

Appendix 1

Harbours Committee 29 September 2022

Weymouth Harbour Budget Monitoring 2020/21 Summary

1. Executive Summary

- 1.1 The Budget Monitoring figures as of end August 2021 are given at Appendix 1a. 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 £492,396 against that budgeted position, i.e. the budgeted shortfall of £290,730 is now expected to be a favourable £201,666. This is largely due to a review and savings made on the Asset Management Plan. Any surplus would be transferred to the harbour reserve at year end.
- 1.2 The predicted year end position of the harbour reserve is £1,560,942. This ringfenced balance is committed to fund pontoon replacement works and maintenance dredging over the next 5-10 years. Details of financial commitment of these projects is shown at 5.4 and 5.5.
- 1.3 This report contains an update on capital approvals and accounting changes as a result of the confirmation 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 7).

2. Revenue Budget Income: Overall £142,871 (F)

2.1 There has been reduced income in the following areas:

- The number of visiting yachts has been affected during the early part of the season due to covid restrictions. Budgets were set assuming a non-covid year and therefore budget expectations are not likely to be met. Over the high season visitor numbers have picked up, with June, July and August up 7% on 2019 numbers. The result of this is that our year end outturn is expected to exceed previous predictions and is an improving picture.
- Reduced number of visiting commercial vessels
- Reduced number of visiting fishing vessels

Favourable variances are as follows:

- The number of berths that are occupied in the Marina is significantly higher than previous years and will result in budget expectations being exceeded.

- A review of the outer harbour berthing has resulted in an increased number of annual 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 £358,388 (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 and agreed pay award
- Increase in training costs to ensure better resilience in the team.
- Increase in PPE requirements.
- Increased energy costs in the commercial area.
- Savings on insurance.

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

4.1 The Harbour Master's update has detailed progress on projects listed in the Asset Plan.

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.

5.4 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.

The table below shows the costs of these projects that will be funded from the harbour reserve:

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

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

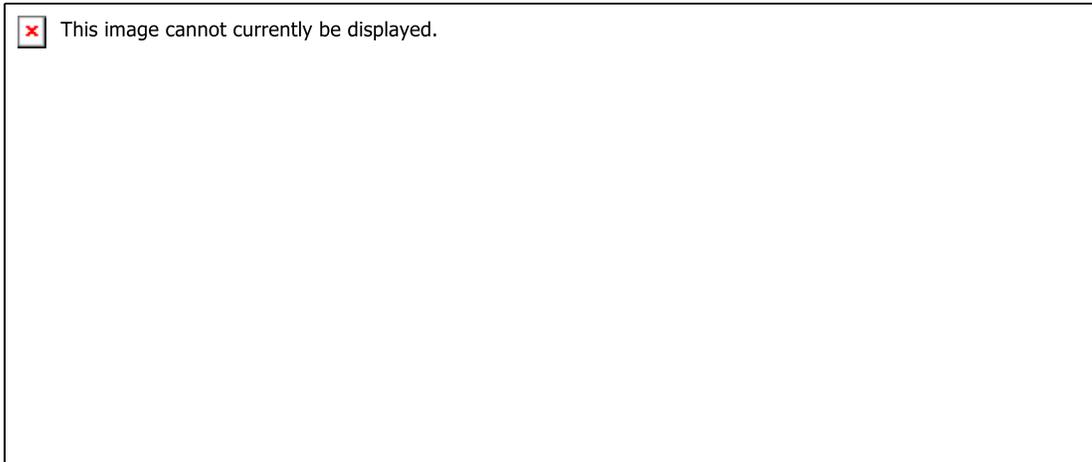
Current predicted balance at end 2021/22	£1,560,000
5-year programme for replacement pontoons	£962,500
5-year programme for maintenance dredging	£200,000
Remaining balance	£397,500

5.6 The financial picture for Weymouth Harbour has improved and can now predict an operational budget that is forecast to return a surplus. This report 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.

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

6.1 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.

- 6.2 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:



- 6.3 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.
- 6.4 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).
- 6.5 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 when those HROs have been approved.
- 7. Opportunities and risks**
- 7.1 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.
- 7.2 The impact of any further restrictions that may arise from Covid may have an adverse effect on income.