

Clerk: Lisa Antrobus  
Telephone: 01803 207013  
E-mail address: [governance.support@torbay.gov.uk](mailto:governance.support@torbay.gov.uk)  
Date: Monday, 29 November 2021

Governance Support  
Town Hall  
Castle Circus  
Torquay  
TQ1 3DR

Dear Member

## **HARBOUR COMMITTEE - MONDAY, 6 DECEMBER 2021**

I am now able to enclose, for consideration at the Monday, 6 December 2021 meeting of the Harbour Committee, the following reports that were unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>	<b>Page</b>
7.	<b>Budget Monitoring December 2021</b>	(Pages 2 - 9)

Yours sincerely

Lisa Antrobus  
Clerk

**Meeting:** Harbour Committee

**Date:** 6<sup>th</sup> December 2021

**Wards affected:** All wards

**Report Title:** Tor Bay Harbour Budget Monitoring 2021-22

**Cabinet Member Contact Details:** Not a Cabinet function

### **Director/Assistant Director Contact Details**

Kevin Mowat, Director of Place 01803 208433, [kevin.mowat@torbay.gov.uk](mailto:kevin.mowat@torbay.gov.uk)

Pete Truman, Principal Accountant, 01803 207302, [pete.truman@torbay.gov.uk](mailto:pete.truman@torbay.gov.uk)

## 1. Purpose of Report

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- 1.1 This report updates the Committee on the overall budgetary position for Tor Bay Harbour Authority as at September 2021 compared against the budget approved on 21st December 2020.

## 2. Reason for Proposal and its benefits

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- 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 the harbour reserve at an appropriate level.

## 3. Recommendation(s) / Proposed Decision

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The Committee is asked to note:

- i. the amended outturn projections and the adjustments to the Harbour Reserve Fund, as set out in Appendix 1;
- ii. the revised level of the Harbour Reserve Fund as of September 2021.
- iii. the Head of Tor Bay Harbour Authority's' use of delegated powers to make decisions in relation to the harbour budget;
- iv. the Harbour Master's use of delegated powers to waive certain harbour charges which to date amounts to £1,834.12

## **Appendices**

Appendix 1: Harbour Revenue Accounts 2021-22

## **Background Documents**

Ports Good Governance Guidance - Department for Transport (March 2018)

Good governance guidance for ports - GOV.UK ([www.gov.uk](http://www.gov.uk))

## 1. Introduction

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- 1.1 The 2021/22 Tor Bay Harbour Authority budget was approved by the Harbour Committee on 21<sup>st</sup> December 2020. This is the third budget monitoring report for the 2021/22 financial year.

## 2. Options under consideration

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- 2.1 Appendix 1 to this report provides the Harbour revenue account statement with projected outturns and associated notes.

## 3. Financial Opportunities and Implications

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- 3.1 The original budget approved by the Harbour Committee included a proposed £200k reduction in the contribution to the Council's General Fund. The overall Council budget approved on 11<sup>th</sup> February provided a £100k reduction in the contribution to the Council's General Fund and funding was also provided directly from the General Fund, for the salary of a Health & Safety post within the harbour team.
- 3.2 The Council also agreed that the planned borrowing of £150k for dredging at Brixham Harbour will now be funded via a contribution from the General Fund. Furthermore, the Council also approved the transfer of a corporate outturn 2020/21 balance of £122,000 to the Harbour Reserve fund.
- 3.3 Repair & maintenance pressures are likely to overspend the budget this year. Income from moorings is down due to reduced deep water chain facilities at Brixham, however this is mitigated by increased expectations for property rents. Recharged utilities income has been re-assessed downward.
- 3.4 As a consequence of these and other adjustments the harbour revenue account is projected to make a deficit at year end, which is slightly worse than previously reported:

	<b>Original Budget £000</b>	<b>Revised Budget £000</b>	<b>Projected Outturn £000</b>
Operational surplus/(Deficit)	45	(26)	(63)

### 3.5 Prudential Borrowing

The Harbour's outstanding borrowing liability is:

<b>Capital Scheme</b>	<b>Amount Borrowed</b>	<b>Start of Repayments</b>	<b>Principal outstanding</b>
Town Dock (Torquay Harbour)	£1,140,000	2008/09	£420,898
Haldon Pier (Torquay Harbour)	£1,200,000	2010/11	£782,094
Brixham Harbour New Fish Quay Development	£4,750,000	2011/12	£3,555,897
Torquay Inner Harbour pontoons (Inner Dock)	£800,000	2014/15	£632,985
Brixham Harbour Jetty	£840,000	2020/21	£818,611
<b>TOTAL</b>			<b>£6,210,485</b>

### 3.6 Debt Position

The aged debt position is set out below. The outstanding Harbour Charges debt largely reflects payment of user charges by instalments and the overall figure will reduce throughout the year.

