

Harbours Committee

16 March 2022

Harbours Budget Monitoring Report 2021/22

For Decision

Local Councillor(s): All Councillors

Executive Director: J Sellgren, Executive Director of Place

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Report Status: Public

Brief Summary: The purpose of the report is to set out the current budget monitoring position for the harbour operational budgets for Weymouth, Bridport and Lyme Harbours at the end of January 2022 and the predicted position of the Harbour Reserves for 2021/22. The financial summaries are given in the Appendices.

Recommendation: To note the current budget monitoring figures for 2021/22.

1. Note the budget monitoring position 2021/22 for Weymouth Harbour
2. Note the budget monitoring position 2021/22 for Bridport Harbour
3. Note the budget monitoring position 2021/22 for Lyme Regis Harbour

Reason for Recommendation: The Harbours' budget monitoring and regular reporting to the Harbours Committee helps manage the risks of under or overspending the budget.

1. Weymouth Harbour – Budget Monitoring as at end January 2022

- 1.1 The Budget Monitoring figures as of end January 2022 are given at Appendix 1. The Weymouth Harbour operational 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 £460,860 against that budgeted position, i.e. the budgeted shortfall of £290,730 is now expected to be a favourable £170,130. 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 Harbour Revision order clarifies the car parks which are located inside the harbour estate. The income generated by these car parks is required to be used for harbour purposes. The net income generated by the car parks will be transferred to the harbours to assist with harbour expenditure. Finance and Parking Services have provided an update on forecast budgets which is shown at appendix 1.

1.3 Operational Budget Income: Overall £171,887 (F)

There has been reduced income in the following areas:

- Reduced number of visiting commercial vessels
- Reduced number of visiting fishing vessels

Favourable variances are as follows:

- The number of visiting leisure craft is as good as visitor numbers from 2019 which is a great achievement as the early part of the season was affected due to Covid and the requirement to restrict the number of visitors we could accommodate.
- Number of vessels choosing to take a winter berth in the outer harbour is higher than previous years.
- Occupancy of annual marina berths is significantly higher than previous years.
- Increased number of temporary berths let in the marina
- 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.
- Improvements to supplies and our processes to ensure that vessels using electricity and water are recharged.
- 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

1.4 **Operational Budget Expenditure: Overall £288,973 (F)**

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.
- Savings on insurance
- 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 (recharges are made where appropriate)
- There are some contracts that were paid for centrally are now part of the harbour costs, in line with the principles of the HRO

1.5 **Asset Management Plan Improvements Weymouth Harbour Budget: £263,250 (F)**

- 1.6 The Harbour Master's update has detailed progress on projects listed in the Asset Plan 2021/22. The programme of works is an extract from the 25-year Harbour Asset Management Plan.
- 1.7 Savings of £263,250 have been made and will be transferred into reserves as part of the predicted favourable position.
- 1.8 Careful consideration of the harbour's assets is key to the financial success of the harbour and to protect and improve income. This is continually assessed both in the short and long term to review how assets are being used, to maximise the life of items and to review the priorities.

1.9 **Weymouth Harbour Reserves Summary**

- 1.10 **Revenue reserve** - The predicted year end position is £1,979,162. This ringfenced balance is committed to fund pontoon replacement works and maintenance dredging over the next 5-10 years
- 1.11 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. Details of financial commitment of these projects is shown below:

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

- 1.12 £100,000 is committed from the reserves as an agreed contribution to the Weymouth Quay Regeneration Project.
- 1.13 The cost of pontoon replacement beyond 2026 is a significant financial commitment and essential to maintain and improve income
- 1.14 **Pleasure Pier Reserves** – there is an historic allocation of £20,000 per annum to fund basic maintenance to the Pleasure Pier, with the main aim to maintain the structure so that it can still be utilised for the purposes of safe navigation, through ease of identification of the Harbour entrance and channel, to accommodate the new Local Traffic Service function and improved Aids to Navigation and for members of the public to continue their recreational activities. The last major works were undertaken in 2016 to the value of about £65,000. The intention for 2022 is to engage with the Council's engineering team to consider the condition and use of the Pleasure Pier to confirm that the current level of contribution is appropriate to fund future works. Any future annual costs would need to be funded from harbour reserves.
- 1.15 **Capital Receipt Reserves** a number of assets have been sold and the revenue generated has been placed in the reserve fund.
2. **Bridport Harbour Budget Monitoring as at end January 2022** The main variances to the budget predictions are as follows:

2.1 Expenditure Overall - £36,072 (A)

- Pay Related Cost - The Bridport Harbour Master is covering both Bridport and Lyme Regis Harbours creating a saving in pay cost for both harbours.
- Premises Related Cost – Higher electricity cost and rents
- Transport Cost – higher JCB repair cost due to age of machine, this has now been replaced
- Supplies & Services – Increase cost in materials and PPE and cost of Marico Marine (designated person).

2.2 Revenue Budget Income - £19,340 (F)

- Increase in car park income
- Increase in shop sales
- Increase in overnight stays
- Bad Debt provision offsetting additional income

2.3 Reserve Movements the budgeted transfer to reserves is currently predicted to be £8,856.

3. **Lyme Regis Harbour Budget Monitoring as at end January 2022**

the main variances to the budget predictions are as follows:

3.1 Expenditure Overall - £17,864 (A)

- Pay Related Cost - The Bridport Harbour Master is covering both Bridport and Lyme Regis Harbours creating a saving in pay cost for both harbours.
- Transport Cost – The boat lifter required refurbishment, this included replacing the hydraulic rams and making modifications to fit the new ones external to the lifting arms.
- The JCB has had major electrical faults making diagnosis difficult, this has now been rectified.
- Supplies & Services – cost of Marico Marine (designated person) and PPE
- Private Contractors - The cost of refurbishment to the office to convert the space into the shop

3.2 Revenue Budget Income -£73,008 (F)

- Increase in car park income
- New shop income
- Increase use of Kayak storage
- Increase in Visiting vessels
- Warner Bros Filming “Wonka”

3.3 **Reserve Movements** the budgeted transfer to reserves is currently predicted to be £55,144.

4. Financial Implications

The report covers the harbours' budgets. The summary information is presented under the standard corporate headings.

The types of expenditure included within each heading are as follows:

- Internal charges – this includes the “above the line” service recharges paid to Dorset Council.
- Pay related costs- all costs relating to staffing including basic pay, National Insurance, pension contributions and training.
- Premises related costs– Utilities and rates, refuse, planned maintenance, surveys, response maintenance.
- Transport related costs – fuel, travel and subsistence.
- Supplies and services – Insurance, advertising, equipment, subscriptions, printing and stationery

The income is made up of:

- Commercial activities – income relating to pilotage, annual commercial berths, visiting commercial vessels and visiting fishing vessels.
- Leisure activities – marina berths, visiting yachts, use of slipway and PWC permits.
- Rents and licences – income relating to rental of property, boat and operating licences.
- Recoverable costs – where recharges are made to lease and licence holders for energy. Also includes electricity charged to annual berth holders and visiting vessels.

5. Climate Implications

The Harbours' Budget funds items that have implications for sustainability and climate change. In utilising future budgets every effort will be made where possible to consider how carbon output can be minimised and operations more sustainable.

6. Well-being and Health Implications

The Harbours' Budgets fund items that have implications for voluntary organisations, community safety and physical activity. It is recognised that 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.

7. Other Implications

Harbour issues are subject to regular consultation with customers, the Harbour Consultative Groups and the Harbours Committee.

The harbours' accounts form part of the Council's overall Statement of Accounts, which is considered and approved by the Audit Committee

8. Risk Assessment

8.1 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 and regular reporting to the Harbours Committee 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

9. Equalities Impact Assessment

There are no equalities implications arising from this report

10. Appendices

- Appendix 1 Weymouth Harbour Financial Summary
- Appendix 2 Bridport Harbour Financial Summary
- Appendix 3 Lyme Regis Harbour Financial Summary

11. Background Papers

None