

South Hams Salcombe Harbour Board



Title:	Agenda								
Date:	Monday, 14th November, 2022								
Time:	2.30 pm								
Venue:	Cliff House, Salcombe								
Full Members:	<p style="text-align: center;">Chairman Cllr Brazil</p> <p style="text-align: center;">Vice Chairman Mr I Stewart</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Brown</td> <td style="width: 33%;">Mr P Brown</td> </tr> <tr> <td>Cllr Foss</td> <td>Mr C Plant</td> </tr> <tr> <td>Cllr Long</td> <td>Mr A Owens</td> </tr> <tr> <td>Ms A Jones</td> <td>Mr I Shipperley</td> </tr> </table>	Cllr Brown	Mr P Brown	Cllr Foss	Mr C Plant	Cllr Long	Mr A Owens	Ms A Jones	Mr I Shipperley
Cllr Brown	Mr P Brown								
Cllr Foss	Mr C Plant								
Cllr Long	Mr A Owens								
Ms A Jones	Mr I Shipperley								
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.								
Committee administrator:	Democratic.Services@swdevon.gov.uk								

- 1. Apologies for Absence**
- 2. Minutes** **1 - 8**
to approve as a correct record the minutes of the meeting of the Board held on 13 June 2022 and 26 September 2022 (to follow);
- 3. Urgent Business**
brought forward at the discretion of the Chairman;
- 4. Division of Agenda**
to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;
- 5. Declarations of Interest**
In accordance with the Code of Conduct, Members are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests and Non-Registerable Interests including the nature and extent of such interests they may have in any items to be considered at this meeting;
- 6. Public Question Time**
a period of up to 15 minutes is available to deal with questions from the public;
- 7. Feedback from Harbour Community Forums**
to receive verbal reports from Board Members who attend the Harbour Community Forums on behalf of the Board;
- 8. Governance Arrangements - Memorandum of Understanding with the Executive** **9 - 30**
- 9. Revenue Budget Monitoring 2022/23** **31 - 42**

**MINUTES OF THE MEETING OF
THE SALCOMBE HARBOUR BOARD
HELD AT CLIFF HOUSE, SALCOMBE, ON MONDAY, 13 JUNE, 2022**

Members in attendance			
* Denotes attendance		∅ Denotes apology for absence	
*	Cllr J Brazil (Chairman)	*	Mr P Brown
*	Cllr D Brown	*	Ms A Jones
*	Cllr R J Foss	*	Mr A Owens
*	Cllr M Long	*	Mr C Plant
		*	Mr I Shipperley
		*	Mr I Stewart

Other Members in attendance and participating:

Cllr H Bastone

Item No	Minute Ref No below refers	Officers in attendance and participating
All agenda items		Salcombe Harbour Master; Monitoring Officer (via Teams); Head of Finance; Deputy Harbour Masters; Estuaries Officer; Independent Person; and Democratic Services Officer

SH.01/22 APOLOGIES FOR ABSENCE AND WELCOMES

There were no apologies for absence.

The Chairman then welcomed Mr Paul Brown to his first Board meeting following his co-option to the Salcombe Harbour Board, which commenced on 1st May 2022. The Chairman also welcomed the Independent Person, Mr Andrew Lloyd to this Board meeting.

SH.02/22 MINUTES

The minutes of the meeting of the Salcombe Harbour Board, held on 24 January 2022, and the minutes of the Special Meeting of the Board, held on 25 April 2022, were both confirmed as true and correct records.

SH.03/22 URGENT BUSINESS

There were no items of urgent business raised at this meeting.

SH.04/22 BOARD MEMBERSHIP

A review of the Co-opted Members' terms of office was given, with re-appointments voted upon, with the result as below:

- Mr P Brown appointed 2022 until 2025 on his first term of office
- Ms A Jones re-appointed until 2023 (second term)
- Mr A Owens appointed 2021 until 2024 on his first term of office
- Mr C Plant re-appointed until 2025 (second term)
- Mr I Shipperley appointed 2021 until 2024 on his first term of office
- Mr I Stewart re-appointed until 2024 (second term)

There then followed the appointment of Vice Chairman, with Ian Stewart being nominated, seconded, and at the resultant vote, confirmed as Vice Chairman for the remainder of the 2022/23 Municipal Year.

SH.05/22 CODE OF CONDUCT DISPENSATIONS

All Co-opted Members completed the Code of Conduct Dispensation papers which would run for the fiscal year to April 2023.

SH.06/22 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting, and the following were made:

Mr I Stewart, Mr A Owens and Ms A Jones declared a disclosable pecuniary interest in all related agenda items by virtue of paying harbour duties. As a result of the Deputy Monitoring Officer having granted each Board Member a dispensation, they were able to take part in the debate and vote on any related matters (Minute SH.05/22 above refers).

SH.07/22 PUBLIC QUESTION TIME

In accordance with the Public Question Time Procedure Rules, the following was raised at the meeting.

Mr R Massey, of Chillington, spoke regarding the Kingsbridge pontoon and the increase in rates. Mr Massey stated that any price increase should be reasonable, justifiable with adequate notice given. It was Mr Massey's opinion that there had been no notice given of the price rise this year, the raise was not justifiable, and the 34% increase in his fees had not been reasonable.

Mr Massey relayed that the Harbour Office had said that price parity was required across the Estuary, but he felt that the cost should be dictated by market forces. Mr Massey then related the difference in provisions between the various pontoons, e.g. fresh water provided at Batson Creek whereas Kingsbridge had buckets, and there was no CCTV coverage at Kingsbridge.

In response, the Harbour Master outlined that the 34% increase on the total bill was comprised of an increase across the board, including for motored vessels. The Harbour was run as a not-for-profit organisation, run for everyone, no matter where they were berthed. Part of the increases were to ensure pontoon berth prices throughout the Harbour were aligned.

There was a 26% increase on the pontoon, with the increase having been held off for two years due to the Covid pandemic. The berths there were for 12 months, which meant no additional winter berthing charges, and included maintenance, dredging and fingers. It was confirmed that CCTV was in operation in Kingsbridge, with additional security patrols.

Fendering had been introduced on day one, and was a one stop shop, which could not be redone each year. It had been broken due to misuse and involved a 30% increase each year to cover repairs. This could be removed and replaced with chains, which would give increased life and be less expensive, but it would mean boats banging against each other with increased risk of damage.

Whilst the Harbour Master could understand the feelings expressed by Mr Massey, there had been engagement with customers, primarily through the Kingsbridge Estuary Boat Club, and the Harbour was not able to consult each individual for their view.

The Chair stated that the Board would be reviewing mooring charges at its September Meeting and the views expressed would form part of the discussions.

Following a question from a Board Member, it was confirmed that pricing parity across the Harbour had been achieved. Another Board Member stated that he thought each stage of the process of the pricing review had been looked at in full, with a view to making things equitable for all. This process had had negative impact on some, but had resulted in a fairer system, through the professional and impartial actions of the Harbour Authority staff.

