

**Meeting: Harbour Committee**

**Date: 21<sup>st</sup> September 2020**

**Wards Affected: All**

**Report Title: Tor Bay Harbour Budget Monitoring 2020-21**

**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:**

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## **1. Proposal and Introduction**

1.1 This report updates the Committee on the overall budgetary position for Tor Bay Harbour Authority as at August 2020 compared against the budget approved on 24<sup>th</sup> September 2019.

## **2. Reason for Proposal and associated financial commitment**

2.1 As a standing agenda item, this report is presented to each Committee meeting to enable appropriate oversight and 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 and adjustments to the Reserve Funds (Appendix 1);
- b. that harbour reserves are projected to be depleted to £0 in 2021.
- 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 £11,449;
- e. that the loan made in November 2014 of £86,000 from Harbour Committee reserves to another Council department remains outstanding;

## Appendices

Appendix 1: Harbour Revenue Accounts 2020-21

### Background Documents

DfT [Ports Good Governance Guidance](#)

### Report Clearance

<b>Report clearance:</b>	<b>Reviewed &amp; approved by:</b>	<b>Date:</b>
Chief Executive	Anne-Marie Bond	
Monitoring Officer	Amanda Barlow	
Chief Finance Officer	Martin Phillips	
Director Place	Kevin Mowat	

<b>Section 1: Background Information</b>			
<b>1.</b>	<b>What is the proposal / issue?</b>  The 2020/21 Tor Bay Harbour Authority budget was approved by the Committee on 24 <sup>th</sup> September 2019 and an update is presented to each Harbour Committee meeting to enable appropriate action to contain expenditure and maintain reserves at appropriate levels.		
<b>2.</b>	<b>What is the current situation?</b>  Covid-19 has reduced income, although it is anticipated that a proportion of losses may be recovered through government grant.  Continuing levels of contribution to the General Fund and an uplift to the level of recharged support services has significantly increased overall expenditure.  The harbour revenue account is projected to be in deficit at year end.		
		<b>Original Budget £000</b>	<b>Revised Budget £000</b>
			<b>Projected Outturn £000</b>
	Operational surplus/(deficit)	0	0
	Gainshare* – General Fund	0	0
	Gainshare* – Harbour Reserve	0	0
	Shortfall in General Fund contribution*	0	(50)
	<b>Net Surplus/(Deficit) 2020/21</b>	<b>0</b>	<b>0</b>
			<b>(117)</b>
			<b>(167)</b>

## Capital Schemes

The current progress of Harbour capital schemes is detailed below:

	Budget	Actual to date	Proj' Outturn	Notes
	£000	£000	£000	
Oxen Cove Jetty	2,500	2,482	2,482	(i)
Victoria Breakwater	3,893	3,784	3,784	(ii)
Harbour Light Redevelopment	800	715	800	(iii)
Water Meters in Brixham	110	110	110	(iv)
CCTV Upgrade in Brixham	86	79	86	(v)

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

(iv) Full implementation delayed due to furloughed contractors.

(v) On track – 3 further cameras to be installed.

## Prudential borrowing

Capital Scheme	Amount Borrowed	Start of Repayments	£ Principal outstanding
Town Dock (Torquay)	£1,140,000	2008/09	£481,058
Haldon Pier (Torquay)	£1,200,000	2010/11	£825,855
Brixham New Fish Quay Development	£4,750,000	2011/12	£3,673,231
Torquay Inner Harbour pontoons	£800,000	2014/15	£657,278
Brixham Harbour Jetty	£840,000	2020/21	£829,476
	<b>TOTAL</b>		<b>£6,466,898</b>

## Debt position

	Corporate Debtor System		Harbour Charges	
	< 60 days	> 60 days	< 60 days	> 60 days
Debt outstanding	£32k	£121k	£59k	£184k
Bad Debt Provision	£15k			

## 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 the Reserve will be depleted by 2022.

3.	<p><b>What is the relationship with the priorities within the Partnership Memorandum and the Council's Principles?</b></p> <p>A safe, efficient and self-financing harbour positively contributes to the following priorities:</p> <ul style="list-style-type: none"> <li>• A Thriving Economy</li> <li>• A Council Fit for the Future</li> </ul>
5.	<p><b>How does this proposal/issue contribute towards the Council's responsibilities as corporate parents?</b></p> <p>N/A</p>
6.	<p><b>How does this proposal/issue tackle poverty, deprivation and vulnerability?</b></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&amp;D etc</p>
7.	<p><b>How does the proposal/issue impact on people with learning disabilities?</b></p> <p>No discernible impact</p>
8.	<p><b>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?</b></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><b>What are the financial and legal implications?</b></p> <p>The Harbour account for 2020-21 is projected to be in deficit at year-end.</p> <p><b>The Harbour finances are currently <u>not</u> run in accordance with the DfT's Ports Good Governance Guidance (March 2018).</b></p>
10.	<p><b>What are the risks?</b></p> <p>Harbour reserves are depleted in 2021-22 and thereafter the Harbour Authority requires a General Fund precept to retain a balanced budget.</p> <p>Lean maintenance budgets and staffing both increase the risk that infrastructure will fail and <b>there is a risk that statutory obligations to operate a safe and efficient harbour are breached.</b></p>
11.	<p><b>Public Services Value (Social Value) Act 2012</b></p>

	N/A
<b>12.</b>	<p><b>What evidence / data / research have you gathered in relation to this proposal?</b></p> <p>Feedback from :</p> <ul style="list-style-type: none"> <li>- harbour users and liaison forums (online)</li> <li>- Committee members</li> <li>- fishing industry stakeholders</li> <li>- previous Harbour Committee reports</li> </ul>
<b>13.</b>	<p><b>What are key findings from the consultation you have carried out?</b></p> <p>There remains disquiet amongst harbour stakeholders that despite high revenue incomes the services offered by the Authority continue to decline.</p>
<b>14.</b>	<p><b>Amendments to Proposal / Mitigating Actions</b></p> <p>Review funds transferred to Central Fund.</p>