

Meeting: Harbour Committee

Date: 23 March 2020

Wards Affected: All

Report Title: Tor Bay Harbour Budget Monitoring 2019-20

Is the decision a key decision? No

When does the decision need to be implemented? N/A

Cabinet Member Contact Details: Not a Cabinet function

Supporting Officer Contact Details:

Adam Parnell, Harbour Master, 01803 853321, adam.parnell@torbay.gov.uk

Pete Truman, Principal Accountant, 01803 207302, pete.truman@torbay.gov.uk

1. Proposal and Introduction

1.1 This report identifies the overall budgetary position for Tor Bay Harbour Authority as at February 2020 compared with approved budgets.

2. Reason for Proposal and associated financial commitment

2.1 The 2019/20 Tor Bay Harbour Authority budget was approved by the Harbour Committee on 17th December 2018 and a report such as this is presented to each Harbour Committee meeting to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.

3. Recommendation(s) / Proposed Decision

3.1 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. that harbour reserves are forecast to be depleted to £0 by 2022.
- c. the Head of Torbay Harbour Authority's use of delegated powers to make decisions in relation to the harbour budget;
- d. the Harbour Master's use of delegated powers to waive certain harbour charges which to date amounts to £5,614;
- e. that the loan made in November 2014 of £86,000 from Harbour Committee reserves to another Council department, which was due to be repaid between 2017 – 2019, remains outstanding;

Appendices

Appendix 1: Harbour Revenue Accounts 2019-20.

Background Documents

DfT [Ports Good Governance Guidance](#)

Report Clearance

Report clearance:	Reviewed & approved by:	Date:
Chief Executive	Steve Parrock	
Monitoring Officer	Anne-Marie Bond	
Chief Finance Officer	Martin Phillips	
Director Place	Kevin Mowat	

Section 1: Background Information																										
1.	<p>What is the proposal / issue?</p> <p>The 2019/20 Tor Bay Harbour Authority budget was approved by the Harbour Committee on 17th December 2018 and a report such as this is presented to each Harbour Committee meeting to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.</p>																									
2.	<p>What is the current situation?</p> <p>Significant expenditure has been used to increase security arrangements at Brixham harbour and to effect infrastructure safety improvements in all three enclosed harbours. There has also been significant cost pressures from additional waste and insurance costs.</p> <p>However, despite buoyant fish tolls and a focus on maximising other income streams, there is insufficient to deliver the originally budgeted 'gain share' to the General Fund. This is unfortunate since this was built into the overall Council budget approved by full council and thus is an additional cost pressure on the overall harbour budget position.</p> <p>The consequence is that the harbour is most likely to be in a deficit position at year end. The performance against budget is:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>Total Budget</th> <th>Actual to Date (including prior years)</th> <th>Projected Outturn</th> <th>Notes</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> <th>£000</th> <th></th> </tr> </thead> <tbody> <tr> <td>Oxen Cove Jetty</td> <td>2,500</td> <td>2,482</td> <td>2,527</td> <td>(i)</td> </tr> <tr> <td>North Quay Brixham Fendering</td> <td>300</td> <td>306</td> <td>306</td> <td>(ii)</td> </tr> <tr> <td>Victoria Breakwater</td> <td>3,853</td> <td>3,744</td> <td>3,864</td> <td>(iii)</td> </tr> </tbody> </table>		Total Budget	Actual to Date (including prior years)	Projected Outturn	Notes		£000	£000	£000		Oxen Cove Jetty	2,500	2,482	2,527	(i)	North Quay Brixham Fendering	300	306	306	(ii)	Victoria Breakwater	3,853	3,744	3,864	(iii)
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Harbour Light Restaurant Redevelopment	600	717	800	(iv)
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(i) The approved budget for this scheme has increased to £2.5m following formal negotiations surrounding Compensation Event Notices issued by main contractor. The MMO is providing a maximum EMFF grant of £1.6m and it is now anticipated that the Council borrowing for the scheme will be no more than £1m.

(ii) Project fees have increased the total cost of the scheme.

(iii) Project fees have increased the total cost of the scheme.

(iv) Works are complete, on budget and the restaurant opened in March.

Prudential borrowing

The harbour's liability for prudential borrowing is:

Capital Scheme	Amount Borrowed	Start of Repayments	£ 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

Debt position

The debt position is:

	Corporate Debtor System		Harbour Charges	
	< 60 days	> 60 days	< 60 days	> 60 days
Debt outstanding	£15k	£53k	£21k	£14k
Bad Debt Provision	£23k			

Reserves

In 2011 the Harbour Committee set a reserve target of 20% of budgeted turn-over. This has been missed for a number of consecutive years and it is now very likely that these will be depleted by 2022.

3.

What is the relationship with the priorities within the Partnership Memorandum and the Council's Principles?

A safe, efficient and self-financing harbour positively contributes to the following priorities:

	<ul style="list-style-type: none"> • A Thriving Economy • A Council Fit for the Future
5.	<p>How does this proposal/issue contribute towards the Council's responsibilities as corporate parents?</p> <p>N/A</p>
6.	<p>How does this proposal/issue tackle poverty, deprivation and vulnerability?</p> <p>Tor Bay harbour is a regional focus for maritime-related employment: it is a thriving maritime recreational and leisure hub of national renown and also accommodates the largest fishing port in England and Wales by value of catch landed.</p> <p>A healthy, safe and efficient Bay is also a key driver for non-maritime sectors such as tourism, environment, R&D etc</p>
7.	<p>How does the proposal/issue impact on people with learning disabilities?</p> <p>No discernible impact</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>All harbour stakeholders, including maritime and non- maritime businesses are affected.</p> <p>Consultation is effected through regular harbour stakeholder liaison forums who are empowered to provide feedback via the Harbour Committee to the Council</p>

Section 2: Implications and Impact Assessment

9.	<p>What are the financial and legal implications?</p> <p>The Harbour account for 2019-20 is highly likely to be in a deficit position at year-end due to the size of contribution to the General Fund.</p> <p>The Harbour finances are currently not been run in accordance with the DfT's Ports Good Governance Guidance (March 2018). While not a statutory publication this is considered national 'best practice' for the ports industry.</p>
10.	<p>What are the risks?</p> <p>There is a risk that harbour reserves will be depleted by 2022 and thereafter there is a risk that the Harbour will require a General Fund precept to retain a balanced budget.</p> <p>If quayside facilities and services do not remained aligned with user need/requirements then there is a risk that incomes will decline.</p>

11.	<p>Public Services Value (Social Value) Act 2012</p> <p>N/A</p>
12.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Feedback from harbour users and liaison forums Feedback from Committee members Feedback from fishing industry leaders Previous Harbour Committee reports</p>
13.	<p>What are key findings from the consultation you have carried out?</p> <p>There is disquiet amongst harbour stakeholders that despite high revenue incomes the harbour budget is likely to be in deficit at year end</p>
14.	<p>Amendments to Proposal / Mitigating Actions</p> <p>None</p>