

Harbours Committee

16 June 2021

Review of the Weymouth Asset Management Plan and impact on future finances

For Review and Consultation

Portfolio Holder: Cllr R Bryan, Highways, Travel and Environment

Local Councillor(s): Cllr M Roberts, Harbours Committee Chair

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Report Status: Public

Recommendation: To note the changes to the Asset Management Plan and the impact on future finances.

Reason for Recommendation: A review of the Asset Management Plan was needed to enable Weymouth Harbour to work towards an improved revenue budget with an aim to being operationally self-funded. This report sets out how the Asset Plan will affect revenue budgets over the next 5 years and gives a clearer picture of how the harbour reserve will need to be used for the next 10 years.

1. Executive Summary

In recent years, the harbour budget has been set with the knowledge that funds would need to be drawn from reserves to balance the budget which is not sustainable. A significant budget commitment is the Asset Management Plan. This has often been an ambitious programme of works and a rigorous review has taken place to produce a more achievable and affordable in-year plan. Time has been spent in recent months to gain a better understanding of the best utilisation of assets. Consideration has been given to what we use our assets for, what jobs they are doing, are they still fit for purpose, can we be doing things differently and where is it possible to extend the useful life of an asset.

2. Financial Implications

The report covers the effects on the harbour revenue budgets and reserve and covers an overview of the reserve commitments for the next 5 – 10 years

3. Well-being and Health Implications

Looking after the Harbour infrastructure is vital for the safe and efficient use of the harbour for these purposes. The implications are considered for individual items when funding commitment is being approved.

4. Climate implications

The Harbours' Budgets fund items that have implications for sustainability, property and assets and climate. These implications are considered for individual items when funding commitment is being approved.

5. Other Implications

Harbour issues are subject to regular consultation with customers, the Harbour Consultative Group and the Harbours Committee. The harbours' accounts form part of the Council's overall Statement of Accounts.

6. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: Medium
Residual Risk: Medium

The Harbours' 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.

7. Equalities Impact Assessment

There are no equalities implications arising from this report.

8. Background Information

8.1 The Asset Plan was produced in 2014 with a view to setting aside funds each year over the lifespan of an asset to fund future replacements. As budget pressures increased in recent years this has not been achievable.

8.2 The Asset Plan has been assessed to look at how to make best use of the revenue budgets for the majority of works and use the reserve to fund any high value projects such as pontoon replacement works.

8.3 Revenue Budget: following the review:

- Some assets have been sold generating funds to the harbour budget and reducing on-going replacement and servicing costs.
- The expected replacement date for some items has been extended.
- A routine maintenance budget has been allocated each year to carry out annual repairs / replacements for some assets rather than having a large commitment for replacement in one year.

Tables 1 and 2 below show the reduced budgeted cost of the in-year spend for the next 5 years of Asset Management Plan. This compares the original budget and expected revised costs that will be funded from revenue budgets:

Table 1: Original budgeted costs.						
	2022/23	2023/24	2024/25	2025/26	2026/27	Total
In-year project	161,200	114,200	784,300	109,000	191,100	1,359,800

Table 2: Revised budgeted cost:						
	2022/23	2023/24	2024/25	2025/26	2026/27	Total
In-year project	21,000	41,500	46,500	123,000	101,000	333,000
Routine Maintenance	30,500	31,500	32,500	33,500	34,500	162,500
					Total	495,500

8.4 Harbour Reserve commitments:

- The cost of pontoon replacement is a significant financial commitment over the next 10 years.
- Maintenance dredging is overdue and a programme of works is being undertaken. This is maintenance dredging only and is required to maintain the harbour at its control depth.

Table 3 below shows the costs of these projects that will be funded from the harbour reserve:

Table 3: 5-year commitment required from reserve						
	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Pontoon replacement works	0	2,500	675,000	230,000	55,000	962,500
Maintenance dredging	50,000	50,000	50,000	25,000	25,000	200,000

8.5 The effect that this has on the reserves balance is below:

Current predicted balance at end 2021/22	£1,457,000
5-year programme for replacement pontoons	£962,500
5-year programme for maintenance dredging	£200,000
Remaining balance	£294,500

8.6 Due to the review of the plan and the way that works will be funded it is expected that over the next 5 years the harbour revenue budget will return a surplus averaging £80,000 per annum which will be transferred to reserves increasing the balance to fund future works. For illustration purposes, the reserve balance beyond 2025/26 could look like this:

Balance	£294,500
Surplus 2021 - 2025	£400,000
Balance	£694,500

8.7 The financial picture for Weymouth Harbour has improved and can now predict an operational budget that is forecast to return a surplus each year. The plan also demonstrates the ability to fund some of the major schemes required for the next 5 years. However, there is still on-going pressure on the harbour budgets and the reserve balance; there is a commitment of pontoon replacement works beyond 2026 of £700,000.

8.8 This forecast has been set assuming no significant increases in profit. It is expected that improvements planned for the Quayside and Peninsular will have a positive impact on future income. The ambition will be to continue to review and increase income across our services wherever we can.

Footnote:

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