

Harbour Management Board

20 March 2019

Harbour Budget Monitoring Report for 2018/19

For Decision

Briefholder:

Cllr Richard Kosier, Tourism & Culture & Harbour
Cllr James Farquharson, Chair Harbour Management Board

Senior Leadership Team Contact:

Nick Thornley, Head of Economy, Leisure and Tourism

Report Author:

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K Howorth, Weymouth Harbour Master

Statutory Authority

W&P Borough Full Council as Statutory Harbour Authority

Purpose of Report

- 1.1 a. To set out the current position for the Harbour Revenue budget at the end of February 2019, which is a good indication of the expected year end outturn.
- b. To set out the predicted position of the Harbour Reserves for 2018/19.

Officer Recommendations

- 2.1 a. Note the harbour budget is predicted to return a year end surplus of £112,856
- b. Note the predicted year end position of the Harbour Reserve of £1,093,441 of which £977,803 is allocated to the Asset Management Plan.

Reasons for Decision

- 3.1 The Harbour Management Board has the responsibility for the harbour finances including budget setting, budget monitoring and the final outturn at the year end.

Background and Reason Decision Needed

- 4.1 The harbour accounts form part of the Council's overall Statement of Accounts, which is considered and approved by the Audit Committee.

Implications

- 5.1 The approved 2018/19 budget is given at Appendix 1 with predictions based on data until the end of February 2019. The budget monitoring position shows a predicted year end surplus of £112,856 which will be transferred to the Harbour Reserves. This surplus matches budget expectations.
- 5.2 In general terms, the financial performance of the harbour over the last two years has been strong and this has continued in this financial year. Budgets are continually monitored with expenditure under constant review and ways to maximise income are always a top priority.

Finance

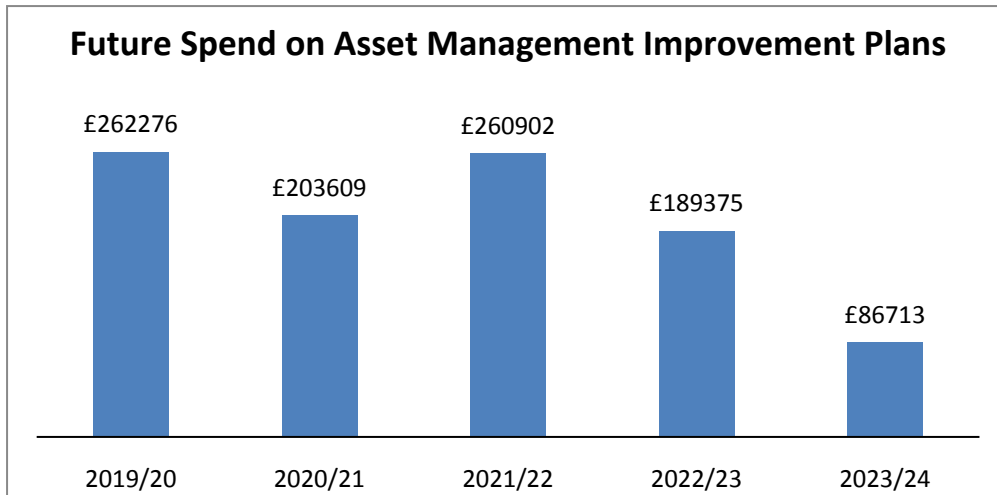
5.3 **Asset Management: In-Year Improvements £217,883**

£217,883 is budgeted to fund an agreed programme of improvements works, as follows:

Requested carry forward from 2017/18	£126,482
2018/19 contribution from Revenue Budget	£91,400
Total	£217,882.

The list of projects was presented at the Harbour Management Board on 27 June 2018 and included a number of projects that were not progressed within the previous financial year. The budgeted cost of those projects was £126,482, which has been transferred from the Harbour Reserve into the Revenue budget in order that these projects can continue to be progressed. A table to summarise progress of these projects is given at Appendix 2.

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



5.4 Revenue Budget

The summary information is presented under the standard corporate headings. The types of expenditure included within each heading are as follows:

- Employees - all costs relating to staffing including basic pay, National Insurance, pension contributions and training.
- Premises – Utilities and Rates, Refuse, Planned Maintenance , Service Agreements, Surveys, Response Maintenance.
- Transport – Travel and Subsistence.
- Supplies and Services – Insurance, Advertising, Equipment, Subscriptions, Printing and Stationery.

