

Harbours Advisory Committee

7 June 2023

Harbours Year End Budget Report 2022/23

For Review and Consultation

Portfolio Holder: Cllr R Bryan, Highways, Travel and Environment

Local Councillor(s): All Councillors

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Report Status: Public

Brief Summary: This report sets out the end of year actuals and the balance of Harbour Reserves for Bridport, Lyme Regis and Weymouth Harbours as at the end of 2022/23. The financial summaries are given in the appendices.

Recommendation: To note the final actuals and reserve balance for 2022/23.

1. Note the 2022/23 end of year actuals for Bridport Harbour
2. Note the 2022/23 end of year actuals for Lyme Regis Harbour
3. Note the 2022/23 end of year actuals for Weymouth Harbour

Reason for Recommendation: The Dorset Council Harbour Strategy, strategic goal number four is to have a balanced budget whilst building the ability for investment into the harbours. It is intended for harbours to become financially self-sufficient and be able to manage any reserves to ensure that the harbours see reinvestment to support strategic goals.

The Harbours' budget monitoring and regular reporting to the Harbours Advisory Committee helps manage the risks of under or overspending the budget.

1. **Weymouth Harbour:**

- 1.1. The year end budget and actuals are given at Appendix 1. The Weymouth Harbour operational budget was approved with an expectation that there would be a surplus of £104,637.
- 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 year end surplus is budgeted at £349,460.
- 1.3. These budgeted surpluses totalling £454,097 have been transferred to the harbour reserve.
- 1.4. Budget expectations have been exceeded which has resulted in a further £483,958 being transferred into reserves. Of this surplus, £127,040 will be carried forward into the new financial year to fund projects from the Asset Management Plan that were not completed, details are at paragraph 1.8.
- 1.5. The final balance of reserves for Weymouth Harbour is £2,777,552.
- 1.6. **Operational Budget Income: Overall £139,567 (F)**

There is reduced income in the following areas:

- 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.
- Berthing fees generated from commercial visiting vessels associated with the Tugs moored in the commercial area.
- Marina berths both annual and temporary.
- Income from slipway and sale of motorised water sports permits.
- Income from visiting leisure craft.

1.7. Operational Budget Expenditure: Overall £13,542 (A)

The variances to budget are as follows:

- Increased salary costs due to pay award.
- Increased insurance costs based on last year's actuals.
- Increased energy costs.
- Urgent and essential repairs to pontoons and walkways resulted in an overspend on response maintenance.
- Reduced spend on advertising and marketing based on previous trends.
- Savings against annual contracts.
- Decrease in rates for harbour properties.

1.8. Asset Management Plan Improvements Weymouth Harbour Budget:

1.8.1 Below is a list of projects for 2022/23. The programme of works is an extract from the 25-year Harbour Asset Management Plan. In-year projects are funded from revenue budgets; pontoon replacement and maintenance dredging are funded from reserves. It was not possible to complete all of the projects within this financial year, these will be carried forward to 2023/24.

PROJECT	BUDGET	C/F	COMMENTS
Refurbishment of Port Traffic Signals	£3,250	Y	Review exact requirements to consider works to be completed
Cargo stage works following relocation of fish landing quay (FLQ)	£51,000	Y	Relocation of FLQ not complete, project to be carried forward into new financial year
Provision of Local Traffic Service and Weather Station	£25,000	–	Project complete
Oil spill provisions	£10,000	Y	Stock reviewed and any additional requirements from the planned emergency exercise will be funded from this budget
Replace Pleasure Pier railings	£30,000	Y	Order placed, awaiting confirmation of final

			delivery and installation dates (final price £62k)
Works to Pleasure Pier buildings	£20,000	–	Complete
Electric / lighting installation commercial berths		–	Cost £6,250. Funding £5,190. See para 1.8.3
Works to be funded by revenue budget	£139,250		
Maintenance Dredging	£50,000	Y	Spend for this year £33.6k, balance remains in reserve for future schemes
Pontoon replacement for visiting vessels	£280,000	Y	Works started in March 2023 and will be completed by June 2023. Spend for this year £197,283. See para 1.8.2
Works to be funded from reserves	£330,000		

1.8.2 The approved schedule of works for 2022/23 included replacing a section of visitor pontoon berths in the outer harbour. Due to the deterioration of other sections of visitor pontoons it was decided to get quotes to replace the whole run from Ferry Steps to Custom House Quay and bring forward the funding from reserves. Costs came back on the following: option 1 to replace the whole run or option 2 to replace all but one section as this section was newer and not yet due for replacement. The costs are £554,000 versus £488,000. Approval was given to proceed with option 1 as it was considered better value overall and safer to have the same safe berthing guidelines for the whole facility. The installation will be completed June 2023. Partial payment has been made, £356,987 will be funded from the 2023/24 financial year.

