

# **Harbour Management Board**

## **6<sup>th</sup> December 2017**

### **Harbour Medium Term Financial Plan (including the Fisher Report, 2018/19 proposed budget & scale of charges)**

**For Recommendation to Management Committee  
(Recommendations 2.2 to 2.4)  
For Decision (Recommendations 2.1, 2.5 to 2.7)**

#### **Briefholders:**

Cllr Richard Kosier, Tourism & Culture & Harbour  
Cllr Jeff Cant, Finance & Assets  
Cllr Ian Bruce, Chair Harbour Management Board

#### **Senior Leadership Team Contacts:**

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#### **Report Authors:**

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#### **Statutory Authority**

W & P Borough Full Council as Statutory Harbour Authority.  
The Harbour Management Board has the responsibility to manage the Harbour finances including budget setting, budget monitoring and the final year end outturn.

#### **Purpose of Report**

- 1.1 To note and accept the Fisher Report as a guide to the future of Weymouth Harbour and progress the recommendations from this in 2018/19 where possible.
- 1.2 To set out the Harbour Revenue Budget for 2018/19 for recommendation to Management Committee as part of the corporate budget process.
- 1.3 To seek approval for the proposed Scale of Charges and Asset Management Programme of Works for 2018/19.
- 1.4 To set out the position of the Asset Management Plan proposed in-year spend for 10 years.

#### **Recommendations**

- 2.1 To accept the Fisher Report as a guide to the future of Weymouth Harbour and progress the recommendations from this in 2018/19 where possible.
- 2.2 To approve the proposed Harbour Budget for 2018/19 as detailed in Appendix 1.
- 2.3 To approve the 5 Year Medium Term Financial Plan as detailed in Appendix 1.
- 2.4 To approve the use of the Harbour Reserve as detailed in Appendix 1.
- 2.5 To approve the Asset Management Programme of Works for 2018/19 at Appendix 2.
- 2.6 To approve the scale of charges for 2018/19 at Appendix 3. Significant changes are given at Appendix 4.
- 2.7 To note the proposed commitment of funds to the Asset Management Plan for years 6 - 10 as detailed at para 5.10.

### **Reason for Decision**

- 3.1 The Fisher Report will help guide the future of the harbour.
- 3.2 The harbour budget is a part of the overall corporate budget process.
- 3.3 Significant steps continue to be taken successfully to achieve break even, or indeed better, in the budget as well as the 5 year Medium Term Financial Plan which includes the 2018/19 budget.

### **Background and Reason Decision Needed**

- 4.1 The Weymouth Harbour budget forms part of the overall corporate budget process. The final decision on the corporate budget will be made by Full Council in February 2018.
- 4.2 The presentation of the harbour budget uses the standard corporate headings which are:-
  - Employees –all costs relating to staffing including basic pay, National Insurance, Superannuation and training.
  - Premises – Utility costs, rates, maintenance.
  - Transport – Mileage allowances and the cost of the fuel for boats etc.
  - Supplies & Services – Insurance, contracts and other supplies such as advertising, equipment, subscriptions and protective clothing.
  - Income – From such activities as Rents & Licences, Recoverables, Commercial Activities and Leisure Activities income.

4.3 In 2013, with the adoption of a 5-year business plan, it was decided to invest in a 25-year Rolling Programme of Works made up of 2 categories, which are:

- by pre-funding a Works Reserves Fund for asset items in anticipation of future asset management costs
- by progressing an in-year programme.

This continues to be the correct principle even though the plan had the ferry operation as a major consideration. Therefore in each year some money is transferred in and out of the Reserves Fund whilst some is used for in-year works. The payments to the reserves fund are dependent on the life of the item and purchase date so that sufficient funds will be available when the item has to be replaced. This asset management work was considered essential as a long-term approach and the need to have adequate, safe facilities to maintain and attract customers. The early costs for this programme 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.

## Report

### Fisher Report

5.1 In the summer Fisher Associates completed a review of Weymouth Harbour to help identify a long term strategy. There was wide consultation including the Harbour Management Board and the Harbour Consultative Group. Fisher Associates worked with the Peninsula project to jointly evolve some ideas for the future. The report was presented to the Harbour Management Board in October and consists of the following:

- Taking stock
- “Demand side” review
- “Supply side” review
- Value for money review
- High level business plan / evaluation of proposals.