SH.08/22 **FEEDBACK FROM HARBOUR COMMUNITY FORUMS**

The Board received verbal update reports from those Members who attended the Harbour Community Forums. The updates were given as follows:

Salcombe Kingsbridge Estuary Conservation Forum (SKECF)

As the Board Member had been unable to attend, the Estuaries Officer gave the following update:

- The Estuary Management Plan would be published soon which would allow all to see the impact of the different projects.
- Membership of FiPL (Farming in Protected Landscapes) had increased.
- The recently departed Vice Chair had wanted silt levels looked at and a review regarding the addition of silt traps. The Officer had spoken to Kingsbridge Town Council, and this would be looked at. The Officer would speak to the Board Member representative and then bring to a future Board meeting.
- Three Harbour Guides had been updated.
- Seagrass information was being updated and renewed.
- The next Forum would be held on Tuesday 18th October 2022.

South Devon & Channel Shellfishermen

The Board Member stated that the fishermen were excited by the possibility of a new set up but appreciated the funding bid to Government may not be successful. Currently there were no issues, and business was good.

Kingsbridge and Salcombe Marine Business Forum

The Board Member updated that two rib suppliers were based in the Ukraine, therefore businesses were concentrating on service. The increase in petrol prices was having a massive impact on all who had fuel needs. Long term bookings were lower than the 2021 summer season now that people could once again travel abroad for holidays.

Kingsbridge Estuary Boat Club (KEBC)

The previous Board Member for KEBC had now departed from the Board. Mr C Plant would now be the Board's representative, which would be facilitated by the Harbour Master.

East Portlemouth Parish Council

The Steps at Ditch End were noted as in need of review, which the Harbour Master said he would perform and report back outside of this meeting.

SH.09/22

WATER QUALITY

The Harbour Master introduced a report which outlined the analysis of trends in water quality in the Harbour over the last six years.

Thanks were given to the previous Vice Chair who had worked hard on this project. He had worked for many years on trying to get current information on water quality from the Environment Agency, and data going back to 2018 was now available. Water quality was heavily dependent upon tide and weather, with rain and low tide having the worst impact. No major areas of concern were identified which was reassuring, and a slight improvement on bathing quality on beaches noted. This was noted as a starting point, with a monitoring paper to be produced going forward. The next step would be taking this information to South West Water and Devon County Council for their comments.

Water quality awareness events would be arranged, recorded, and then hosted on YouTube (South Hams District Council's or Devon Area of Outstanding Natural Beauty's sites). The recruitment of a dedicated catchment officer was on-going, and the new post holder would be invited to a future meeting.

During the debate the following points were raised:

- The North Sands beach at low tide trapped a great deal of seaweed which broke down anoxically producing an unpleasant smell. It was confirmed that samples had been tested and all was fine.
- Bathing testing had not occurred during the two pandemic years, but swimming was declared safe as long as it was not after heavy rainfall.
- Whilst water quality was one of the Harbour's most valuable assets, it was also something that the Harbour had least control over. The data would allow the Harbour to approach third parties to facilitate joint projects and campaigns to promote water quality.
- Following discussions regarding emergency releases into the Estuary, it was proposed, and seconded, that the Board would seek comments from the Environment Agency and South West Water on the results obtained. A particular reference made to sewage

discharges at West Charleton, as the sewage works did not appear to be working adequately in that area.

- The potential for instituting water testing done by the Harbour Authority in conjunction with a local University was to be explored, including the possibility of slow speed water analysis using the Kingsbridge Ferry to be investigated.

It was then:

RESOLVED

- 1) That the analysis of water quality data provided by the Environment Agency (EA) be noted.
- 2) That comments be sought from the EA and South West Water on the results, with particular respect paid to sewage discharges at West Charleton.
- 3) That the Board investigate the merits of instigating its own programme of water sampling on the Estuary.

SH.10/22 2021/22 YEAR END FINANCIAL REPORT

Consideration was given to a report that advised the Board of the Harbour's final trading position in 2021/22 together with brief details of the main variations from the original Budget. Furthermore, the report also presented a summary of the Harbour Reserves.

Thanks were given during the introductions to the Head of Finance for all her help.

During the ensuing discussion, it was noted that:

- the reserves were closely aligned to the business plans and, whilst there was no upper limit on reserves, if the reserves were to get excessive, then the budget would be reviewed. It was also noted that the costings of future projects would need to be reviewed in light of the current climate of rising costs.
- The 2021/22 surplus was the highest in many years, but it was acknowledged that this needed to be put into context and was mostly due to the Covid pandemic and subsequent ban on overseas travel.
- Although the position of the Chair was entitled to claim a Special Responsibility Allowance (SRA) in accordance with the South Hams District Council Scheme of Members Allowances, since the current Chairman was also entitled to a second SRA (by virtue of being a Political Group Leader), he did not claim the Chairs Allowance because the Scheme only entitled a Member to claim one SRA;
- The one-off merit payment to the Harbour Staff was discussed, with thanks given to the team for the hard work they had performed. One Board Member suggested that this merit payment could be reviewed annually.

It was then:

RESOLVED

That the Board:

1. **NOTE** the income and expenditure variations for the 2021/22 financial year, **NOTE** the overall trading surplus of £119,526 and **RESOLVE** to allocate this surplus to the Harbour's General (Revenue Account) Reserve; and
2. **SUPPORT** the payment of merit pay to the Harbour staff of up to £6,000 funded from the Harbour's General (Revenue Account) Reserve.

SH.11/21 HARBOUR MASTER'S REPORT

The Harbour Master (HM) gave a verbal update to the Board which outlined:

- Workload had been very high over the last few months, with today's discussions giving a good snapshot of what the team had been occupied with.
- Approaching full season from the coming weekend, with senior management working seven days per week, extra staff employed, security increased, and more hours on the water.
- The 5-year business plan was progressing and dovetailing into South Hams District Council's document, thereby aligning themes. The concept of a rolling 5-year plan was being incorporated and the HM would arrange a workshop at the appropriate time.
- Safety – only two instances to report. The first a couple of weeks before and the second was yesterday: both were knocks and bangs.
 - One slipped line, stuck in gear, and the boat could not be stopped before it hit the bathing platform of anchored boat. No injuries other than bruising, Harbour Staff responded brilliantly. Boat out of the water next week, with a report to the Captain, as panic exacerbated the situation, and cutting the engine would have helped.
 - The second instance was during the regatta. Regatta was to have 17 or 19 rigs with 25 to each crew. Start delayed due to swell at harbour edge. After half an hour's delay, the regatta was started, but one rig was caught in a freak wave with seven ending up in the water. All were taken out of the water, the boat righted, and the event eventually continued. The Independent Person was fully aware of the incident and there would be a small investigation, which would hopefully feed into September's report.
 - Lessons to be learnt – fortunate no fatalities. Quick response from staff and sensible response to get back upright, restricted event going forward. Life jackets were only worn by two and this would form part of the review.
 - Live investigations therefore event's future would be determined once the final safety report was available.

- It is unusual for rig to capsize, this will ripple through South Hams, British Rowing will undertake their own investigation. Once Cllr Bastone had received the report, he would bring it back to the Board.
- Projects updated on the morning's trip around the Harbour
- CCTV, mooring barge, offices review.
- Training – revalidation on forklift and crane (off season end Sept), SHDC line management development pathway. Legislative training and development training trying to ensure both happen.
- August budget workshop/emails would be arranged similar to the previous year, for financial review in September 2022.
- Following an internal audit, the HM updated on the finances with tools and materials noted as expensive, income had not been audited as such. Chain procurement for this year was about to happen, but recent material price increases were noted as being steep, e.g. steering cable had now doubled in price and only half stock available.

