

Appendix 1A

Harbours Committee 4 December 2019

Weymouth Harbour Budget Monitoring Report Summary for 2019/20

1. Executive Summary

- 1.1 The Weymouth Harbour Budget was approved with the knowledge that there was a predicted shortfall of £116,932 which would be taken from the Reserves. The current budget monitoring position shows a favourable figure of £190,812, which would result in a total of £73,880 being transferred in to the Harbour Reserves at year end. The considerable change is due to a review of the Asset management Plan works and the deferral of a number of projects to ensure the maximum life of assets is used to best effect. Opportunities and Risks that may have a bearing on this year end prediction are listed below (para 5.1).
- 1.2 The predicted year end position of the Harbour Reserve is £1,238,157 of which £1,210,899 is allocated to the future Asset Management Plan.
- 1.3 A commitment of £250K has been made from the harbour budget reserve to demolish the Terminal Building. This sum is expected to be raised from parking income from the site. The figure has not been included in this budget monitoring yet. There is also a commitment of £100K that has been made from the harbour budget reserve to the Weymouth Quayside Regeneration Project, which will be considered in 2020/21's budget and not this year's.
- 1.4 The financial performance of the harbour over the last two years has been strong in most areas and this continues in this financial year. Income is showing a favourable position and there has been an increase in visiting vessels and annual moorings.
- 1.5 The early costs for the assets works in the Harbour Asset Management Plan are larger than average due to the catch-up requirement. Protection of the asset management plan is essential for both maintaining a safe environment but also to ensure there is continued support from the harbour users, who contribute with significant fees and expect an acceptable level of service and investment.
- 1.6 Significant steps continue to be taken to achieve break even, or indeed better, in the budget as well as the 5 year Medium Term Financial Plan.
- 1.7 This budget does not include any additional revenue or expenditure linked to the areas defined by the Harbour Revision Order. The financial management arrangements are under discussion with Finance.

2. Revenue Budget Expenditure: Overall £12,642 (A)

2.1 The significant, noteworthy variances to budget predictions are as follows:

Premises: £8,853 (A)

- There has been a number of major water leaks on the Peninsula followed by a secondary leak on the Cargo Stage that proved difficult to locate and repair. The Cargo Stage repair is now fixed but investigations continue on the Peninsula. There is an intention to make a claim for a water leak allowance.
- It was hoped that a rates assessment for North Quay WC and Shower Facilities could be merged into the main harbour rates assessment for the harbour and be recognised as part of our undertaking. This has not been accepted by the Valuation Office and will be charged to the revenue budget.

Supplies and Services: £14,012 (A)

- It has been necessary to appoint a Contractor to carry out the role of Designated Person which was unknown and not budgeted for.
- An offer is made to annual marina berth holders of reduced rate parking permits to make our overall offer more attractive. From this financial year, the harbour budget is covering the cost of that.
- Recent enquiries regarding PWC berths have resulted in a decision being taken to install additional docks to accommodate the vessels that have enquired and are on our waiting list. The 3 spaces currently available will be increased to 6. The cost of the installation will be in this financial year and from 1 April 2020, there will hopefully be new income generated from these berths.

3. Revenue Budget Income: Overall £10,129 (F)

3.1 Performance against Income predicted is:

	Budget	Predicted
Commercial Activities	£187,194	£181,757
Leisure Activities	£773,071	£783,007
Rents and Licences	£159,304	£161,927
Recoverables	£18,009	£21,015
Totals	£1,137,578	£1,147,706

3.2 The significant, noteworthy variances to budget predictions are as follows:

Commercial Activities: £5,437 (A)

- The Commercial Area is still being utilised more and there are a number of increases in areas such as storage and use of forklift. There has been a slight improvement since the last reporting period with increases in both visiting fishing vessels and commercial annual berths. There have been fewer visits from other visiting commercial vessels and income is down in this area, Waverley and some tall ships have cancelled this year.