5.2 The conclusion of the report is:

- This is a significant time in the evolution of Weymouth Harbour.
- The vision is to be a leading destination harbour for tourism on the south coast.
- The strategy targets leading marine leisure and sea angling positions, with a thriving commercial fishing sector, supporting the socio-economic fabric of the Town.
- Much can be done to activate this with modest investment.

5.3 The report is In Confidence due to the financial data it contains. The intention is to distil the report in to a number of smaller projects, prioritise

them and bring a further report to the next Harbour Management Board in February 2018 covering a plan to take the outcomes of the Fisher Report forward. Each of the projects will require a business case in its own right to determine the affordability and potential gain from the actions. Staffing has been reviewed by Fisher and the current staff structure is being maintained but will be reviewed as part of taking the recommendations forward. As covered below some of the Fisher's recommendations on pricing have been taken in to consideration in setting fees and charges for 18/19.

- 5.4 The report has great potential in guiding the future of the harbour and is recommended for formal adoption by the Harbour Management Board.

### **Assumptions**

- 5.5 A budget has been proposed as an interim position that assumes business as usual for the harbour operation including staff numbers. In reality this is unlikely to be the case but there are too many variables at the time of this report to be able to make accurate predictions. The following may impact on the harbour budget in 2018/19 and subsequent years:

- Peninsula development. The harbour has a key role in this development, which will impact on the Commercial Area and adjacent quays.
- Implementation of the Fisher Report (the report is covered later).
- Harbour wall repairs.
- Local government review.

- 5.6 The following items are considered capital projects and are not considered as part of the harbour revenue budget, which is the harbour's operational fund:

- Harbour walls repairs - £1.955 million funding has been allocated to the first 3 years of the 15-year 'Harbour Walls' project. This is being funded from capital receipts and reserves. The final cost of this element of the project is likely to be in the region of £2 million to £3 million. Work is continuing on this project which is now planned to start in 2018/19.
- Dredging - Over the next 5 years a dredging exercise will need to take place in the Harbour. There are some areas of the harbour which are already impacting on the movement of boats. The estimated cost of this project will be up to £2 million. Funding has not yet been identified.
- Development of the Peninsula.

The harbour's revenue budget includes use of the harbour reserves.

### **Revenue Budget 2018/19**

- 5.7 Considerable progress has been made in balancing the revenue budget by increasing income and reducing expenditure. The 2016/17 out-turn figures

were better than expected and this positive trend continues in 2017/18 and is a credit to the harbour team, supported by Finance.

5.8 Appendix 1 shows the proposed budget for 2018/19.

### Harbour Reserve

5.9 The Harbour reserve position at 1 April 2017 was £908,717. After taking into consideration the rolling programme of works, the carry forward of works from 2016/17 and the predicted surplus of £86,619 the estimated reserve balance at the end of 2017/18 will be £886,666.

5.10 Appendix 1 shows the detailed 5 year medium term financial plan including the use of the Harbour Reserve.

### Asset Management Plan

5.11 The Programme of Works for 2018/19 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. The items given are those considered essential for the year. The works proposed for 2018/19 are given at Appendix 2.

5.12 The majority of the Reserves are in fact committed to sustaining the Asset Management Plan. This is reflected in the Reserves section of the 5 year medium term financial plan. The current expected spend profile for the years 6 – 10 is shown below. This shows 2 major years of 2024 – 25 (Year 7) and 2027 – 28 (Year 10) when pontoons are scheduled to be replaced.

