

Appendix 1

Harbours Committee 16 June 2022

Weymouth Harbour Budget Monitoring 2020/21 Summary

1. Executive Summary

- 1.1 The Budget Monitoring figures as of May 2021 are given at Appendix 1B. The Weymouth Harbour Budget was approved with the knowledge that there was a predicted shortfall of £290,730 which would be taken from the reserves. The current budget monitoring position shows a favourable figure of £388,552. This is largely due to a review of the Asset Management Plan, details of which are provided in a separate report.
- 1.2 The predicted year end position of the harbour reserve is £1,457,382. This balance is needed to fund pontoon replacement works and maintenance dredging over the next 5-10 years, details of which are also included in a separate report.
- 1.3 This report contains an update on capital approvals and accounting changes as a result of the conformation of the Weymouth Harbour Revision Order (HRO).
- 1.4 Opportunities and Risks that may have a bearing on this year-end prediction are listed below (paragraph 8).

2. Revenue Budget Income: Overall £18,752 (F)

- 2.1 There has been reduced income in the following areas:
 - Number of visiting yachts has been affected during this early part of the season due to Covid restrictions.
 - Electricity and laundry sales for visiting yachts.

Favourable variances are as follows:

- A review of the outer harbour berthing has resulted in an increased number of commercial berths that have been let.
- A business opportunity in the commercial area has generated new income.
- An increase in the number of operating berths
- Increased activity at the slipway and sale of personal watercraft permits
- Income from inner harbour rents and licences is expected to exceed budget expectations.
- Review of fees for recharging harbour staff time dedicated to lifting the town bridge

3. Revenue Budget Expenditure: Overall £369,800 (F)

3.1 The variances to budget predictions are as follows:

- Significant savings made on the Asset Management Plan
- In recent years the overall spend against response maintenance has been decreasing, this is due to a planned approach to preventative maintenance. These savings have been reflected in current predictions.
- A rise in staff costs to cover increased workloads

4. Asset Management: In-Year Improvements £357,500 (F)

4.1 Below is a list of in-year projects for 2021/22:

Weymouth Harbour Asset Management Plan: In Year spend 2021/22					
Item	Estimated cost	Project Type	Procurement route	Internal staff input	Funding Source
Replace Indirect hot water cylinders: Harbour Office	£2,500	A, B, C1	P2	M	X
Replace boilers - Harbour office	£20,000	A, B, C1	P2	M	X
Break tank: North Quay. Request condition survey possible replacement	£10,000	A, B	P2	L	X
Break tank: Cargo Stage. Request condition survey possible replacement	£10,000	A, B	P2	L	X
Replace Oil Spill containment boom	£10,000	A, B	P2	M	X
Investigate options of bird management (previous bird scarer and falconry patrols)	£4,500	A, C1	P2	M	X
Cargo Stage visitor berths - replace wooden decking	£25,000	B, C11	P2	H	Y
Custom House Quay - visitor berths - replace wooden decking.	£20,000	B, C11	P2	H	Y
Replacement steps (ferry steps). Request condition survey	£30,000	A,B	P2	M	X
Replace concrete steps: Cove area. Request condition survey	£10,000	A,B	P2	M	X
Replace wooden Steps onto Nothe steps onto beach	£2,250	A,B	P2	M	X
Maintenance Dredging	£50,000	A,B, C1	P2	H	Y
TOTAL	£194,250				
Project Type:					
Type A	Normal Harbour Operations				
Type B	Safe and Legal				
Type C 1	Improved Service to customers - break even				
Type C 11	Improved Service to customers - profit				
Procurement:					
Type P1	In-house resources only				
Type P2	External resource needed				
Internal staff input	High, Medium, Low (to be defined)				
Funding					
X	Revenue budget				
Y	Harbour reserve				
Z	Other (Grant funding, Corporate budget)				

4.2 Savings of £357,500 have been made and will be transferred into reserves as part of the predicted favourable position.

5 Harbour Reserves Summary

5.1 £100,000 is committed from the reserves as an agreed contribution to the Weymouth Quay Regeneration Project.

5.2 A number of assets have been sold and the revenue generated has been placed in the reserve fund.

5.3 This year's pontoon replacement works and maintenance dredging will be funded from this balance.

6. New capital approvals for 2021/22

6.1 Dorset Council Cabinet met on 6th April 2021 to allocate new capital funds to schemes for 2021/22. Harbours Committee are asked to note that two schemes were approved, as follows:

- Weymouth Harbour dredging - £200k
- Bridport Harbour boat stack - £202k

6.2 However, it should be noted that, due to the financing / accounting implications arising from the Harbour Revision Order (HRO) at Weymouth, the funds for the Weymouth Harbour dredging (£200k) are expected to be met from the Harbours budget (see para 7.4).

6.3 The Weymouth harbour dredging proposal was for a capital dredging campaign and was part of a proposed capital project spanning 5 years, resulting in a million pound spend overall (200k annually). As above this will now be funded from the harbour reserve as far as possible, following other priority conservancy and maintenance projects, and any shortfall made up from corporate Dorset Council funding.

7. Accounting changes as a result of the HRO for Weymouth Harbour

7.1 The Harbour Revision Order 2021 (HRO) for Weymouth Harbour came into effect on 17th February 2021. Accounting changes are implemented from 1st April 2021 as a result, as follows.

7.2 The HRO has the effect of drawing a line geographically around the harbour area and stating that financial transactions within that area should be reflected initially in the harbour account (rather than in the accounts of other council services).

Within that area, the HRO regulations state that finances should be applied as follows:

PART 3 FINANCES

Application of finances

7. The Council shall apply the harbour revenue in the manner following and not otherwise—
- (a) first in payment of the working and establishment expenses and cost of maintenance of the harbour;
 - (b) secondly in payment of the interest on any moneys borrowed by the Council for the harbour under any statutory borrowing power;
 - (c) thirdly in payment of all other expenses properly chargeable to harbour revenue; and
 - (d) fourthly to an account established as a reserve fund for the harbour.

- 7.3 There are ongoing officer discussions to clarify the effects on the Weymouth harbour finances, and the outcomes will be brought back to the Harbours Committee in due course.
- 7.4 The Harbours Committee are asked to note that Weymouth Harbour is expected to provide funding for capital schemes from the harbour accounts and/or reserves, rather than apply for capital funds through the usual corporate capital funding route (known as CSAMG).
- 7.5 The financial effects of the proposed HROs for Bridport Harbour and Lyme Regis harbour have not yet been assessed. This will be done in due course.
- 8. Opportunities and risks**
- 8.1 Actual expenditure on response maintenance is routinely low and predictions have been made to suggest a saving whilst leaving a reasonable budget to respond to response maintenance. Should anything major occur then that saving would need to be called upon.
- 8.2 The impact of any restrictions that may arise from Covid may have an adverse effect on income.