



Title: **Tor Bay Harbour Authority Budget Monitoring 2012/13**

Wards Affected: **All Wards in Torbay**

To: **Harbour Committee** On: **17th September 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 2012/13 compared with approved budgets.
- 1.2 This report identifies the overall budgetary position for Tor Bay Harbour Authority as at end of August 2012 to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.
- 1.3 The Committee is asked to note any 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 Harbour 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 have benefitted from lower Capital Charges following a partial repayment of borrowing. Although reductions are expected in Marina and rental income at Brixham Harbour, the account is now showing a surplus due to the higher than expected income from Fish Tolls. Additional operational income over target level has reduced the projected deficit for Torquay & Paignton harbours.
- 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 £1700.51 (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 5th December 2011.
- 2.2 This is the second budget monitoring report presented to the Harbour Committee for the financial year 2012/13.

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:

	Original Budget 2012/13 £000	Current Budget 2012/13 £000	Projected Outturn 2012/13 £000
Torquay and Paignton Harbours Surplus/(Deficit)	(35)	(28)	(15)
Brixham Harbour Surplus/(Deficit)	(34)	(39)	30

2.5 The current progress of Harbour capital schemes is detailed below:

	Total Budget £000	Actual to Date (including prior years) £000	Projected Outturn £000	Notes
Environment Agency grant funding for Torquay Harbour – Haldon & Princess Piers	1,300	198	1,300	(i)
Brixham Harbour – Various Repairs	640	647	649	(ii)
Brixham Breakwater Repairs	150	0	150	(iii)
Fish Market Roof – PV Panels	48	0	48	(v)

- (i) 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 commenced in the autumn of 2011 and further work will follow this autumn/winter. 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) 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. In the meantime the approved £150k capital work has been postponed.

- (iv) 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

Capital Scheme	Amount Borrowed	Start of Repayments	Principal outstanding at 1st April 2012
Haldon Pier (Torquay Harbour)	£1,200,000	2010/11	£1,144,601
Town Dock (Torquay Harbour)	£1,140,000	2008/09	£920,515
Brixham Harbour New Fish Quay Development	£4,750,000	2011/12	£4,526,876

2.8 The Tor Bay harbour Authority debt position at the end of August 2012 is set out in the table below:-

	Corporate Debtor System		HMS	
	Unpaid by up to 60 days	Unpaid over 60 days	Unpaid by up to 60 days	Unpaid over 60 days
Debt at 3 rd September 2012	£22k	£18k	£21k	£45k
Bad Debt Provision	£17k		N/A	N/A

The Harbour Management System (HMS) debt does not have a separate bad debt provision because the income is not credited until it is received. However, following the recent internal audit report the Executive Head of Torbay Harbour Authority has determined that the overall debt position should be shown to the Harbour Committee on each budget monitoring report. As expected the HMS debt figure has reduced from £264k at the end of April to £66k at the end of August.

2.9 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).

2.10 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 harbours related capital projects.”

Consequently the Executive Head of Tor Bay Harbour Authority, in consultation with the Chairman of the Harbour Committee, has produced a list of Harbour Reserve Fund projects attached as Appendix 2. The Committee is asked to note this list and the obvious ongoing need for a healthy Harbour Reserve Fund.

Kevin Mowat
Executive Head of Tor Bay Harbour Authority

Pete Truman
Principal Accountant

Appendices

Appendix 1 Harbour Revenue Accounts 2012/13
Appendix 2 Harbour Reserve Fund Project List

Documents available in members’ rooms

None

Background Papers:

None