

**Salcombe Harbour Board – 6 June 2007****STRATEGIC BUSINESS PLANNING****Report of Head of Service Salcombe Harbour****Statutory Powers: Pier and Harbour Order (Salcombe) Confirmation Act 1954**

**Financial Implications:** None in the preparation of the Business Plan other than officer time although there will be financial implications for the delivery of the agreed Strategic Business Plan.

**Purpose**

To appraise Members on the progress toward the development a five year Business Plan for the Harbour Authority and to seek approval of a time table for full public consultation through to final ratification of the Plan.

The Strategic Business Plan supports South Hams objectives of good jobs (CP2), retention of the district's character (CP3), an accessible council (CP5) and value for money (CP6).

**Recommendations****That the Harbour Board RESOLVES to:**

- a. **Consider the feedback from the first consultation period and make comment where appropriate with regard to amendments.**
- b. **Endorse the work completed to date on the Salcombe Harbour Strategic Business Plan.**
- c. **Publish the second draft of the Strategic Business Plan for further consultation with key stakeholder groups.**

**Background**

1. The Harbour Board approved the publication of the 1<sup>st</sup> draft of the Strategic Business Plan on 20 March 2007 for public consultation (SH 36/06).
2. The 1<sup>st</sup> draft of the Strategic Business Plan was published on 2 April 2007 with consultation closing on 27 April 2007. This was subsequently extended to 6 May 2007 to allow more stakeholders to respond. The draft plan was published on the Harbour Authorities web page, on Devon County Councils Consultation Finder, distributed to Harbour Community Fora and a range of interested stakeholders including Town and Parish Councils and placed in the local libraries.

3. In total twenty responses were received including contributions from Salcombe Town Council, Salcombe and Kingsbridge Estuary Association (SKEA), Salcombe Fishermen, Aune valley Ski Club, Winters Marine, Area of Outstanding Natural Beauty Office (AONB), Salcombe yacht Club, Kingsbridge Estuary Boat Club and a number of private individuals.

4. The following issues were raised and have either been incorporated or are considered to have already been addressed within the Plan:

- The efficiency and future operation of the water taxi service.
- The provision of adequate tender berthing for access to Salcombe.
- Increase the usage of the available berths and moorings.
- Moorings policy including charging.
- Improve the facilities for visiting yachts, including showers.
- To provide funding for Estuary Management Plan Projects.
- Improve residents' facilities, particularly provision for fresh water.
- Consider cost of anchoring for visitors.
- Raise priority of extension to Normandy Pontoon.
- Increase income stream (regrettably this burden will fall mainly on residents if visitor numbers are to be maintained. Steps should be taken to protect commercial activities from being priced out of business).
- Compare Salcombe with other municipal ports.
- Review of harbour staff structure.

4. The following issues were raised by stakeholders but are not currently addressed in the Plan and should be considered by the Board during the future strategic planning process. Members may wish to discuss these issues and direct their inclusion into the current edition of the Plan:

- The viability of the provision of a water ski area within the Estuary.
- Development opportunities at Batson Creek car park, including the improvement of harbour facilities and infrastructure and possibility of harbour taking control of asset. This could include business opportunities such as crab processing.
- Improve management of harbour infrastructure outside of the direct control of the harbour Authority.
- Reclaim the peace and quiet Salcombe used to enjoy.
- To make financial savings by reducing the staff, particularly engineers, and tender to local businesses for engineering services.
- Increase peak season charges for visitors.
- Support business development through local development framework process.
- Develop a sales and marketing strategy stating the objectives, the strategy to implement and the budget allocated, the plan should include an estimation of expected income generation.
- All future capital projects should be self financing.
- Do not discount the concept of introducing marina; a feasibility study should be undertaken.
- Improve trailer parking facilities and scope feasibility of increasing slipway capacity.
- All expenditure proposals should come with cost and benefit analysis attached; the impact on charges should be stated.