	<b>Corporate Debtor System</b>		<b>Harbour Charges</b>	
	< 60 days	> 60 days	< 60 days	> 60 days
Debt outstanding	£39k	£107k	£27k	£21k
Bad Debt Provision	£13k			

## 4. Legal Implications

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- 4.1 The Harbour finances are currently not being run in accordance with the DfT's 'Ports Good Governance Guidance' (March 2018), section 4.19 page 39 ~ ***“some SHAs have assured accounts, whereby surplus funds are protected from being transferred to other parts of the local authority not connected with the port. These can be beneficial in allowing the port the ability to plan for the long-term, to have funds available for maintenance and development, but also to be able to cope with unexpected events where funds are required at short notice. Potential further benefits include not being dependent on the council, or not needing to compete with other council services for funds”***. While not a statutory publication this is considered national 'best practice' for the ports industry.

## 5. Engagement and Consultation

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- 5.1 Feedback from harbour users and the two Harbour Liaison Forums.  
Feedback from the Harbour Committee's Budget Review Working Party.  
Feedback from fishing industry leaders.

## 6. Purchasing or Hiring of Goods and/or Services

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- 6.1 Not applicable.

## 7. Tackling Climate Change

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- 7.1 Not applicable.

## 8. Associated Risks

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- 8.1 With the Harbour Reserve Fund at a low level there is a risk that the Harbour Authority will require a General Fund precept to retain a balanced budget.
- 8.2 If quayside facilities and services do not remain aligned with user need/requirements then there is a risk that some income streams will decline.

## 9. Identify the potential positive and negative impacts on specific groups

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9.1 Not applicable.

## 10. Cumulative Council Impact

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10.1 Not applicable.

## 11. Cumulative Community Impacts

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11.1 Not applicable.



## HARBOUR REVENUE ACCOUNTS 2021/22 - BUDGET MONITORING

### NOTES

- 1 A new Health & Safety designated post included in the original 2021/22 committee budget is now being funded directly from the corporate Council budget. There will be in-year savings during temporary arrangements for the vacant Head of Tor Bay Harbours post. Further savings are anticipated on seasonal staff arrangements.
- 2 Budget pressures have arisen from the Torquay bridge & cill, and pontoon works and traffic barrier at Paignton.
- 3 Fish Market cleaning costs are expected to transfer to the lessee
- 4 Increased premium costs on marine insurance cover
- 5 Significant works have been necessary to the work boat at Brixham to ensure full compliance with statutory operating requirements.
- 6 The projected outturn reflects costs of improved broadband facilities at all three harbours.

	Budget 2021/22 £k	Projected outturn 2021/22 £k
Torquay Town Dock	81	81
Torquay Inner Harbour pontoons	54	54
Torquay Haldon Pier	81	81
Brixham Harbour Regeneration	282	282
Brixham Harbour Jetty	38	38
Harbour Light (interest only)		16
Dredging works (now funded from Gen Fund)	11	
	547	552

- 8 The pilot arrangement for a dedicated police presence is being re-assessed and the budget has been withdrawn.
- 9 Transfer of the contributions from the General Fund to Reserve (see note 15). The Brixham dredging works may not be implemented within the current year and will be earmarked specifically within the Reserve balance.
- 10 The original budget approved by Harbour Committee included a proposed £200k reduction in the contribution to the General Fund. The overall Council budget approved on 11th February provided a £100k reduction (along with funding of a health & safety salary post directly from the General Fund - see note 1).
- 11 Revised rental expectations include the new Brixham Fish Market lease and the full rent from the Harbour Light restaurant (offsetting capital charges now at note 6).
- 12 The revised projection for turnover rents is based on the actual levels for 2019/20.
- 13 Budget projections are now apportioned to reflect the charging structure approved by Harbour Committee in December 2021
- 14 Targets for utilities recharges are unachievable.
- 15 Council approved contribution of £122,000 to the Harbour Account from 2020/21 outturn balances together with funding of dredging works at Brixham Harbour of £150,000. These amounts have been transferred to the Harbour reserve at note 8.