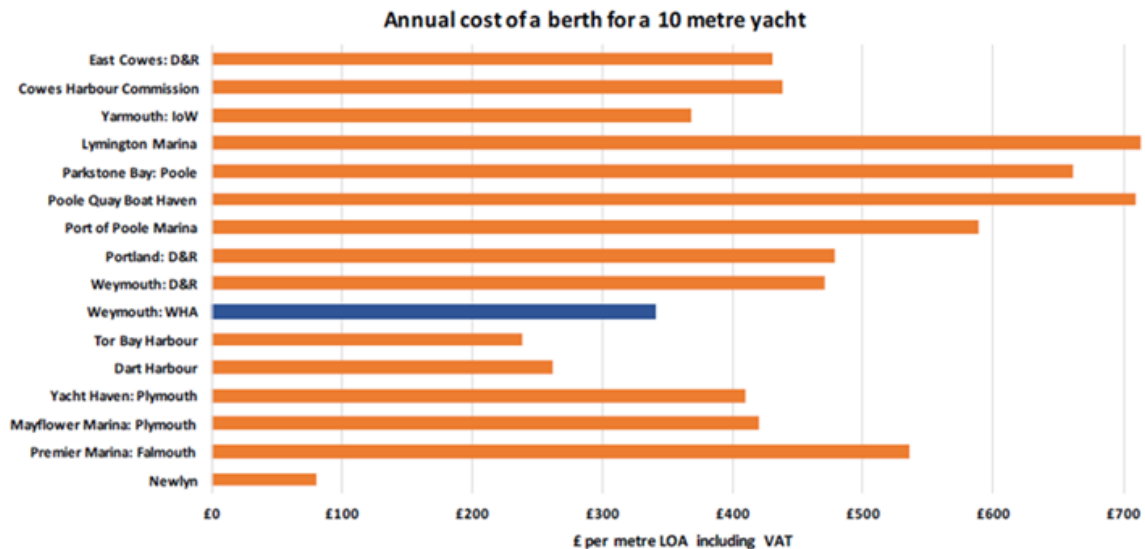
Financial Year	Proposed In-Year Asset Plan Spend
6: 2023 – 24	£78,713
7: 2024 – 25	£764,205
8: 2025 – 26	£68,950
9: 2026 – 27	£175,353
10: 2027 – 28	£678,408

### Scale of Charges

5.13 The scale of charges are reviewed annually and reflect the financial climate, the financial pressures on the harbour budget and market trends but are balanced with what is considered acceptable to harbour users and in consideration of the competition. A number of the recommendations from the Fisher Report have been considered in the income budget for 2018/19. They have not necessarily been fully implemented but are the start of a phased approach. The future work on the recommendations will determine further changes.

5.14 The proposed Scale of Charges are given at Appendix 3. The major changes are given at Appendix 4. The key changes are:

- Visitors' daily rates increase by 5% in the summer and 10% in the winter.
- A '5 for 4' loyalty scheme in place of '4 for 3' for leisure visitors.
- Marina annual berths increase by 2.5%. See table below for recent comparison of berth costs locally.
- Removal of Weymouth residents' discount (10%) for new and returning customers; a phased removal over 5 years for existing customers.
- Permanent and visiting commercial vessels increase by 10%.



5.15 Those items marked with an **(F)** have been considered with the Fisher Report although the full recommendation may have not been implemented at this stage. There are also items to clear up some unnecessary confusion and complications.

## Implications

### Corporate Plan

6.1 Aim: Economy. Building a stronger local economy.

### Financial

6.2 As per report above. Investment in the harbour forms part of the Statutory Harbour Authority's (the Full Council) responsibility to manage, maintain and improve harbour facilities for anybody wishing to use the harbour.

### Legal

6.3 Any changes in the use of the harbour will require consultation and possibly approval from other government organisations including the Department for Transport, MMO and MCA.

### Risk Management (including Health & Safety)

- 6.4 The 'Harbour Walls' project budget has already doubled since the original estimate. There is a risk this could increase further.
- 6.5 There will be many Health & Safety considerations in changing the use and operation of the harbour and during transition periods. These will be considered as part of the individual projects.
- 6.6 There are several risk management issues that would be an outcome of insufficient funding for Harbour Assets.

### **Human Resources**

- 6.7 The future plans may have an affect on the current employees.

### **Consultation and Engagement**

- 7.1 There was wide consultation of the Harbour Business Plan during its generation and approval both internally in the Council and externally with various harbour users including the consultative group. This plan was supported & accepted. Even though the plan was written when Weymouth was a ferry port there are many principles that still apply.
- 7.2 The reduced income being experienced by the harbour budget may have an impact on future harbour programme of works which could be damaging to the harbour's reputation.
- 7.3 Each of the forthcoming projects will be consulted as widely as is reasonable.

### **Appendices**

- 11.1 Appendix 1 – The Medium Term Financial Plan including the proposed 2018/19 budget.  
Appendix 2 – Asset Management Plan 2018/19 Improvements.  
Appendix 3 – 2018/19 Scale of Charges.  
Appendix 4 – Significant changes in 2018/19 Scale of Charges.  
Appendix 5 – (Confidential) Fisher Associates Weymouth Harbour Advice Final Report dated September 2017.

### **Background Papers**

- 12.1 The Weymouth Harbour Business Plan 2014-19.

### **Footnote**

Issues relating to financial, environmental, and economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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