Leisure Activities: £9,936 (F)

- The numbers for visiting yachts is up on last year.
- Occupancy rates for marina berths are also up on last year. It is always difficult to predict what happens at year end as the numbers of customers that take their vessels out over the winter period fluctuates but, it is hoped we will meet budget targets.

Rents and Licences: £2623 (F)

- A part of this increase is due to increased income from rent at Weymouth Marina based on their turn-over.

Recoverable: £3,006 (F)

- Efforts to charge all end users for energy continue and it is expected that income will exceed budget expectations.

4. **Asset Management: In-Year Improvements £382,390**

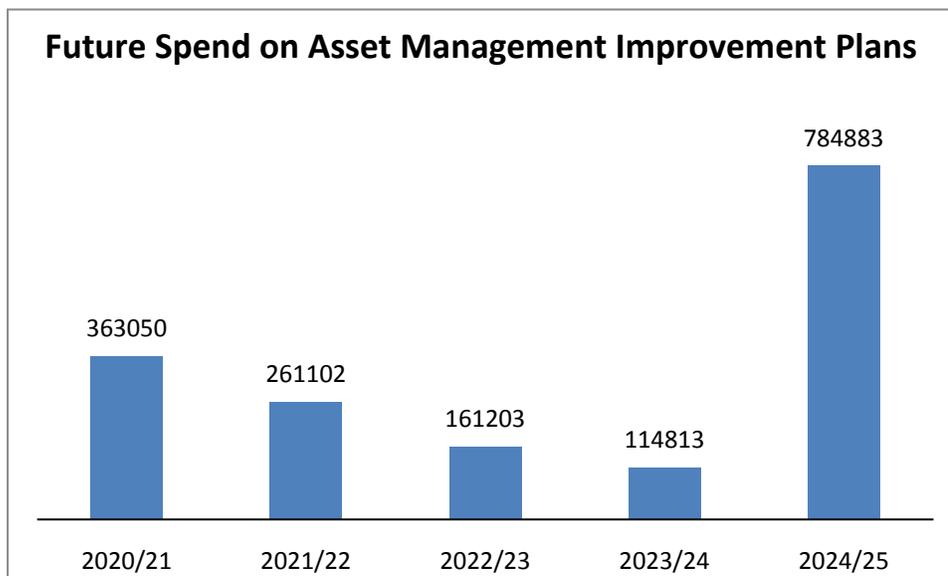
4.1 The Programme of Works for 2019/20 is an extract from the 25-year rolling Harbour Asset Management Plan, which is designed to ensure that facilities are provided safely and fit for purpose.

4.2 £382,390 was budgeted to fund an agreed programme of improvements works as follows:

In year costs	£262,276
C/F from 2018/19	£120,114
Total	£382,390

4.3 The list of projects is attached at appendix 1C and shows a number of projects that were not completed during 2018/19, which are being carried forward. A review of the works programme for 2019/20 has deferred a number of items totalling £203,548 in order to extract the maximum life out of the assets. The expected spend on the projects remaining in this year is £178,842.

4.4 The updated profile of spend for future years is shown in the chart below. These works can only be funded from the Harbour Reserve.



5. **Opportunities and risks**

Listed below are areas that are not yet predicted but may have an affect on the budgets:

- Actual expenditure on response maintenance is currently low and may result in savings at year end provided there are no unforeseen expenses.
- As part of the transition to a different finance system under Dorset Council, it has been difficult to monitor energy and rates costs. These are a fairly significant cost to the harbour budget and are known to fluctuate and be difficult to predict. It is hoped for the next reporting cycle, there will be more information available to help with these predictions.

6. Independent Reserves and Capital Schemes

- 6.1 The Independent Reserves and Capital Schemes summary given at the bottom of Appendix 1B shows the current position of the money being managed by Technical Services on harbour projects. This is currently separate from the Revenue Budget which does not cover Harbour Walls and Dredging.