



Meeting: Harbour Committee

Date: 24th September 2019

Wards Affected: All wards in Torbay

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

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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 August 2019 to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.
- 1.3 The Committee is asked 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. the Harbour Master's use of delegated powers to waive certain harbour charges which to date amounts to £4,292.27.

2. Summary

- 2.1 The Tor Bay Harbour Authority budget was approved by the Harbour Committee on 17th December 2018

- 2.2 This is the second 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 exists from additional waste costs, increased security arrangements and higher insurance premiums. Some savings have been generated from staff vacancies.

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	Revised Budget £000	Projected Outturn £000
Operational surplus/(deficit)	67	(58)	(90)
Gainshare* – General Fund	(42)	0	0
Gainshare* – Harbour Reserve	(25)	0	0
Net Surplus/(Deficit) 2019/20	0	(58)	(90)

* 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	2,255	1,967	(i)
North Quay Brixham Fendering	300	317	317	(ii)
Victoria Breakwater	3,853	3,889	3,892	(iii)
Harbour Light Restaurant Redevelopment	600	106	800	(iv)

- (i) Works are nearing completion. The budget for this scheme is currently set at £1.97m but may increase to (worst case) £3.1m pending formal negotiations surrounding Compensation Event Notices issued by main contractor. The MMO is providing EMFF grant of £1.6m and it is now anticipated that the Council borrowing for the scheme may need to be £1.5m.
- (ii) Fenders have been delivered and installed. Project fees have increased the total cost of the scheme.
- (iii) Works have completed. Project fees have increased the total cost of the scheme.
- (iv) An increase to the project spend due to old lease surrenders and additional internal works has been approved by the Chief Executive. Works are expected to commence this month.

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	£538,680
Haldon Pier (Torquay Harbour)	£1,200,000	2010/11	£867,749
Brixham Harbour New Fish Quay Development	£4,750,000	2011/12	£3,785,534
Torquay Inner Harbour Pontoons (Inner Dock)	£800,000	2014/15	£680,506
TOTAL			£5,872,469

3.5 The Tor Bay harbour Authority debt position (at early September 2019) 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	£12k	£44k	£47k	£76k
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 There is a significant risk that the Harbour Authority will cease to be self-funding given the continuing and forecast trend downwards of the Harbour Reserve. 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