

Meeting: Harbour Committee

Date: 6th 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

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1. Purpose of Report

- 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

- 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

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)

Supporting Information

1. Introduction

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

2. Options under consideration

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

3. Financial Opportunities and Implications

- 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 11th 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:

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

3.5 Prudential Borrowing

The Harbour's outstanding borrowing liability is:

Capital Scheme	Amount Borrowed	Start of Repayments	Principal outstanding
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
TOTAL			£6,210,485

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.

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

4. Legal Implications

- 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

- 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

- 6.1 Not applicable.

7. Tackling Climate Change

- 7.1 Not applicable.

8. Associated Risks

- 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

9.1 Not applicable.

10. Cumulative Council Impact

10.1 Not applicable.

11. Cumulative Community Impacts

11.1 Not applicable.