

# Harbours Committee

28 September 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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Title: Harbour Masters

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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 August 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

**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 August 2022

- 1.1. The Budget Monitoring figures as of end August 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 £188,118. 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 harbour asset plan and to contribute to the regeneration of the peninsula through improvements to car parks, commercial area, walls, public realm and pleasure pier. The net surplus is budgeted at £349,460, current forecasts indicate that this could be £436,460

1.3. **Operational Budget Income: Overall £93,523 (F)**

There is reduced income in the following areas:

- Energy recharges – vessels actively reducing their usage
- Reduced number of visiting fishing vessels

Favourable variances are as follows:

- Fees for filming that took place in and around the harbour
- Increased recharges for customers requiring services such as vessel moves / forklifting
- Marina berths both annual and temporary
- Income from slipway and sale of motorised water sports permits.

1.4. **Operational Budget Expenditure: Overall £10,142 (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
- 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.
- Reduced spend on advertising and marketing based on previous trends

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. The cost of pontoon replacement is a significant financial commitment and essential to maintain and improve income.
- 1.9. **Weymouth Harbour Reserves Summary**
- 1.10. **Revenue reserve** - The predicted year end position is £2,118,361, this ringfenced balance is committed to the works described in the table above.
- 1.11. **Pleasure Pier Reserves** – there is an historic allocation of £20,000 per annum to fund basic maintenance to the Pleasure Pier, 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 instruct WSP to carry out an above water and diver visual condition survey of the Pleasure Pier.
- 1.12. **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 which will be taken from this reserve.
2. **Bridport Harbour Budget Monitoring as at end August 22**
  - 2.1. The latest forecast is showing a net underspend of £22,437 against the budgeted surplus of £35,300 – the budgets have now been amended to bring in the income from Assets & Property and Parking due to the HRO.
  - 2.2. Expenditure Overall - £42,568 (A)
    - Inflation on fuel costs, utilities and service contracts.
  - 2.3. Revenue Budget Income - £65,005 (F)
    - Surplus income expected on Harbour car parks following HRO budget adjustments.

2.4. Reserve Movements the predicted transfer to reserves is currently £57,737. This is the budgeted £35,300, plus the additional forecast surplus of £22,437.

### **3 Lyme Regis Harbour Budget Monitoring as at end of August 22**

3.1 The forecasts are currently predicting a net underspend of £9,262 - the budgets have been amended to bring in the income from Property and Assets due to the HRO.

3.2 Expenditure Overall - £30,175(A)

- Inflation on fuel costs, utilities and service contracts.

3.3 Revenue Budget Income - £39,437 (F)

- Surplus income expected across both car parking and mooring fee income.

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

### **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