

# HAMPSHIRE COUNTY COUNCIL

## Report

<b>Committee</b>	River Hamble Harbour Management Committee
<b>Date:</b>	8 June 2018
<b>Title:</b>	Review of Harbour Dues
<b>Report From:</b>	Director of Culture, Communities and Business Services

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### 1. Recommendation

- 1.1. That the River Hamble Harbour Management Committee recommends to the River Hamble Harbour Board the approval of an increase in Harbour Dues of 1.5% for 2019.

### 2. Summary

- 2.1. The purpose of this paper is to recommend the rate for Harbour Dues for 2019, based on an analysis of our Asset Review of April 2018 and our Annual Statutory Accounts, presented at this meeting. Its recommendation provides for the long-term maintenance of our appropriate risk-based Marine Safety Management System, as well as other expected services. It takes into account predicted income and expenditure over the next two years and the requirement to maintain the General Reserve at a sustainable level. This note will also inform separate discussion on the allocation of funding to take advantage of perceived development opportunities, taking into account strategic priorities.

### 3. Background

- 3.1. Harbour Dues have been subject to two increases since 2011; the first in 2014 (1%) and the second in 2015 (1.5%). They have been subject to zero per cent increases in the remaining years. As a benchmark, the Consumer Price Index since January 2012 shows a 10% cumulative increase over the same period. The Harbour Authority recognises the need to minimise increases, commensurate with the requirement to deliver the service levels expected and has been clear throughout the period of zero per cent increase, that an adjustment to Harbour Dues might be required should circumstances dictate.

#### 4. Detail

- 4.1. Our Asset Review work was presented to the Board and approved in April. It confirmed the potential requirement to replace a number of items of significant operational infrastructure in around 14 years' time, as well as setting out the predicted scale of other asset replacement work. In doing so, it also confirmed the prudence of continuing to commit to a regular transfer from revenue to the Asset Replacement Reserve (ARR). This standing commitment represents a £35,000 payment into the ARR each year. Maintaining this contribution in recent years has meant that a shortfall in the available revenue has necessitated a contribution from the General Reserve to make good the full £35,000 transfer payment.
- 4.2. The Board's Reserves Policy is that the General Reserve should stand at no more than 10% of the gross revenue budget. This represents a figure of £59,000. Our draw over time on the General Reserve means that it stood at £35,294 on 31 March 2018, representing 6% of the revenue budget. Last year, that figure stood at £88,062 or 15% of the revenue budget. The gradual reduction in the General Reserve has helped maintain Harbour Dues at the same level over the past three years.
- 4.3. The budget for 2018/19 originally assumed that a contribution of £23,000 would need to be made from the General Reserve to meet the £35,000 ARR contribution. Actions described below will mitigate this in 2018/19 and the expectation is that a £3,000 contribution from the General Reserve will now be required. This will see the General Reserve reduce to £32,294 or 5.4% of the revenue budget. Further inflationary cost pressures dictate that the balance on the General Reserve is not sufficient to withstand continued future draws to be made.
- 4.4. In further informing judgement over whether any increase in Harbour Dues might be required, a line-by-line review of forecast income streams and likely expenditure has been conducted. In expenditure terms, a higher than predicted pay award (2% instead of 1%) and Local Government Pension contributions must be provided for over the next two years. A review of income streams has indicated a small increase owing to marina reconfiguration. Additionally, the maintenance of jetties and aids to navigation will not be budgeted for from revenue but from ARR capital accumulated for that purpose. With prudent husbandry of expenditure items such as slipway clearance without compromising availability, a reduction of around £6,000 of revenue expenditure may be achieved with a concomitant benefit to the amount available for transfer to the ARR. Nevertheless, taken together, these confirm that a budgetary shortfall will continue to exist next year.
- 4.5. For the budgetary period of 2019/20, the forward look indicates that a contribution of £8,000 from the General Reserve is likely to be necessary. In order to negate this requirement and a position where the General Reserve would reduce to a predicted £24,294 or 4.1% of the revenue budget, an increase in Harbour Dues of 1.5% will be required.

4.6. Without this increase to Harbour Dues, and assuming no further inflationary pressures on expenditure, this £8,000 draw would be required in each subsequent year and the remaining balance on the General Reserve would therefore be fully used within 3 years.

## 5. Conclusions

- 5.1. The draw on the General Reserve to offset a budgetary loss is not sustainable.
- 5.2. Additional expenditure in the form of centralised pay and pensions increases places an additional financial commitment on the budget.
- 5.3. Good husbandry of resources can offset some of these additional commitments.
- 5.4. Use of the ARR to fund replacement work is routine business and Asset Register projects requiring funding must be taken from that Capital Reserve and not the revenue budget.
- 5.5. A shortfall of £8,000 will need to be made up in 2019/20.
- 5.6. An increase in Harbour Dues of 1.5% will deliver this amount and should be implemented for 2019, in order to effect by the required. Rates are per metre of length overall (LOA), or part thereof, per year. There is no proposal to change the daily or weekly rates.

Type of Mooring	Dues for 2018 (excluding VAT)	Dues for 2019 (excluding VAT)
Mid-stream moorings - Resident	£14.82	<b>£15.04</b>
Marina/dry sailors (basic rate)	£13.47	<b>£13.67</b>
Mid-stream moorings - Commercial	£13.47	<b>£13.67</b>

**CORPORATE OR LEGAL INFORMATION:****Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	yes

## Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **Equalities Impact Assessment:**

1.2 A full Equalities Impact Assessment for the River Hamble Harbour Authority's compliance with the Port Marine Safety Code (including environmental responsibilities) has been carried out and this report does not raise any issues not previously covered by that Assessment.

### **2. Impact on Crime and Disorder:**

2.1. This report does not deal with any issues relating to crime and disorder.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption? The contents of this report have no impact on carbon footprint or energy consumption
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not applicable to this report.