(Meeting commenced at 2:30 pm and concluded at 4:20 pm)

Chairman

This page is intentionally left blank

Report to: **Salcombe Harbour Board**

Date: **14 November 2022**

Title: **Governance Arrangements – Memorandum of Understanding with the Executive**

Portfolio Area: **Councillor Judy Pearce – Leader of the Council**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Immediately following this meeting

Author: **David Fairbairn** Role: **Head of Legal Services and Monitoring Officer**

Contact: **Telephone/email: 0803 861359/
David.Fairbairn@swdevon.gov.uk**

Recommendation

It is recommended that that the Board agrees to the Chairman signing the Memorandum of Understanding with the Executive in relation to the exercise of the Executive’s harbour functions and its role as duty holder for the purposes of the Port Marine Safety Code.

1. Executive summary

- 1.1 The review of the Council’s governance arrangements resulted in the Executive assuming the role of duty holder for the purposes of the Port Marine Safety Code (“the Code”) and the Board becoming an advisory board to the Executive.
- 1.2 This report seeks approval for the Chairman to sign a memorandum of understanding with the Executive setting out the respective roles of the Board and the Executive.

2. Background

- 2.1 On 24 January 2022, the Board was advised that the Council’s then arrangements for the discharge of its harbour authority functions

lacked clarity as to whether the full Council, the Executive, or the Board was the duty holder. Following a further report and a workshop, the Board recommended that responsibility for the Council's functions as Harbour Authority, and the role of Duty Holder, should be that of the Executive, with the Board using its experience and knowledge to act as an advisory board to the Executive, in accordance with a Memorandum of Understanding and Terms of Reference (Min SH.41/21 refers). The full Council agreed the recommendation at its meeting on 19 May 2022 (Min CM. 8/22 refers).

3. Outcomes/outputs

- 3.1 External solicitors with experience of harbour governance issues were instructed to draft a memorandum of understanding. The draft memorandum of understanding is set out in **Appendix A**.
- 3.2 The memorandum of understanding is consistent with the recommendations of the Ports Good Governance Guidance published by the Department for Transport in March 2018. It provides a framework for decision-making, accountability and the financial management of the Harbour under which the Board will provide advice and assistance to the Executive so that it can exercise its functions that takes account of the needs of the Harbour as a business and an environmental and community asset, in the light of the commercial realities of municipal port operations.

4. Options available and consideration of risk

- 4.1 The option of not proceeding with the memorandum of understanding is not realistic as it would undermine the clarity that the Council has been seeking to bring to the governance arrangements for the Harbour. This would be something that would be taken into account by regulatory bodies when deciding if the Council had failed in its legal duties as a harbour authority. This in turn may result in the Council suffering reputational damage.
- 4.2 Members of the Executive have been briefed formally and the draft memorandum of understanding has been circulated to members of the Board.

5. Proposed Way Forward

- 5.1 If the Board agrees the recommendation, then a substantially similar report will be taken to the Executive seeking approval for the Leader to sign the memorandum on behalf of the Executive.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address

Legal/Governance	Y	<p>The Pier and Harbour Order (Salcombe) Confirmation Act 1954 made the Council the Harbour Authority for Salcombe Harbour. As such, the Council has a duty to:</p> <p>a) take reasonable care, so long as the harbour is open for public use, that all who may choose to navigate in it may do so without danger to their lives or property;</p> <p>b) conserve and promote the safe use of the harbour, and prevent loss or injury through the Council's negligence;</p> <p>c) have regard to efficiency, economy and safety of operation as respects the services and facilities provided; and</p> <p>d) take such action that is necessary or desirable for the maintenance, operation, improvement or conservancy of the harbour.</p> <p>The Council has now clarified responsibility for exercising its harbour authority functions and the memorandum of understanding is the final piece in the governance arrangements.</p>
Financial implications to include reference to value for money	N	There are no financial implications arising out of this report.
Risk	Y	The memorandum of understanding will complete the governance arrangements and therefore ensure the clarity that the Code requires.
Supporting Corporate Strategy	Y	In accordance with the principles of the Ports Good Governance Guidance 2016, ensuring good governance for Salcombe Harbour is in the interests of stakeholders including the local community both for employment and leisure purposes.
Consultation & Engagement Strategy	N	
Climate Change - Carbon /	N	

Biodiversity Impact		
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	
Safeguarding	N	
Community Safety, Crime and Disorder	N	
Health, Safety and Wellbeing	N	
Other implications	N	

Supporting Information

Appendices:

Appendix A – Draft Memorandum of Understanding

Background Papers:

There are none.

Draft MoU

Dated

20[]

(1) South Hams District Council (Executive)

(2) Salcombe Harbour Board

**MEMORANDUM OF UNDERSTANDING
IN RESPECT OF SALCOMBE HARBOUR**

CONTENTS

Clause

- 1. Definitions and Abbreviations.**
- 2. Purpose of Memorandum of Understanding.**
- 3. Ports Good Governance Guidance.**
- 4. General commitments of the Executive of South Hams District Council and the Salcombe Harbour Board**
- 5. Agreements of Executive of South Hams District Council and the Salcombe Board**
- 6. Agreement of the Executive of South Hams District Council**
- 7. Agreement of Salcombe Harbour Board.**
- 8. General.**
- 9. Term.**
- 10. Confidentiality.**

Appendices

- (1) Extract from the Ports Good Governance Guidance – Harbour Management Committees**
- (2) Asset Register**
- (3) Salcombe Harbour Board Guidance Notes**
- (4) Organisational Structure**

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made on the day of 2022

Between

The Executive of South Hams District Council whose principal place of business is at Follaton House, Plymouth Rd, Totnes, TQ9 5NE (hereinafter referred to as 'the Executive')

and

Salcombe Harbour Board (an advisory Committee of the Council) whose principal place of business is at Follaton House, Plymouth Rd, Totnes, TQ9 5NE (hereinafter referred to as "the HMC")

Who are jointly referred to in this Memorandum of Understanding as 'the Parties'

WHEREAS:

- South Hams District Council ("the Council") is the Owner and Statutory Harbour Authority for Salcombe Harbour ("the Harbour");
- The Council which operates a Leader and Executive model of governance arrangements, has agreed that as part of a review of its governance arrangements, the Executive should exercise the Council's functions as Harbour Authority insofar as such functions were not already Executive Functions within the meaning of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000
- The Salcombe Harbour Board (hereinafter referred to as "the Harbour Board") is a Committee of the Council. The Harbour Board is advisory in nature and has been established to assist with improvement of the governance of the Harbour having regard to the recommendations for governance changes made in the Ports Good Governance Guidance ('PGGG') published by the Department for Transport in March 2018;
- The MOU is made pursuant to the recommendations made in the PGGG. The Parties wish to set out their commitment to implementing the recommendations contained in the PGGG relevant to the establishment of the Harbour Board.

1) Definitions and Abbreviations

For the purposes of this MOU the following definitions and abbreviations shall apply;

- a) The "Assets" shall mean the property, equipment and all other matters set out in the Asset Register at **Annex 3** annexed hereto.
- b) The "Constitution" shall mean the constitution of the Council as amended from time to time.
- c) The "Council" shall mean South Hams District Council.
- d) The "Executive" shall mean the Executive of the Council.
- e) The "DfT" shall mean the Department for Transport.

