

Harbours Committee

15 June 2022

Harbours Budget Monitoring Report 2022/23

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 May 2022 and the predicted position of the Harbour Reserves for 2022/23. The financial summaries are given in the Appendices.

Recommendation: To note the current budget monitoring figures for 2022/23.

1. Note the budget monitoring position 2022/23 for Weymouth Harbour
2. Note the budget monitoring position 2022/23 for Bridport Harbour
3. Note the budget monitoring position 2022/23 for Lyme Regis Harbour
4. Approve use of reserve for Lyme Regis Harbour Master Store

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 May 2022

- 1.1. The Budget Monitoring figures as of end May 2022 are given at Appendix 1. The Weymouth Harbour operational budget was approved with an

expectation that there would be a surplus of £104,637. Current predictions indicate that this surplus will be £104,671. Any surplus will be transferred to the harbour reserve at the end of the financial year.

1.2. The Harbour Revision order clarifies the car parks which are located inside the harbour estate. The net income generated from those car parks are transferred into the harbour reserve at the year end to support the regeneration of the peninsula through improvements to car parks, commercial area, walls, public realm and pleasure pier; this is budgeted at £349,460.

1.3. **Operational Budget Income: Overall £26,653 (F)**

The season has started well and there are no known concerns at this stage with regards to achieving budget predictions; favourable variances are as follows:

- Occupancy of annual marina berths is significantly higher than previous years and at current rates budget expectations will be exceeded. It is anticipated that occupancy will increase again in June with more bookings confirmed. We are currently investigating ways to reposition some finger berths that will make some of the difficult to let berths (due to their narrow width), lettable.

1.4. **Operational Budget Expenditure: Overall £26,619 (A)**

The variances to budget predictions are as follows

- Increased insurance costs based on last years actuals
- Increased water costs at the Peninsular based on last years actuals
- Increase in routine maintenance costs specifically on the inner harbour Marinas to ensure that there is some improvement to facilities. This also increases a staff presence on the Marina's which has resulted in a better response to repairing defects and is welcomed by customers.
- Energy budgets were initially set based on a 10% increase. Dorset Council are currently making forecasts based on a 65% increase which is the mid-point between best and worse case scenarios; predictions have been calculated to take this into account.

1.5. **Asset Management Plan Improvements Weymouth Harbour Budget:**

1.6. The Harbour Master's update provides a list of projects that are planned to be completed during 2022/23. The programme of works is an extract from the 25-year Harbour Asset Management Plan.

- 1.7. Careful consideration of the harbour’s assets continues to be key to the financial success of the harbour and to protect and improve income. This is under constant review 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.
- 1.8. Pontoon replacement works have been historically neglected due to past financial pressures. Commitments in the Asset Plan exist and those anticipated costs have previously been shared with the Committee. Below is a table that summarises the effect of those commitments for the next 5 years and the affect they will have on the reserve balance. At this point this is for demonstration. The harbour is currently going through the process of a procurement tender for replacing pontoons with an improved specification. This will ensure that all pontoons can be used as a year-round facility and will accommodate larger vessels for future proofing. Once this is completed, it is anticipated that a better forecast of costs for future years can be shared with the Committee.

	2022/23	2023/24	2024/25	2025/26	2026/27
Reserve balance	£ 2,113,783	£ 1,793,783	£ 1,878,783	£ 1,165,783	£ 1,009,783
Ave net surplus from operational budget	£ 200,000	£ 200,000	£ 200,000	£ 200,000	£ 200,000
Total	£ 2,313,783	£ 1,993,783	£ 2,078,783	£ 1,365,783	£ 1,209,783
Maintenance Dredging	£ 50,000	£ 50,000	£ 50,000	£ 25,000	£ 25,000
Pontoon works	£ 450,000	£ -	£ 723,000	£ 261,000	£ 140,000
Major works on asset plan		£ 45,000	£ 120,000	£ 50,000	
Pleasure Pier Reserves	£ 20,000	£ 20,000	£ 20,000	£ 20,000	£ 20,000
Total estimated commitments	£ 520,000	£ 115,000	£ 913,000	£ 356,000	£ 185,000
1.9. Year end reserve balance	£ 1,793,783	£ 1,878,783	£ 1,165,783	£ 1,009,783	£ 1,024,783

- 1.10. The cost of pontoon replacement beyond 2026/27 is a significant financial commitment and essential to maintain and improve income.
- 1.11. **Weymouth Harbour Reserves Summary**
- 1.12. **Revenue reserve** - The predicted year end position is £2,047,914, this ringfenced balance is committed to the works described in the table above.

1.13. **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. We have engaged 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.

1.14. **Capital Receipt Reserves** a number of assets were sold in 2021 and the revenue generated has been placed in the reserve fund. These funds can be used for Capital works; a decision was taken to purchase a vessel suitable to assist staff to carry out general harbour maintenance, specifically in the marinas.

2. **Bridport Harbour Budget Monitoring as at end May 22**

2.1. The latest forecast is showing an overspend of £17,500 against the budgeted surplus of £35,300 – the budgets have now been amended to bring in the income from Property and Assets and parking due to the HRO.

2.2. Expenditure Overall - £17,500 (A)

- Inflation on fuel costs, utilities and service contracts

2.3. Revenue Budget Income - £0 (F)

2.4. Reserve Movements the predicted transfer to reserves is currently £17,800.

3 **Lyme Regis Harbour Budget Monitoring as at end of May**

3.1 The forecasts are currently predicting an overspend of £15,382 - the budgets have been amended to bring in the income from Property and Assets due to the HRO.

3.2 Expenditure Overall - £15,382 (A)

- Inflation on fuel costs, utilities and service contracts

3.3 Revenue Budget Income -£0 (F)

3.4 **Reserve Movements** there is no predicted transfer to reserve currently

3.5 **Harbour Master & Fishermen Store**

Construction of the new store has been delayed, and planning requirements for the building design have added significantly to the cost as well as current inflationary pressures. The preferred option is to build the store during the winter off-season. Planning permission was granted for the building on 10th September 2020 which with the 3 years permissions limit means we have this winter in which to construct the building.

In addition, Lyme Regis Town Council have given us notice to vacate our current store by January, this will leave us nowhere to store our equipment, such as pressure washers, trailers and all associated stored items for harbour maintenance.

- The current harbour reserve is £176,958
- Current build cost of store has increased due to material cost and changes in the original planning. The latest estimate as of April is £187,875
- Remaining budget from the original project funds which were to cover the slipway and platform improvements and construction of the store are £23,437

We are seeking approval from the committee to use up to £170,000 from reserves to engage the contractor so they can secure the materials required and prevent further price rises.

We will be aiming for an October start date. It is still the intention to apply for external funding to help support delivery of this project as this will be possible up until the start of the project. There is of course a risk that external funding will not be forthcoming but at this time there are no other immediate requirements for the reserve, and we would hope to have a similar year to last where we were able to contribute to the reserve at the end of the year to start to build it up again.

The new store will be able to accommodate the newly purchased Harbour Rib and, the current JCB which is due for replacement soon, this will not only protect the machines from the elements it will prolong their lives and reduce maintenance cost. There is also potential for some of this space to be rented to local fishermen.

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 made 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