

Appendix 1A

Harbours Committee 25 September 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 an adverse figure of £4,942, which would result in a total of £121,874 being transferred from the Harbour Reserves at year end to balance the budget if the financial position remains unchanged. 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 £1,042,403 of which £1,061,737 is allocated to the future Asset Management Plan. The difference will be part of a review of the Asset Management Plan in October.
- 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 draft budget.
- 1.4 The financial performance of the harbour over the last two years has been strong 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 predicted budget shortfall for 2019/20 budgets is largely due to the requirements of the Asset Management Plan which has a number of expensive projects that are due within this year. 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.
- 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. The mid-year review prior to the next Harbours Committee will allow a decision to be made on in-year commitments based on more detailed information.
- 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: £7,380 (A)

- There has been a major water leak followed by a secondary leak that proved difficult to locate and repair. The repair is now fixed and there is an intention to make a claim for a water leak allowance.

Supplies and Services: £5,262 (A)

- It has been necessary to appoint a Contractor to carry out the role of Designated Person which was unknown and not budgeted for.

3. Revenue Budget Income: Overall £7,700 (F)

3.1 Performance against Income predicted is:

	Budget	Predicted
Commercial Activities	£187,194	£180,890
Leisure Activities	£773,071	£781,422
Rents and Licences	£159,304	£158,731
Recoverables	£18,009	£24,235
Totals	£1,137,578	£1,145,278

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

Commercial Activities: £6,304 (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. However, to date there have been fewer visits from Commercial Vessels and income is down in this area. Waverley and some tall ships have cancelled this year.

Leisure Activities: £8,351 (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.

Recoverable: £6,226 (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

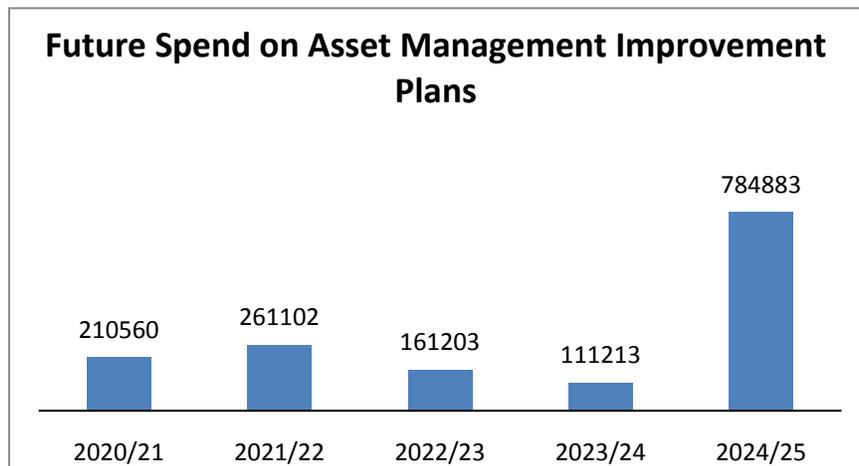
4.1 £382,390 is budgeted to fund an agreed programme of improvements works as follows:

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

4.2 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. The items given are those considered essential for the year, although a further review will be made by harbour staff in the autumn of 2019.

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.

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:

- Mid year review of the Asset Management Plan may result in some savings.
- 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 separate from the Revenue Budget which does not cover Harbour Walls and Dredging.