- f) The “Harbour” shall mean Salcombe Harbour, the limits of which are established under the 1954 Order.
- g) The “Harbour Board” shall mean Salcombe Harbour Board.
- h) “Harbour Board Guidance Notes” shall mean the guidance notes contained in Annex 4 of this MoU
- i) The “Harbour Business Plan” shall mean the Harbour Business Plan for the relevant period as approved by the Executive.
- j) The “Harbour Revenue” shall include the charges dues rates tolls and other moneys and receipts which may be taken and received by way of income from or in respect of the harbour undertaking under the authority of the 1954 Order, the Harbours Act 1964 or the Harbours, Docks and Piers Clauses Act 1847.
- k) “MoU” shall mean this Memorandum of Understanding.
- l) The “Parties” shall mean the Executive and the Harbour Board.
- m) “PGGG” shall mean the report published by the Department for Transport in March 2018 called *Ports Good Governance Guidance*.
- n) “Terms of Reference” shall mean the matters incorporated into the Constitution under Table 3B.
- o) “1954 Order” means the Salcombe Harbour Order 1954 (contained in the Schedule to the Pier and Harbour Order (Salcombe) Confirmation Act 1954), as amended from time to time.

2) Purpose of MoU

- a) Subject to the requirements of the Constitution the purpose of this MoU is to
 - (i) Provide a clear framework for the decision making, accountability, and financial management of the Harbour to enable the Harbour Board (in exercising its advisory role to the Executive) to assist the Executive in addressing the needs of the Harbour as a business and an environmental and community asset, which takes full account of the commercial realities of municipal port operations; and
 - (ii) Assist in clarifying the role of the Harbour Board to carry out its functions as an advisory body to the Executive in respect of the Harbour under its Terms of Reference
- b) The statutory role and functions of the Council and the Parties are not affected by the requirements of the MoU.
- c) This MoU is a statement of the understanding between the Executive and the Harbour Board. The MoU is not, and is not intended to be, legally binding to either Party. The detailed working arrangements may change over time by the agreement of the Executive.
- d) The MoU provides that the Harbour will be governed according to best practices as set out in the PGGG.

3) Ports Good Governance Guidance 2018.

- a) The PGGG was published by the DfT in March 2018, following extensive consultation with Industry. It sets out a number of recommendations for the accountability, governance, and finance of statutory harbour authorities and Part C applies specifically to Ports and Harbours within the Municipal Sector.
- b) The PGGG is based on a number of other documents, particularly the UK Corporate Governance Code (UKCGC). It replaces that in previous documents such as Modernising Trust Ports (MTP), published by the then DETR in 2000, its second edition Modernising Trust Ports (MTP2), published by DfT in 2009, and Opportunities for Ports in Local Authority Ownership, published by DfT in 2006. The guidance also reflects the recommendations of the Department's Trust Port Study, published in May 2016.
- c) The PGGG does not have force of law and is not legally binding. It does not replace any legal duties or obligations that SHAs might have in their own legislation or general acts of Parliament, such as the Harbours Act 1964 or the Companies Act 2006. Where such legal duties conflict with the PGGG, the legal duties take precedence.
- d) Whilst the guidance is advisory, the DfT expects all SHAs to carefully consider it and to implement its principles if these are not already in place, where practical and appropriate to the circumstances of the SHA.
- e) It has been agreed by the Executive that this MoU is drawn up to address the recommendations contained in the PGGG. An extract from the PGGG related to the establishment of Harbour Management Committees is set out at **Annex 1**.
- f) This MoU is prepared on the basis of the findings of the PGGG. However, it is recognised by the Parties that the PGGG deals with short, medium and long-term issues. It is fully appreciated that circumstances may change and for this reason a review and monitoring mechanism is essential to underpin this process.
- g) On this basis it is intended that a report will be put to the Harbour Board annually to allow the Harbour Board to review and monitor this MoU and recommend to the Executive any changes to it as are required by amendments to the PGGG or developments in respect of the PGGG.

3) General Commitments of the Executive and the Harbour Board

- a) This MoU records that the Executive and Harbour Board have considered the guidance of the PGGG and records the commitment of the Executive and the Harbour Board to implement the recommendations contained therein; and
- b) This MoU further records that Executive and Harbour Board shall take all reasonable steps to work together constructively to mutually facilitate the implementation of the recommendations contained in the PGGG.

4) Agreements of the Executive and Harbour Board

The Executive and Harbour Board agree that:

- a) The reporting lines relevant to an advisory Committee of the Council advising the Executive pursuant to the provisions of section 102(4) of the Local Government Act 1972 and having regard to the recommendations of the PGGG will be maintained to assist the Harbour Board to carry out its functions under its Terms of Reference.

- b) The Harbour Board will be required to exercise an advisory role to the Executive in respect of the Harbour.
- c) The Executive will exercise the functions of the Council and make decisions in respect of the Harbour under and in accordance with the Harbours Act 1964, the 1954 Order and the Harbour Docks Piers and Clauses Act 1847 (as incorporated).
- d) **Annex 4** sets out the organisational structure that is to be put into place defining the reporting lines between the Parties; and
- e) **Accounts:** It is the intention of the Parties that the Council will keep separate accounts for the undertaking with capital distinguished from revenue in accordance with article 34 of the 1954 Order and for the Harbour Revenue to be applied in accordance with article 35 of the 1954 Order.
- f) The Accounts are to include any monies in any reserve fund established under article 35 of the 1954 Order.
- g) Companies Act accounts are to be established and maintained for ease of understanding for the Harbour Board, and to fulfil statutory obligations under the Harbours Act 1964.

5) Agreement of the Executive

The Executive agrees that:

- a) The Assets (including land, buildings, infrastructure, plant and machinery) of the Council that are utilised for the running of the Harbour as listed in **Annex 2** form part of the Harbour and that the Harbour Board may advise the Executive in relation to them in accordance with its Terms of Reference, the Harbour Business Plan, the Council's plans and policies and the provisions of this MoU; and
- b) An annual budget including all harbour rental charges and central re-charges will be recommended by the Harbour Board and will then be reviewed and determined by the Executive annually; and
- c) The annual charges and dues for the Harbour will be recommended by the Harbour Board at the same time as the annual budget and will be reviewed and determined by the Executive annually; and
- d) The Harbour Board shall not be permitted to obtain specialist services from external sources, but can recommend to the Executive that they should take such action; and
- e) The Executive will ensure that its aims and objectives regarding the advice and recommendations it seeks to receive in relation to its management of the Harbour are agreed and clearly set out between the Parties in policies and plans; and
- f) The Council's policies and plans for the Harbour are stated by the Executive to be:
 - (i) [the Environmental Policy]; and
 - (ii) [the Harbour Business Plan].

- g) It is the intention of the Parties that these policies and plans will support the Harbour as a financially self-sustainable body, without the need to call upon the Council's General Fund; and
- h) The Executive will consider for approval updated policies and plans proposed by the Harbour Board from time to time, and utilise the skills and experience of the Harbour Board to its best advantage; and
- i) Borrowing facilities may be recommended to the Executive by Harbour Board to fund revenue generating projects in the Harbour if the Harbour Board can demonstrate that such borrowing facilities are consistent with the Council's policies and plans and the 1954 Order; and
- j) The Executive will make payments to Harbour Board members in accordance with the Council's Members' Allowances Scheme set out in Chapter 7 of the Constitution.

