

HAMPSHIRE COUNTY COUNCIL

Report

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| Committee: | River Hamble Harbour Board |
| Date: | 25 September 2020 |
| Title: | Review of Harbour Dues |
| Report From: | Director of Culture, Communities and Business Services |

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Purpose of this Report

1. The purpose of this report is to analyse the financial position of the River Hamble Harbour Undertaking in order to make a recommendation on any change in Harbour Dues that may be necessary.

Recommendation

2. That the River Hamble Harbour Board recommends the approval of an increase in Harbour Dues of 2% for 2020.

Executive Summary

3. This paper recommends the rate for Harbour Dues for 2020/21, based on an analysis of our Asset Review of 2020 and our Annual Statutory Accounts, already 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 acknowledges the impact of effective steps taken last year to cease our unsustainable draw on the General Reserve to supplement the £35000 annual contribution to the Asset Replacement Reserve.
4. Last year's increase in Harbour Dues of 5% was approved in the context of static income levels and increasing costs, principally in terms of salaries and pension on costs over the preceding five years. This increase and the additional income brought about by charging correctly for dry launches has placed the Harbour Authority in an improved and sustainable financial position. The Revenue Reserve, which had diminished to a negligible amount

is forecast at the end of this year to grow to around £17000. Board policy is that this reserve should be no less than 10% of gross income, or around £60000. It is recommended that prudence should dictate that the level of this Reserve, while healthier, should be stronger. Current uncertainties brought about by the impact on both income and expenditure of the Coronavirus outbreak must also be considered, as must this year's 2.75% pay award and any future additional actuarial pension contributions that may be required in two years' time.

Context

4. Two papers must be taken into account when deciding on Harbour Dues figures this year. Our Asset Review work was presented in March but has not yet been seen by the Harbour Board. It is acknowledged that mapping of our financial asset replacement rates with precision will always be an inexact science. However, the Board decision to make use of the Asset Replacement Reserve, accumulated as it is for asset replacement, sensibly and on a consistent basis, continues to relieve some of the pressure on our Revenue budget. Our Annual Accounts show how last year's steps to increase income have performed. They show that we have benefitted from the 5% increase in Harbour Dues, additional income from dry launches and a cessation (possibly temporary) in the requirement to make additional actuarial pensions contributions. Figures also make clear a loss in visitors' income caused by a necessary cessation in recreational boating activity to help manage the Coronavirus outbreak. Annual visitors' income was budgeted to be in the order of £45000. By the end of July, cumulative income was £10900. Last year, by the same time, we had accumulated £18000. This shortfall is to be expected in the light of Coronavirus restrictions but what is more encouraging is that this year's income has been earned over a 10-week period. In the event that further restrictions are not imposed, and this rate of income sustained, it is possible that the potential shortfall may be made smaller. Equally, any further restrictions imposed will have a negative effect. It is this uncertainty and that brought about by future additional pension-related expenditure which must be managed.
5. Expenditure continues to be minimised through the prudent use of in-house expertise and employment of small local businesses in line with HCC policy. Much needed refurbishment work has been conducted economically by staff to bring the Harbour Office up to date, both in terms of safety requirements and in order to take advantage of technology for operational reasons. Employment of local contractors for small engineering and practical tasks within HCC policies have delivered small but regular savings. These steps continue to minimise the requirement for increases in Harbour Dues.
6. Last year's steps have placed the Harbour Authority in a stronger financial position. The ongoing impact of Coronavirus on our budget is difficult to gauge. We know that our income levels from visitors is currently £7000 less

than last year but also that the rate of income is greater. This could mean that, barring the imposition of further restrictions on recreational boating, this stream will be close to the level budgeted. Any further restrictions will have a negative impact. In the event that we complete the year with a £7000 shortfall on visitors' income, the General Reserve is predicted to stand at a healthier £17000, made in one year. Secondly and importantly, it will be recognised as prudent to consider the effect on pension funds of the Coronavirus outbreak over the next two years given the Bank of England's current assessment of the economic downturn of 9% over the current financial year (06 Aug). It would seem sensible to be prepared for the high risk of a requirement to make or offset additional contributions in a proportionate and gentle manner now, rather than to be confronted by the need for another larger than desirable increase in the future. It is important too to recognise the impact on businesses and private individuals, all of whom have been impacted upon by recent events. Any increase recommended must take this aspect into consideration. Last year, the Harbour Board noted that smaller annual increases of around 1.5% in Harbour Dues were preferable to larger one-off increases at intervals. With that in mind and with uncertainties remaining present, the intellectual basis for a small increase is sound. It is recommended that an increase of 2% (£10000 benefit) is approved to safeguard the steps made last year for security of operational delivery, take account of variable and fixed factors such as the 2.75% pay award (representing £15000 per annum) and recognise the impact on commercial and private customers.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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| Hampshire maintains strong and sustainable economic growth and prosperity: | Yes |
| People in Hampshire live safe, healthy and independent lives: | Yes |
| People in Hampshire enjoy a rich and diverse environment: | Yes |
| People in Hampshire enjoy being part of strong, inclusive communities: | 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

EQUALITIES IMPACT ASSESSMENT:

- Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

- Equalities Impact Assessment:

- (a) An EIA is not required as no negative impacts are anticipated.