

Meeting: Harbour Committee

Date: 24th September 2019

Wards Affected: All wards in Torbay

Report Title: Harbour Budget 2020/21 and Schedule of Fees and Charges

Is the decision a key decision? Yes

When does the decision need to be implemented? 24 September 2019

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1. Proposal and Introduction

- 1.1 This report provides Members with the opportunity to consider the level of harbour charges to be levied by Tor Bay Harbour Authority, on behalf of the Council as the Harbour Authority, in the next financial year and to consider the Tor Bay Harbour Authority budget for 2019/20. This is being considered at this time to enable implementation and payment to be made in advance of the granting of facilities for the coming financial year.
- 1.2 The Committee is required to approve the level of harbour charges for Tor Bay Harbour for 2019/20, having considered the budgetary implications set out in this report.
- 1.3 The Committee is further asked to approve the 2019/20 budget for Tor Bay Harbour Authority.

2. Reason for Proposal and associated financial commitments

- 2.1 The Harbour Committee is required annually to approve the Harbour Authority revenue budget and to set the level of fees and charges levied.
- 2.2 This proposal commits the Harbour Authority financially to £3,381,000 expenditure from the revenue budget and an additional £74,000 net from the harbour reserves

which will primarily be used to replace worn mooring ground chain in Brixham harbour as well as fender replacements in each of the 3 enclosed harbours.

Recommendation(s) / Proposed Decision

3.1 The Harbour Committee is requested to:

- a. Approve the recommendation made by the Budget Review Working Party to increase harbour fees and charges by an representative average of 2.0% (Appendix 1);
- b. Approve the proposed Harbour Authority budget for 2020/21 (Appendix 2)
- c. Direct the Budget Review Working Party to continue to monitor the revenue budget and to recommend a budget for 2021/22.

Appendices

1. Proposed Tor Bay Harbour Schedule of Fees and Charges 2020/21.
2. Proposed Tor Bay Harbour revenue budget 2020/21.

Background Documents

The following documents/files were used to compile this report:-

Schedule of Tor Bay Harbour Charges 2018/19
Tor Bay Harbour Act 1970
Tor Bay Harbour (Torquay Marina Act &c.) Act 1983

Section 1: Background Information

1.	<p>What is the proposal / issue?</p> <p>The Council constitution requires the Harbour Committee on behalf of the Harbour Authority to annually set and approve a balanced revenue budget and to set the level of fees and charges accordingly.</p>
2.	<p>What is the current situation?</p> <p>Torbay Council's Revenue Budget and General Fund continue to face significant financial pressures and all council business units including the Harbour Authority have been asked to make further savings or increase revenue to help reduce the deficit. Over recent years the Harbour Authority have made increasing contributions to the General Fund which in 2018 was £959,000 (approximately 29% of income).</p> <p>In 2018 the Harbour Committee was concerned that any further raise in contribution to the GF would put the Harbour Authority at considerable financial risk given the variability in fish toll incomes which in the last 2 years have varied by £175,000 [2017: £1.1m; 2019: £959k forecast].</p> <p>The Committee thus agreed that the level of contribution to the GF remain static but any trading surplus would be split between the GF and the Harbour Reserves which currently stand at approximately 14% of income.</p> <p>This is significantly below the 20% minima that the Harbour Committee consider prudent to make up any in-year revenue shortfall and meet unforeseen expenditure such as storm damage.</p> <p>The Budget Review Working Party met 10 September to consider the in-year financial position and to set a budget for 2020/21 which can be found at Appendix 2. It also agreed the broad principles for the 2020/21 schedule of fees and charges (Appendix 1).</p>
3.	<p>What options have been considered?</p> <p>3 options have been considered:</p> <p>a. Increase the schedule of fees and charges by a representative 2.0% average to account for inflationary pressures – this is the recommended option</p> <p>b. Make no change to the level of harbour charges and accept reduced levels of revenue – NOT recommended as this would place the budget in a deficit position</p>

	c. To not agree the GF contribution in advance but instead wait until fish toll revenues are known in early 2021 – this is unlikely to be acceptable due to the council’s financial position
4.	<p>What is the relationship with the priorities within the Partnership Memorandum and the Council’s Principles?</p> <p>The proposal is for a representative 2.0% increase in fees and charges and is below the average rise of 3.0% applied to the remainder of the Council’s fees and charges. It thus seeks to balance the need to set a balanced budget with the need to <i>encourage a thriving economy</i> while making appropriate <i>adaptations for climate change</i></p>
5.	<p>How does this proposal/issue contribute towards the Council’s responsibilities as corporate parents?</p> <p>Not applicable</p>
6.	<p>How does this proposal/issue tackle poverty, deprivation and vulnerability?</p> <p>Price increases have been set at the minimum level necessary to deliver a balanced budget and thus attempts to minimise financial pressures to harbour users</p>
7.	<p>How does the proposal/issue impact on people with learning disabilities?</p> <p>The schedule of fees and charges has been reformatted to make it easier to read and is less confusing to comprehend</p>
8.	<p>Who will be affected by this proposal and who do you need to consult with? How will the Council engage with the community? How can the Council empower the community?</p> <p>Both the Torquay & Paignton and the Brixham Harbour Liaison Fora have been consulted.</p>
Section 2: Implications and Impact Assessment	
9.	<p>What are the financial and legal implications?</p> <p>The scale of the GF contribution could attract a challenge under the Local Authority Accountability Act which would require substantial administrative effort to rebut</p>
10.	<p>What are the risks?</p> <p>There is a significant risk that the budget will not be met due to the variability in fish tolls which accounts for 28% of the total income. This risk cannot be mitigated under the current paradigm.</p>

	<p>There is a risk that boat owners will relocate their vessel or business to other harbours which are cheaper. This has been mitigated by analysing the regional market to ensure that our prices are competitive.</p> <p>There is a risk that unforeseen expenditure eg to fix storm damage could deplete the Harbour Reserves to the point it can no longer be self-financing. In that instance any deficit would require a GF precept thus reducing the overall contribution to the GF. This can only be mitigated by increasing the reserves to the 20% agreed minima but this is not possible under the current budget model.</p>
11.	<p>Public Services Value (Social Value) Act 2012</p> <p>Not applicable</p>
12.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Fees and charges set by neighbouring harbours have been studied, and Harbour Liaison Fora have been consulted</p>
13.	<p>What are key findings from the consultation you have carried out?</p> <p>Harbour users broadly accept the financial position and the need for moderate contributions to the GF but there is annually increasing resistance from the Harbour Users that this should continue given the increasing dilapidation evidenced around the harbour.</p>
14.	<p>Amendments to Proposal / Mitigating Actions</p> <p>None</p>

Equality Impacts

15.	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people		Increased harbour costs will place disproportionate pressure on young people who may earn less than older workers	
	People with caring Responsibilities		Increased harbour costs will place disproportionate pressure on carers whose income is below that of non-carers	
	People with a disability		Increased harbour costs will place disproportionate pressure on disabled people whose income is below average	
	Women or men			Neutral
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			Neutral
	Religion or belief (including lack of belief)			Neutral
	People who are lesbian, gay or bisexual			Neutral
	People who are transgendered			Neutral

	People who are in a marriage or civil partnership			Neutral
	Women who are pregnant / on maternity leave		Increased harbour costs will place disproportionate pressure on this cohort as their income is below reduced	
	Socio-economic impacts (Including impact on child poverty issues and deprivation)		Cumulative effect of the above will have an adverse affect	
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)		Price rises will discourage take up of maritime activities which in general increase fitness	
16.	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	None identified		
17.	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	None identified		