6) Agreement of the Harbour Board

The Harbour Board agrees that:

- a) The Harbour Board is a committee of the Council constituted by virtue of section 102(4) of the Local Government Act 1972 and is therefore an advisory body and can only make recommendations to the Executive in respect of the management of the Harbour.
- b) In accordance with the PMSC, the Executive as duty holder cannot delegate its accountability for compliance with the PMSC to the Harbour Board.
- c) In advising and making recommendations to the Executive the Harbour Board will ensure to address the needs of the Harbour as a business and an environmental and community asset, which takes full account of the commercial realities of harbour operations; and
- d) The Harbour Board shall, subject to Clause 7(e) and (f), make recommendations to the Executive regarding the management, acquisition and disposal of assets.
- e) Recommendations made to the Executive in respect of the management, acquisition and disposal of assets must be made in accordance with the Council's acquisitions and disposals policy, financial procedure rules and contracts procedures rules; and
- f) The Harbour Board shall not make recommendations to the Executive on the disposal or acquisition of property assets unless the recommendation(s) accords with the provisions of the 1954 Order and Council's plans, policies and strategies and in particular the Harbour Business Plan;
- g) The Harbour Board will review and then recommend an annual budget, (including rental charges and central re-charges) to the Executive and an annual schedule of charges and dues for the Harbour and these will be determined by the Executive; and
- h) The Harbour Board will monitor performance against approved budgets and recommend appropriate action to the Executive where this is required; and
- i) The Harbour Board make a six monthly and annual report to the Executive reporting on performance against budget; and

- j) The Harbour Board will produce a Harbour Business Plan and any other plan required from time to time and recommend its contents to the Executive for publishing; and
- k) The Harbour Business Plan and other plans should promote the Harbour to be a financially self-sustainable body in the long term; and
- l) The Harbour Board will discharge its role in accordance with its Terms of Reference, the Harbour Board Guidance Notes contained in **Annex 3** of this MoU, this MoU and with consideration of other relevant policies and plans such as the Port Marine Safety Code, PGGG, Health and Safety at Work legislation, Harbour Byelaws and any other appropriate policies, plans and legislation; and
- m) The Harbour Board will provide an annual report to the Executive on how it is advising and making recommendations in relation to the Harbour in a manner that is consistent with relevant policies plans and legislation; and
- n) Borrowing facilities may be recommended by the Harbour Board and considered by the Executive to fund revenue generating projects in the harbour where the Harbour Board can demonstrate that such borrowing facilities are consistent with the terms of the 1954 Order and the Council's policies and plans including the sustainability of the Council's budget; and
- o) The Harbour Board will take all reasonable steps to engage appropriately with the stakeholder community. It will maintain formal links with stakeholder forum(s) as appropriate; and

7) General

- a) This MoU neither expands nor is in derogation of those powers and authorities vested in the participating Parties by applicable law.
- b) For the avoidance of doubt, the Harbour Board is neither the Designated Person nor the Duty Holder under the Port Marine Safety Code. The Duty Holder is the Executive.

8) Term

- a) This MoU in this form or such amended form as agreed between the Parties shall remain effective for as long as the present governance arrangements are in place.
- b) The Parties shall review this MoU at periods of 12 months, or such earlier period as appropriate should the need arise. The Executive may agree to amend this MoU if circumstances dictate.
- c) The MoU may be terminated by resolution of the Executive.

9) Data protection and information

- a) The Parties agree to comply with the Data Protection Act 2018, the General Data Protection Regulation, the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and other statutory information regimes.

Signed for and on behalf of

The Executive of
South Hams District
Council

.....

Cllr Judy Pearce, Leader of the Council

Signed for and on behalf of

Salcombe Harbour Board

.....

Chairperson of Salcombe Harbour Board

DRAFT

Annex 1 Extract from Part C PGGG – Harbour Management Committees

Harbour Management Committees

4.6 Some LAs have established Harbour Management Committees (HMCs) as a means of governing their harbours. These have some of the features of a trust port board or board of a private SHA and are a good example of how corporate governance best practice principles can be applied in the context of local authority harbours.

4.7 The establishment of an HMC (which would be constituted as a committee within the current LA system) can bring openness and additional accountability to port decisions, along with more expertise and experience (as a skills audit will be carried out prior to HMC members being decided upon).

4.8 LAs may wish to consider formally establishing HMCs by legislative routes. The BPA has produced guidance for LAs that have or are planning to put in place HMCs.

Key points are set out in the box below.

Harbour Management Committees

The formation and membership of the committee is critical. It should be strategic and aware of the commercial and legal framework within which ports operate. Based on particular experiences the Committee should ideally comprise:

- approximately 50% LA elected members of a constituent authority. These do not all have to be LA councillors, but can be co-opted representatives who are appointed by the LA or provide specific skills in support of port management;
- the port chief executive/harbour master should have access to the HMC in an advisory role, but as an officer of the Council they cannot serve on the committee or have voting rights;
- external appointees who are stakeholder representatives or individuals with valuable skills and experiences;
- a Chair appointed on merit, skills and suitability;
- external members should be appointed by public advertisement using the guidance applicable to public appointments, in line with the advice given above.

The HMC Chair should ideally be an elected representative of the LA as this will automatically maintain reporting lines and accountability to the Council. Should the LA favour the appointment of an independent Chair, it is important that reporting lines and voting arrangements are clear and in line with LA corporate governance practice.

Before recruiting, local authorities should undertake a skills audit to assess the balance of skills required to effectively govern the port and deliver against the business plan. These skills should be considered for all committee members.

In order for the HMC to operate effectively a formal memorandum of understanding could be established between the harbour committee and the local authority. The memorandum of understanding could set out the recommended ground rules for a framework between the port and its authority.

Annex 2 – Asset Register

To be completed by the Executive and then reviewed by the Harbour Board before the MoU is signed by both parties.

Annex 3 – Harbour Board Guidance Notes

Harbour Board Guidance Notes

A Establishment of the Harbour Board

1. The functions of the Executive conferred under the Constitution: Functions within the definition of a Harbour Authority in Section 57(1) of the Harbours Act 1964 and the Salcombe Harbour Order 1954 and the Harbour Docks and Piers Clauses Act 1847 (as incorporated).
2. Functions arising out of any Byelaws of Harbour Directions made under the above Acts.
3. That the Harbour Board will provide advice to the Executive in relation to the discharge of these functions within any policy and budget approved by the Council as set out in the Terms of Reference and Memorandum of Understanding between the Executive and the Harbour Board.
4. All Meetings of the Harbour Board shall be conducted in accordance with the Council's Procedure Rules as set out in the Council's Constitution.

