1,200,000	2010/11	£1,144,601
Town Dock (Torquay Harbour)	£1,140,000	2008/09	£983,215
Brixham Harbour New Fish Quay Development	£4,750,000	2011/12	£4,671,876

2.8 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 1.6).

**Kevin Mowat**  
Executive Head of Tor Bay Harbour Authority

**Pete Truman**  
Principal Accountant

## Appendices

Appendix 1 Harbour Revenue Accounts 2011/12

## Documents available in members' rooms

None

## Background Papers:

None