



**Meeting:** Harbour Committee

**Date:** 1<sup>st</sup> July 2019

**Wards Affected:** All wards in Torbay

**Report Title:** Tor Bay Harbour Authority Budget Monitoring 2019/20

**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 2019/20 compared with approved budgets.
- 1.2 This report identifies the overall budgetary position for Tor Bay Harbour Authority as at end of May 2019 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 Head of Torbay 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 to date amounts to £4,258.94.

## 2. Summary

- 2.1 The Tor Bay Harbour Authority budget was approved by the Harbour Committee on 17<sup>th</sup> December 2018
- 2.2 This is the first budget monitoring report presented to the Harbour Committee for

the financial year 2019/20.

- 2.3 A slow start in levels of fish toll income is likely to result in a shortfall to the overall budget target for the year. Further pressure on the Harbour account exist from additional waste costs and proposed increase to security arrangements. Some savings are expected from staff vacancies.

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## Supporting Information

### 3. Position

- 3.1 The projected outturn at Appendix 1 reflects amendments to the budget 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:

	Original Budget £000	Projected Outturn £000
Operational surplus/(deficit)	67	(58)
Gainshare* – General Fund	(42)	0
Gainshare* – Harbour Reserve	(25)	0
Net Surplus/(Deficit) 2019/20	0	(58)

\* see paragraph 3.9

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

	Total Budget £000	Actual to Date (including prior years) £000	Projected Outturn £000	Notes
Oxen Cove Jetty	1,967	990	1,967	(i)
North Quay Brixham Fendering	300	90	300	(ii)
Victoria Breakwater	3,853	2,782	3,893	(iii)
Harbour Light Restaurant Redevelopment	600	78	600	(iv)

- (i) MMO licence approval has now been obtained and work is under way.
- (ii) Fenders have been delivered and installation location plans are being finalised.
- (iii) Works commenced in the last week of November 2018 and are ongoing.
- (iv) The property is fully vacated and planning application submitted with a decision expected in early July 2019.

3.4 The Harbour's liability for prudential borrowing is detailed in the following table, (the repayment instalment due for 2019/20 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	£593,870
Haldon Pier (Torquay Harbour)	£1,200,000	2010/11	£907,856
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
	<b>TOTAL</b>		<b>£6,097,463</b>

3.5 The Tor Bay harbour Authority debt position (at mid-June 2019) 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	£13k	£54k	£84k	£244k
Bad Debt Provision	£23k			

The outstanding Harbour Charges debt largely reflects payment of user charges by instalments and the overall figure will reduce throughout the year.

- 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 Committee is asked to note 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 £802,000 by 2018/19 with notice by the Council of an additional £50,000 request from 2019/20.
- 3.9 The Budget Review Working Party expressed concern of the risk in guaranteeing an additional fixed contribution of £50,000 to the General Fund against uncertain income streams and a counter proposal was recommended and approved by Harbour Committee in that, in addition to the base contribution of £802,000 the General Fund would receive a share of any future annual surpluses generated by the Harbour Account by way of the following:
- First £25,000 to the General Fund
  - Any amount over £25,000 split 60% retained by the Harbour Account and 40% to the General Fund
- 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

Appendix 1                   Harbour Revenue Accounts for 2019/20

## Additional Information

None