B Membership of the Harbour Board

1. The Harbour Board shall consist of 10 members, 6 Members of the Council and 4 Co-opted Members. Each Co-opted Member, as far as it is achievable, will be appointed on a 'fit for purpose basis' through assessment of each nominee's skills, knowledge, experience and commitment on matters identified from time to time by a skills audit as being the main skills requirements for the Harbour Board.
2. All Members of the Harbour Board, including any Co-opted Members, will be bound by the South Hams District Council Code of Conduct as set out in the Council's Constitution and will be required to sign the declaration of acceptance of office (contained in Schedule 1) as required by law in any event within 14 days of their appointment. A Co-opted Member is under the same obligations as Members of the Council that appoints the Co-opted Member, and that member must observe the Council's Constitution and most importantly comply with the statutory rules relating to conduct and the disclosure of interests.
3. No Co-opted Member shall act as a Member until that person has made the declaration of acceptance of office (contained in Schedule 1); and a Co-opted Member shall cease to be a Member of the Harbour Board if that person fails to make that declaration within three months of his / her appointment.
4. The Chairperson and Vice Chairperson of the Harbour Board shall be elected in accordance with the Council's Constitution. Only Council Members shall be the Chairperson and Vice Chairperson of the Harbour Board.
5. As the harbour authority function rests with the Executive, the Harbour Board is constituted as a Committee of the Council by virtue of s102(4) of the Local Government Act 1972. The formation of the Harbour Board under this provision permits the appointment of Co-opted member to an advisory Committee. Council member appointees must accord with the political representation requirements in s15 of the Local Government and Housing Act 1989 (unless in this requirement is disapplied by the Council in accordance with section 17(1) Local Government and Housing Act 1989) and all decisions in respect of the Harbour must be taken by the Executive or in accordance with the other arrangements permitted in section 9E of the Local Government Act 2000.
7. In the event that a Harbour Board Member other than a Council Member does not attend any meetings of the Harbour Board for a period of six months from the date of his or her last attendance, that Member ceases to be a Harbour Board Member, unless within the period of absence the Council gives approval for this absence. This shall not apply to Council Members whose attendance is regulated by Statute.

8. (i) All Harbour Board Members will attend relevant training to be determined by the Chairperson on the basis of appropriate advice, which shall be founded on best practice.

(ii) All Harbour Board Members will be required to attend Code of Conduct Training.

C Appointments Process

As an advisory committee, members of the Harbour Board shall be appointed in accordance with section 104(2) of the Local Government Act 1972.

The Harbour Board shall consist of 10 members, 6 Members of the Council, and 4 Co-opted members. Each Co-opted Member, as far as it is achievable, will be appointed on a 'fit for purpose basis' through assessment of each nominee's skills, knowledge, experience and commitment on matters but not limited to the following:

- management of harbours;
- shipping and other forms of transport;
- local industrial, commercial, financial or legal matters;
- management of marine leisure activities;
- safety or personnel management;
- community issues;
- environmental matters;
- knowledge of port/maritime or other nautical experience;
- any other skills and abilities considered from time to time by the Appointments Panel to be relevant to the discharge by the Harbour Board of its functions as an advisory body;

1. Council Members shall be appointed to the Harbour Board by the Council and a Council Member's term shall expire on the fourth day after the date of the next regular election or from the date of their resignation. Council Members' appointments will be governed by the Council's Constitution.

2. The Council shall secure, so far as reasonably practicable, that the Council Committee Members appointed by them will, between them, have special knowledge, experience and ability in a broad and complementary range of matters relevant to the efficient, effective and economic discharge by the Harbour Board of its function as an advisory body.

3. A Co-opted Member's term of appointment shall be three years from the date of appointment unless the Member shall die, resign or be disqualified;

4. Co-opted Harbour Board Members shall be appointed by the Council for up to 2 full terms, and exceptionally 3 full terms.

5. A Co-opted Member may be appointed to a second three-year term without recourse to open competition, subject to the agreement of both the Chairperson and the Member, and the Harbour Board's assessment that the Member has performed satisfactorily during the first term (all Membership of the Harbour Board is subject to ratification by the Council);

7. Re-appointment of a Co-opted Member for a third term shall involve competition with other candidates;

8. Appointments will usually be made by an Appointments Panel consisting of the Chairperson of the Harbour Board, a Co-opted Member of the Harbour Board, [and an independent external technical advisor with a thorough understanding of harbour/port governance issues].

9. The Appointments Panel shall secure, so far as reasonably practicable, that the Co-opted Members appointed by them will, between them, have special knowledge, experience and ability in a broad and complementary range of matters relevant to the efficient, effective and economic discharge by the Harbour Board of its functions. The decisions of the Appointments Panel are subject to ratification by the Council.

D Resignation of Members

1. A Harbour Board member, including the Chairperson, may resign his or her office at any time by Notice in writing given to the Council's Monitoring Officer.

E Meetings

1. The Harbour Board shall meet at least [6] times a year and be governed by the Procedure Rules as set out in the Council's Constitution;

2. The quorum for meetings of the Harbour Board shall be [5] save that at no time shall there be less than [2] Council Members present at the Meeting.

3. The Harbour Board shall consider the following business:

- i. Approval of the Minutes of the previous meeting;
- ii. Declarations of Interest, if any;
- iii. Report and feedback from Stakeholder Forums;
- iv. The business otherwise set out on the Agenda for the meeting;

4. Agendas

(i) a copy of the agenda including the item, or a copy of the item, shall be open to inspection by members of the public at least [5] clear working days before the meeting or, where the meeting is convened at shorter notice, from the time the meeting is convened; unless

(ii) by reason of special circumstance, which shall be specified in the Minutes, the Chairperson of the meeting is of the opinion that the item should be considered as a matter of urgency.

5. Annual Meeting

An Annual Meeting of the Harbour Board will take place during the year. This will be an informal meeting and include invitation to all members of Stakeholder Forums.

F Declaration of Interests

1. A Co-opted Member shall be under the same obligations as Members of the Council that appoint that person and that person must observe the Council's Standing Orders and comply with the statutory rules relating to the disclosure of interests.

2. All Harbour Board members will be governed by the South Hams District Council Code of Conduct which details interests which need to be declared.

3. The Council maintains and regularly updates a register of interests declared by Members, and shall make the register available for inspection by members of the public at all times during usual office hours.

G Payments to Members

1. The Chairperson of the Harbour Board shall receive a Special Responsibility Allowance in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).

2. The Harbour Board may pay to Co-opted Members such expenses for travelling allowances on the same basis as Members of the Council.

H Stakeholder Forums

1. To ensure that the Harbour Board has strong and direct links with both harbour users, local communities and other external organisations with an interest in the Harbour Board area, a formal consultation mechanism will be established by the Executive. This will enable Stakeholder Forums to formally make representations to the Harbour Board;

2. No Member of the Harbour Board will have a position on the Stakeholder Forums. The Harbour Master (or authorised deputy) and an Harbour Board Member may attend as observers.

3. The Harbour Board may recommend to the Executive to appoint other Stakeholder Forums.

Schedule 1 : Declaration of Acceptance of Office – Co-opted Members of the Committee

I.....being a Co-opted Member of the Salcombe Harbour Board of South Hams District Council ('the Council'), declare that I will duly and faithfully fulfil the requirements of this role according to the best of my judgement and ability.

I undertake to observe the South Hams District Council Code of Conduct as to the conduct which is expected of Members and Co-opted Members of a Committee of the Council.

If I have an interest, direct or indirect:

(a) in any contract or proposed contract to which the Council as statutory harbour authority is or would be a party or I am a director of a company or body with which the contract or proposed contract is made or proposed to be made; or

(b) in any other matter with which the Council as statutory harbour authority or Salcombe Harbour Board are concerned,

I will declare that interest.

I have disclosed details of every financial and other interest as is mentioned in (a) and (b) above, and I will in future notify as soon as reasonably practicable any alteration to those interests, or any new interest such as is mentioned in (a) and (b) above, which I may acquire.

