

Appendix 1A

Harbours Committee 23 September 2020

Weymouth Harbour Budget Out-turn 2019/20 and Monitoring 2020/21 Summaries

1. Executive Summary – Budget Out-turn

1.1 The 2019/20 Weymouth Harbour Budget was approved with the knowledge that there was a predicted shortfall of £116,932 which would be taken from Reserves. The outturn position shows a surplus of £226,498, a favourable variance of £343,430, which will be transferred in to the Harbour Reserves. The considerable change is due to a review of the Asset Management Plan works. As previously reported, there have been a number of projects deferred to ensure the maximum life of assets is used to best effect. It has also not been possible to complete all of the projects within this financial year and a number of projects will be carried forward for completion in the new financial year. The review of the Asset Management Plan and financial implications is shown at appendix C and detailed in paragraph 4 below.

1.2 The year end position of the Harbour Reserve is £1,390,775 from which the following commitments are intended for 2020/21:

- £277,691 is to be carried forward to fund deferred or incomplete projects as part of the Asset Management Plan
- £100,000 contribution to the Weymouth Quayside Regeneration Project.

It is important to note that any remaining balance is committed to the long term future Asset Management Plan, this requirement is currently £1,261,293 on 31st March 2021. The current spend profile for the next 5 years is shown at paragraph 4.4.

1.3 A commitment of £250,000 was made from the harbour budget reserve to demolish the Terminal Building. It was expected that this would be funded from additional parking income generated from the site. It has not been possible to include this commitment or any additional revenue or expenditure linked to the areas defined by the Harbour Revision Order in this financial summary. The financial management arrangements are under discussion with Finance

1.4 The financial performance of the harbour over the last two years has been strong in most areas and this continued in this financial year. Income showed a favourable position with an increase in visiting vessels and annual moorings.

1.5 The early years' costs for the assets works in the Harbour Asset Management Plan are larger than average due to the catch-up requirement. Protection of the 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.

2. Revenue Budget Income: Out-turn Overall £18,411 (F)

2.1 Performance against Budget is:

	Budget	Actual
Commercial Activities	£187,194	£178,318
Leisure Activities	£773,071	£779,276
Rents and Licences	£159,304	£161,928
Recoverables	£18,009	£26,052
Bad Debt Provision	£ -	£10,415
Totals	£1,137,578	£1,155,989

2.2 The variances to budget predictions are as follows:

Commercial Activities: £8,876 (A)

- The Commercial Area is still being utilised and there are a number of increases in areas such as storage and use of forklift.
- There has been a slight improvement in commercial annual berths but less visiting fishing vessels as some regular visiting vessels took up annual berths.
- There have been fewer visits from visiting commercial vessels and income is down in this area. Waverley and some tall ships have cancelled this year.

Leisure Activities: £6,205 (F)

- The numbers for visiting yachts is up on last year.
- Occupancy rates for marina berths were up in the summer on last year but down a little in the winter. Budget expectations have been met.

Rents and Licences: £2,624 (F)

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

Recoverable: £8,043 (F)

- Efforts to charge all end users for energy continue and income has exceeded budget expectations.
- There have been additional recharges for the works associated with the harbour wall repairs.
- Electricity for annual berth holders and visiting yachts are both up on budget expectations.

Debt Provision:

- The Harbour Team have worked hard this year with Finance and Legal to refine procedures and actions for debt recovery and avoidance of debt. There have been many successes and the year end position is significantly better than it has historically been. There have been some legal costs associated with this which are mostly recovered along with the debt.
- A decision was taken to write off some historical debts and provision has been made in this financial year for cases that are also old and may need to be considered for write-off in 2020. This has been done so as not to have an adverse affect on the 2020 budget.

3. Revenue Budget Expenditure: Out-turn Overall £325,019 (F)

3.1 The variances to budget predictions are as follows:

Employees: £20,790 (F)

- 2019/20 outturn has resulted in year end savings, particularly for pension and NI contributions and training. There has been no significant change within the team but the expected outturn is in line with the 2018/19 outturn and where applicable will be reflected in future budgets.

Premises: £13,463 (F)

- There were 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. Leaks are now repaired but the cost of the water leaks was substantial, it is intended to try to make a claim to Wessex Water for a water leak allowance.
- There have also been on-going issues with a new water meter installation giving inaccurate readings which significantly increased our costs. This has now been resolved and it is hoped that there will be some re-imbursments to follow.
- The Harbour Team have been successful in an application to the Valuation Offices(VOA) to merge a number of individual rates assessment into the main harbour rates and be recognised as part of the undertaking. There are two further assessments that the VOA have also considered and approved. This has resulted in savings of £40,000
- Expenditure against budget in relation to response maintenance has resulted in an underspend of £20,000.