The income is made up of:

- Commercial Activities – income relating to pilotage, annual commercial berths, visiting commercial vessels and visiting fishing vessels.
- Leisure Activities – marina berths, visiting yachts, use of slipway and PWC permits.
- Rents and Licences – income relating to rental of property, boat and operating licences.
- Recoverables – where recharges are made to lease and licence holders for energy. Also includes electricity charged to annual berth holders and visiting vessels.

Expenditure: Overall £25,410 (F)

The main variances to budget predictions are as follows:

Expenditure Employees: £5,203 (F)

- An expected pay award was built into the salary budgets but the pay award was higher than expected for positions that fall within the lower end of the Partnership's pay scale. For the harbour, this includes all seasonal staff employed through an agency, which resulted in an overspend. This negated a planned reduction in hours to make savings.
- The harbour previously had regular administration support from within the Partnership's Business Support function. Due to a member of staff leaving, this support has not been available for over a year. A small element of the role has been covered at our busiest time by a member of the admin team at minimum cost but the whole issue remains unresolved.
- Salaries, National Insurance contributions, pension costs and training are all expected to be lower than the original budget expectation.

Expenditure: Premises: £16,739 (F)

- Based on current usage, it is expected that there will be a small saving on the year end utility budgets.
- Costs against rates are higher than budgeted. A rates assessment relating to a property located at the Peninsula and an oversight in the lease has led to an unbudgeted cost of £8,000 in the harbour account.
- The response maintenance budget is expected to return an underspend of £20,000 provided there are no unforeseen expenses. This trend has been built into future years' budgets.
- Two new rates assessments are being challenged and it is hoped that they will be merged into the Undertaking Assessment and save £3,000. However this may not be achieved in time to be included in this financial year so has not yet been included in the predictions

Expenditure: Supplies and Services: £3,143 (F)

- There is an increase in expenditure due to Legal expenses incurred.
- Costs for Insurance, Uniform and Marketing are expected to be under budget.

Income: Overall £25,047 (A)

Performance against Income received is:

	Budget	Predicted

Commercial Activities	£173,464	£193,765
Leisure Activities	£811,705	£755,312
Rents and Licences	£169,148	£168,883
Recoverables	£17,640	£20,040
Grant Funding	£0	£8,910
Totals	£1,171,957	£1,146,910

Although income is not expected to match budget expectations, it is an improving picture compared to the last report. There has been increased income as follows:

- Continued efforts to ensure all end-users are re-charged for energy.
- Increased number of visiting fishing vessels and dues collected.
- Increased payments from use of the Slipway.
- Increased fees for Personal Watercraft Permits.
- Grant Funding was successfully applied for works relating to the Fishing Industry Feasibility Study (some costs were in the previous financial year).
- Commercial Area is being utilised more and there are a number of increases in areas such as commercial vessel visits, storage and use of forklift. The area was also used for extensive refurbishment works on the Lifeboat pontoon.

The following points also apply:

- The comparison to last year for the number of visiting yachts has fluctuated. It is likely that the outturn will not quite make the budget expectations.
- 2017/18 was a particularly good year for occupancy rates for marina berths. This year, however, has seen a downturn and we have found ourselves in the unusual position of having vacant berths for larger vessels. Efforts continue to let vacant berths; it is the time of year when boat owners start to consider their intentions for the new season so all efforts are being made to capitalise on any opportunities. The level of surplus likely at year end is slightly less than originally predicted due to a lower than expected level of occupancy of the Marina berths, particularly by larger vessels of 12m plus.

Risk Management (including Health and Safety)

- 6.1 The Harbour budget monitoring report helps manage the risks of under or overspending the budget. Many items of expenditure have a link to safety of customers and the general public.

Human Resources

- 7.1 Nothing to report.

Consultation and Engagement

- 8.1. Harbour issues are subject to regular consultation with customers, the Harbour Consultative Group and the Harbour Management Board.
- 8.2 Fisher Associates conducted a study in to the long term strategy for the harbour, which will also be used to guide the harbour through the evolution of harbour areas and will continue to be consulted on.

Appendices

9. Appendix 1 – 2018/19 Harbour Budget Monitoring Report.
Appendix 2 - Asset Management Plan 2018/19 Improvements Update.

Background Papers

10. a. The Council's financial information system.
b. The Weymouth Harbour Business Plan 2014-19.

Footnote

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

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