Signed Date

Signed Date
[Monitoring/Deputy Monitoring Officer]

Annex 4 – Organisational Structure

To be inserted

This page is intentionally left blank

Report to: **Salcombe Harbour Board**
Date: **14 November 2022**
Title: **Revenue Budget Monitoring 2022/2023**
Portfolio Area: *Salcombe Harbour*
Wards Affected: **All**
Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Authors: **Pauline Henstock** Roles: **Head of Finance Practice**
Cameron Sims- **Harbour Master**
Stirling

Contact: **Tel. 01803 861377**
E-mail: pauline.henstock@swdevon.gov.uk
Tel. 01548 843791
E-mail: cameron.sims-stirling@swdevon.gov.uk

Recommendations:

That the Board notes the forecast income and expenditure variations for the 2022/23 financial year and the projected surplus of £92,200.

1. Executive summary

- 1.1 This report updates Members on income and expenditure variations against the approved budget and forecasts the year end position.
- 1.2 Gross expenditure is set at £1.303 million in the 2022/23 balanced budget. As at 31 October 2022, a surplus of £92,200 is projected, as shown in Appendix A. This equates to 7.1% of the gross budget for 2022/23.

2. Background

2.1 A detailed and balanced budget for Salcombe Harbour is set every year. In order to keep Members up to date a regular budget monitoring report is brought to the Board.

3. Outcomes/outputs

3.1 A surplus of £92,200 is currently forecast for 2022/23. The income and expenditure variations are detailed in Appendix A. The main variances are shown in the table below:

TABLE 1: 2022/23 BUDGET FORECAST

	2022/23 Budget expenditure /(income)	Budget variations		£	Note
		%	£		
	£		£	£	
APPROVED BUDGET				-	
Reductions in expenditure/ additional income					
Mooring hire income	(500,500)	(15.9%)	(79,600)		A
Harbour dues income	(411,100)	(17.6%)	(72,500)		B
Pontoons income	(210,100)	(5.9%)	(12,300)		C
Sub total of variations				(164,400)	
Increases in expenditure/ reductions in income					
Employees	478,700	5.7%	27,200		D
Transport	69,000	36.5%	25,200		E
Rents	138,800	11.5%	15,900		F
Other minor variances	-		3,900		
Sub total of variations				72,200	
PROJECTED SURPLUS				(92,200)	

Notes

- A. **Mooring hire income** – The additional income of £79,600 primarily results from a consistently busy year with prolonged spells of settled weather providing supplementary seasonal income from moorings used by visitors from land (£40,000) and sea (£28,000). This year we have seen many foreign visitors in comparison to the previous years of COVID uncertainty. These figures show a positive trend despite holidays/travel abroad being more accessible with less pressure upon remaining local and relying on a staycation. Visitor income (especially those vessels visiting sea) is susceptible to bad or inconsistent weather both in the short term and seasonally. With no guarantee of income, budget expectations are always adjusted with more caution and safety margin.
Historically some resident moorings in less desirable areas of the harbour have been left unallocated yet for the third season demand has surpassed supply in all areas resulting in some small surpluses from other mooring facilities, notably resident foreshore.
- B. **Harbour Dues income** – The good season, as noted above, led to a high numbers of craft afloat. This includes resident craft, those visiting from sea and those visiting from land. As can be seen from the mooring hire income above, a larger proportion of the Harbour Dues surplus can be attributed to those vessels visiting by land.
- C. **Pontoons income** – The additional income of £12,300 was primarily generated by another very busy summer on Whitestrand Pontoon (and the remote pontoon added for extra capacity) where all tenders pay a berthing fee of £45 per month, generating a surplus of £8,000.
- D. **Employees** - Additional employee costs of £27,200 are currently anticipated in 2022/23. This mainly relates to the pay award announced on 2 November 2022 which amounts to £1,925 on all pay points. This is significantly higher than the budgeted provision of 2%.
- E. **Transport** – Additional transport costs of £25,200 are currently projected for 2022/23. This mainly relates to the dramatic increase in fuel prices and new legislation for 2022 that no longer allows us to use red diesel in our ashore plant and equipment. This will have a direct increase in particular on our winter usage of fuel. Some of these increased costs are recharged back to carparks in facilitating the use of the car/boat park.
- F. **Rents** – Due to the additional income currently forecast for 2022/23 it is anticipated that an additional £15,900 of rent will be payable to the Duchy of Cornwall based on a percentage of our increased mooring and pontoon income.

4. Issues for consideration

- 4.1 The projected surplus of £92,200 equates to 7.1% of the gross budget for 2022/23.
- 4.2 Salcombe Harbour Authority has continued to carry out its statutory duties during 2022/23 with few COVID-19 impacts in comparison to previous years, where lockdowns and summer isolations affected trade and our ability to operate efficiently. Full time staff have had periods of illness in relation to Covid but thankfully all were outside of the main season and spread out/unrelated.
- 4.3 Following the change in seasonal staff rotas affecting the boatpark and patrols during the 2021 summer the same shifts were adopted for 2022 to assist with daily routines, a busier AM taxi and increased patrols and facility/boat checks. The latter has certainly increased the efficiency and fairness of identifying those vessels failing to comply with byelaws both in regard to registration and behaviour across the harbour as a whole. This has also been supported by a change in the hours of operation of the contracted Night Security team, the future of which is an upcoming Harbour Board workshop.
- 4.4 Following the consistently elevated fuel prices we will evaluate alternative sources of fuel.

5. Reserves and Loans

- 5.1 Salcombe Harbour holds three reserves as follows:
 - **General Reserve** – comprising the accumulation of generated trading surpluses;
 - **Renewals Reserve** – for the replacement of the Harbour's infrastructure assets, excluding pontoons;
 - **Pontoon Reserve** – for the replacement of pontoons.

A summary of the projected Harbour reserve and loan balances as at 31 March 2023 are shown in Appendix B. The projected 2022/23 surplus of £92,200 would go into the General Reserve at the year end, in accordance with normal accounting practice. This gives a predicted year end balance of £371,656 for the General Reserve.

- 5.2 Revenue expenditure funded from Reserves is likely to be £17,000 higher than the original budget approved for 2022/23. Below is a breakdown of this overall variance:

Revenue expenditure to be funded from Reserves				
	2022/23	2022/23	2022/23	
	Budget	Forecast	Variance	Notes/approval
	£	£	£	
Renewals Reserve				
Replacement engine	10,000	10,000	-	
General Reserve				
Port Marine Safety Code compliance	-	8,000	8,000	Approved at the Harbour Board 15 November 2021 – SH.26/21 (up to £10k)
Duty Holder Arrangements external advice	-	3,000	3,000	Approved at the Harbour Board 24 January 2022 – SH.35/21 (up to £5k)
Merit Payment – relating to 2021/22	-	6,000	6,000	Approved at the Harbour Board 13 June 2022 – SH.10/22.
Totals	10,000	27,000	17,000	

6. Payments between Salcombe Harbour and SHDC

6.1 To aid transparency an analysis of the payments between Salcombe Harbour and the District Council is shown in Appendix C. This compares the budgeted amounts and the forecast payments for 2022/23. There are no significant variances anticipated at this stage in the year.