1.8.3 Funding has also been taken to install electricity and lighting to the commercial pontoons, east of the town bridge. We were successful in

receiving 75% funding towards this project from the Fisheries and Seafood Scheme.

1.8.4 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.

1.9. **Weymouth Harbour Reserves Summary**

- Revenue reserve - the year end position is £2,777,552, this ringfenced balance is committed to the future cost of the pontoon replacement which is a significant financial commitment and essential to maintain and improve income.
- Pleasure Pier Reserves – £20,000 per annum is set aside to fund basic maintenance to the Pleasure Pier. The last major works were undertaken in 2016 to the value of about £65,000. An above water and diver visual condition survey of the Pleasure Pier has been undertaken. A decision will now be made on the level of works that is needed and any future financial commitment.
- 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.

2 **Bridport Harbour**

2.1 Bridport Harbour budget and year end actuals are given at Appendix 2.

2.2 Expenditure Overall - £161,132 (A)

2.3

- The main variances to the budget predictions are as follows: Overspend on Internal Charges caused by management fee from parking for management of harbour car parks following implementation of HRO arrangements. This will be more than offset by additional income from parking (explained further below).
- Overspend on pay, partly caused by increased hours, and over 4% pay award in 2022/23 (£1,925 flat pay award). As Bridport Harbour is self-financing, this additional pay award cost was not funded centrally.
- Minor saving on premises related expenditure.

- Overspends on Transport caused by increased fuel costs, mileage claims and vehicle repairs & maintenance.
- Significant overspend of £110k on supplies & services mainly as a result of the June 2022 dredge, and split costs for the March / April 2023 dredging.
- Close to budget on third party contractor payments.
- Deficit of income on the boat repairs budget
- Surplus of harbour income of £170k due mainly to car parking income following HRO adjustments (£91k surplus) and property concession income, again following HRO. Smaller surplus income balances on mooring and other marine income fees.
- £52.7k transferred into reserve at year end – the original £25.3k budgeted transfer, and a further £27.4k as a result of higher than budgeted net surplus.

2.4 Revenue Budget Income - £188,597 (F)

- Increase in car park income relating to the HRO
- Increase in licenses relating to the HRO
- Increase in diving air fills

2.5 Reserve Movements

- The budgeted transfer to reserves is currently predicted to be £52,765.

3 **Lyme Regis Harbour**

3.1 Lyme Regis budget and year end actuals are given at Appendix 3.

3.2 Expenditure Overall - £178,694 (A)

3.3 The main variances to the budget predictions are as follows:

- £34k underspend on pay budget to mainly to vacant Assistant Harbour Master post in majority of the year.
- Overspend on Transport – see same reasons as Bridport above.
- £194k overspend on supplies & services budget, mainly due to 2 full year dredging costs (June 2022 and March 2023). Also includes a £32k overspend on equipment, mainly due to a significant cost with Rob Perry Marine of £16k
- Overspend on general contractors costs

- Offsetting the additional costs of 2 full years of dredging in the accounts, there was also 2 years of EA grant, so £66k favourable variance on the budgeted grant income.
- Net income of £3k from memorials
- Surplus harbour income of £129k, spread across all income streams, from concessions (HRO), mooring fees, boat storage, car parking and overnight stays.
- Overall position of £19.5k favourable variance against the net budget, however no transfer to reserve as still a core DC funded service. Level of underspend did not cover the net cost of the service, so underspend returned centrally.

3.4 Revenue Budget Income - £198,256 (F)

- Double contribution of EA funding to mirror the two dredges this year.
- 80K surplus income – spread over all streams i.e., licences, car parks, mooring fees, overnight stays etc.
- Increase in slipway car park income
- Shop income
- Increase use of Kayak storage
- Increase in Visiting vessels & overnight stays

3.5 Reserve Movements

- No anticipated transfer to reserve at year end as now forecasting an overspend and is still a DC funded service by £62K.

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- 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 annual commercial berths, visiting commercial vessels and visiting fishing vessels.
- Leisure activities – marina berths, visiting yachts, use of slipway and PWC permits (PWC permits relate to Weymouth only).
- Rents and licences – income relating to rental of property, vessel 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. Natural Environment, Climate and Ecology 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 Advisory 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 Advisory 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