Supplies and Services: £493 (A)

- It has been necessary to appoint a Contractor to carry out the role of Designated Person which was not budgeted for.
- An offer is made to annual North Quay or Westwey Road berth holders of reduced rate parking permits to make the 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 three spaces currently available will be increased to six. The cost of the installation will be in this financial year and from 1 April 2020, there will be new income generated from these berths.
- On-going legal costs relating to the Harbour Revision Order work are being paid but were not budgeted for.

4. Asset Management: In-Year Improvements

- 4.1 The Programme of Works for 2019/20 is an extract from the 25-year 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.

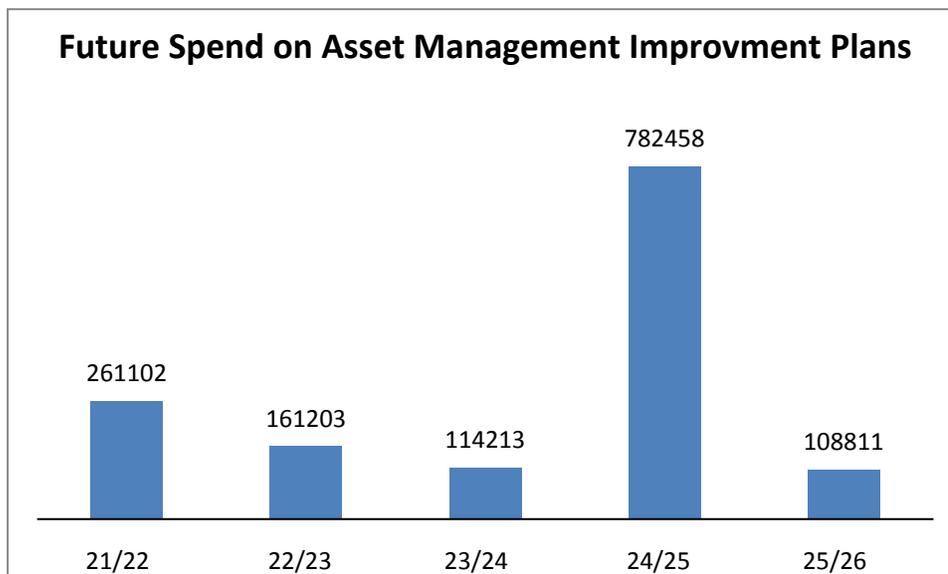
4.3 The list of projects is attached at Appendix 1C. The final outturn for Asset Management Improvements is showing an under-spend of £290,617 which is transferred into the Harbour Reserve. However of that £277,691 is committed as follows:

- A review of the works programme for 2019/20 deferred a number of items totalling £203,548 in order to extract the maximum life out of the assets.
- There is a requirement to carry forward an additional £74,143 for projects not completed within this financial year.

In year budget	£382,390
In year spend	£91,773
Year end outturn (underspend)	£290,617
Value of projects deferred	(£203,548)
C/F to 2020/21	(£74,143) + (£203,548) = £277,691

The full list of projects for 2020/21 including those carried forward is at Appendix 1D.

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. Independent Reserves and Capital Schemes

5.1 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.

6. Executive Summary - Budget Monitoring 2020/21

6.1 The Budget Monitoring figures as at 12 August 2020 are given at Appendix 1E. The year has been impacted by the Coronavirus pandemic which has caused reduced operations and other challenges for harbour users and visitors.

6.2 Income is predicted to be reduced in the following areas:

- Operating licences for passenger carrying vessels, not all operators started the season, which only began on 4th July – down £6k
- Visiting leisure vessels - down £86k
- Bridge lifts - down £21k
- Commercial visitors (Waverley/tall ships etc.) including port waste charges / forklifting / mooring gang £2-3k

Income is predicted to be increased in the following areas:

- PWC permits £2k
- Temporary Inner Harbour berthing £3k
- Marina berths £2k
- Slipway £5k

It is hoped there will be savings in seasonal staff's wages and some consumables.

6.3 £100K has been included as an earlier agreed contribution to the Quayside Regeneration Project but it is hoped this will be covered by additional income from Weymouth Harbour land.

6.4 The Asset Management Plan will need to be reviewed over the coming months as the expected Reserve figure on 31st March 2021 to meet the requirement is £1,165,958 against a predicted year end position of £879,426, a £286,532 deficit. Some further deferrals will be required.