7. Proposed Way Forward

7.1 Regular budget monitoring updates will be brought to the Board.

8. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Pier and Harbour Order (Salcombe) Confirmation Act 1954 makes provision for the Council to manage and improve

		the harbour and for the financial arrangements in connection with the exercise of those powers.
Financial	Y	The report identifies a projected surplus of £92,200 for 2022/23.
Risk	Y	Budget variances – continual budget monitoring ensures early identification of variances. Reporting to the Board provides an opportunity for Members to identify and instigate remedial action where appropriate.
Supporting Corporate Strategy		Salcombe Harbour supports the priority of protecting our Built and Natural Environment within the Council's strategic vision 'Better Lives for All'
Climate Change – Carbon / Biodiversity Impact		None directly arising from this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	None directly arising from this report.
Safeguarding	N	None directly arising from this report.
Community Safety, Crime and Disorder	N	None directly arising from this report.
Health, Safety and Wellbeing	N	None directly arising from this report.
Other implications	N	None directly arising from this report.

Supporting Information

Appendix A – Salcombe Harbour Revenue Forecast 2022/23

Appendix B – Harbour Balances and Loans Forecast 2022/23

Appendix C – Payments between Salcombe Harbour and SHDC in 2022/23

Background Papers: None

SALCOMBE HARBOUR REVENUE FORECAST 2022/23

APPENDIX

As at 31st October 2022

Actual 2020/2021	Actual 2021/2022		Budget 2022/2023 (At outturn prices)	Forecast 2022/2023	Variance Forecast to Budget
£	£		£	£	£
		Employees:-			
428,960	477,201	Harbour	478,700	505,900	27,200
		Premises-Related Expenditure:-			
30,011	46,849	General Repairs and Maintenance	27,500	35,500	8,000
65,563	65,439	Security Patrol	65,600	65,600	0
70,462	102,419	Moorings	103,000	106,500	3,500
325	528	Insurances	1,000	1,000	0
22,400	28,033	Utility Charges	27,100	27,600	500
7,059	10,000	Public Conveniences contribution	10,000	10,000	0
147,239	163,095	Rents	138,800	154,700	15,900
11,797	12,072	Refuse Collection /Cleaning	15,500	14,500	(1,000)
354,856	428,435		388,500	415,400	26,900
		Supplies and Services:-			
8,988	6,515	Equipment	12,600	20,000	7,400
6,202	11,845	Printing, Stationery and Advertising	7,800	7,800	0
5,272	4,142	Communications (Radios, Telephones, Postage etc.)	6,300	5,300	(1,000)
3,541	9,664	Protective Clothing	5,000	5,000	0
12,438	14,924	Credit Card Handling Charges	16,000	16,000	0
21,842	31,832	Miscellaneous	35,000	38,000	3,000
58,283	78,922		82,700	92,100	9,400
57,404	66,616	Transport-Related Expenses (Launches etc.)	69,000	94,200	25,200
54,200	55,700	Central Support Services	56,800	56,800	0
40,000	40,000	Contribution to Renewals Reserve	40,000	40,000	0
65,000	65,000	Contribution to Pontoon Reserve	65,000	65,000	0
58,000	58,000	Contribution to Marine Infrastructure Reserve	58,000	58,000	0
3,524	7,089	New Projects Funded From Revenue	5,000	5,000	0
44,068	35,612	Revenue Items Being Met From Reserves	10,000	27,000	17,000
12,800	12,800	Capital Charges (Net)	49,300	49,300	0
1,177,095	1,325,375	TOTAL EXPENDITURE	1,303,000	1,408,700	105,700
(341,630)	(449,605)	Harbour Dues	(411,100)	(483,600)	(72,500)
(473,779)	(552,246)	Mooring Hire	(500,500)	(580,100)	(79,600)
(190,919)	(203,197)	Small Boat Pontoon Systems	(210,100)	(222,400)	(12,300)
(23,957)	(42,829)	Water Taxi Service	(36,000)	(44,100)	(8,100)
(23,436)	(23,299)	Mooring Licences	(25,600)	(24,100)	1,500
(65,752)	(70,110)	Security Patrol Fees	(69,200)	(69,800)	(600)
(68,588)	(67,703)	Miscellaneous	(40,200)	(48,000)	(7,800)
(44,068)	(35,612)	Contribution from Reserves	(10,000)	(27,000)	(17,000)
(200)	(300)	Interest	(300)	(1,800)	(1,500)
(1,232,329)	(1,444,901)	TOTAL INCOME	(1,303,000)	(1,500,900)	(197,900)
(55,234)	(119,526)	(SURPLUS) / SHORTFALL ON TRADING ACTIVITIES	0	(92,200)	(92,200)

This page is intentionally left blank

HARBOUR BALANCES & LOANS

APPENDIX B

<u>Pontoons Reserve</u>	
	£
Balance 1st April 2022	291,966
ADD	
Contribution 2022/2023	65,000
Interest	2,300
	359,266
Less anticipated expenditure	
Projected Balance as at 31st March 2023	359,266

<u>Renewals Reserve</u>	
	£
Balance 1st April 2022	192,076
ADD	
Contribution 2022/2023	40,000
Interest	1,500
	233,576
Less anticipated expenditure	
Replacement engines	(10,000)
Projected Balance as at 31st March 2023	223,576

Total Reserves Balances as at 1st April 2022 £780,498

Projected Total Reserves Balances as at 31st March 2023 £954,498

<u>General (Revenue Account) Reserve</u>	
	£
Balance 1st April 2022	296,456
ADD	
Surplus forecast as at 31/10/2022	92,200
	388,656
Less anticipated expenditure	
Merit pay - relating to 2021/22	(6,000)
Port Marine Safety Code compliance	(8,000)
Duty Holder Arrangements external advice	(3,000)
Projected Balance as at 31st March 2023	371,656

<u>A summary of loans outstanding with SHDC</u>		
	Pontoons Project	Harbour Depot
Start date	1.10.18	1.4.22
Repayment period	25 years	50 years
Maturity date	30.9.43	31.3.72
Original advance	£230,000	£1,225,000
Interest rate	2.73%	1.50%
Annual repayment		
Interest	£3,600	£18,200
Principal	£9,200	£16,500
R & M (5%)	-	£1,800
Total	£12,800	£36,500
Total repayment due - principal & interest	£320,000	£1,735,000
Total outstanding 31.3.2022	£275,200	£1,735,000
Total outstanding 31.3.2023	£262,400	£1,700,300

This page is intentionally left blank

Payments between Salcombe Harbour and South Hams District Council

APPENDIX C

	Budget 2022/23 £	Forecast 2022/23 £	Variance 2022/23 £
Amounts chargeable to SHDC			
Harbour salary recharges (e.g. car parks, beach & water safety)	(152,900)	(152,900)	0
Contribution to the Security Patrol & Waste Collection	(4,800)	(4,800)	0
Interest payable	(300)	(1,800)	(1,500)
	(158,000)	(159,500)	(1,500)
Amounts payable to SHDC			
Contribution to the Marine Infrastructure reserve (an SHDC earmarked reserve)	58,000	58,000	0
Officer time recharges (e.g. Finance, HR, Legal, Assets Committee support)	56,800	56,800	0
Rent for Harbour Office	10,000	10,000	0
Business Rates	15,100	14,500	(600)
Loan repayments	49,300	49,300	0
Public Conveniences contribution	10,000	10,000	0
Trade Waste Collection	7,500	7,500	0
Chairman - Harbour Board	2,900	2,900	0
	209,600	209,000	(600)
Net amount payable to SHDC	51,600	49,500	(2,100)

This page is intentionally left blank