- Capital schemes should be funded from borrowing from the Local Authority, this will spread cost and reduce requirement to increase charges.
  - South Hams is not a high earning area, therefore local people have difficulty with increased costs. Locals do not have bottomless wallets and the policies will force them off the water.
5. The issue of improved communication, particularly with local residents is well made. The Harbour Community Fora were established to fulfil this role, but other methods should not be discounted. Regrettably the local press did not print any article referring to the public consultation of the Strategic Business Plan, despite an associated press release.
6. There were a number of observations and recommendations that were factually incorrect which have listed below:
- The Harbour Authority should acquire borrowing powers to meet capital investment “spikes”
    - The Harbour Board do have borrowing powers to borrow from the District Council.
  - The Harbour Authority should use an accruals based management system to depreciate capital assets.
    - South Hams District Council do use an accruals based accounting system.
  - The Harbour Authority should have a prioritised and realistically costed programme of works for the next 10 years.
    - The Strategic Business Plan is a 5 year rolling programme, but it is based on a 10+ year infrastructure and plant replacement programme. The contribution to reserves (£38,000 in 2007) is estimated to be £38,000 short of what is required to fund the rolling repair and replacement programme.
  - Previous Harbour Boards have ensured that access to the Harbour remained affordable for all.
    - This strategy has led to the charges for residents facilities being below market rate, which is in contravention to the terms of the lease of the fundus with the Duchy of Cornwall.
  - The position of the houseboats was questioned and the suggestion made that planning considerations should be exercised.
    - The replacement houseboats were approved by the Harbour Board in October 2005 (SH 13/05) after due consideration was given to the location and the design of the replacement vessels. Houseboats do not require planning permission.
  - A proposal was made to allocate moorings to 90% Council tax payers and charge above average rates for the facilities.
    - The proposal to exploit the 90% Council Tax payer is not permissible by the harbours Act 1964.
7. A compendium of responses to the public consultation is at Appendix 1.

## Key Issue for Board Consideration

8. Choosing the most appropriate strategy to fund the maintenance and replacement of the Harbour infrastructure will have implications for the viability of the Harbour for the next 25 years. The Board will therefore wish to consider the merits of the different strategic options presented in the Second Draft. In outline the fundamental choice is between raising funds for maintenance and improvements from increased charges or to rely on a strategy of comprehensive capital borrowing. Members attention is drawn to the Future Funding Strategy detailed from page 32 of Appendix 2.

## Way Forward

9. The draft Strategic Business Plan has been revised to a second draft to reflect the feedback from the public and is at Appendix 2. Members are asked to consider this draft with a view to modification or agreement to ensure that the Board endorse the principles and actions it contains so far.
10. Considering the limited response to the first round of public consultation, it is proposed to distribute the second draft to a limited distribution, comprising Salcombe Kingsbridge Estuary Association, Kingsbridge Estuary Boat Club, Salcombe Town Council, Kingsbridge Town Council and Saltstone Parish Council group. This second consultation would close on 22 June 2007 to enable the Plan to be presented at an open meeting on 10 July 2007 at the Harbour Board's annual Inspection. It can then be presented to full Council on 13 September 2007.
11. It is proposed that Members consider the time table which sets out below the development phases of Salcombe Harbour's Strategic Business Plan:

<b>Timeline to Publishing Salcombe Harbour Strategic Business Plan</b>	
6 June 2007	Harbour Board consider 2 <sup>nd</sup> Draft of Strategic Business Plan and if satisfied, approves publication for limited second round of consultation.
22 June 2007	Second draft consultation closes.
10 July 2007	Harbour Board Present Salcombe Harbour Strategic Business Plan 1 <sup>st</sup> Edition at Harbour Annual Inspection. (Open meeting)
13 September 2007	Full Council endorse Strategic Business Plan.
25 September 2007	Harbour Board consider fees and charges for 2008/09 based on Strategic Business Plan.
December 2007	Transfer SMARTER (Specific, Measurable, Achievable, Realistic, Timely, Evaluated and Reviewed) Objectives from the 5 year plan to the annual Service Plan.
March 2008	Review Strategic Business Plan

## Value for Money

12. Delivering Value for Money is one of the Harbour Board's Core Principals. The work which is going into the preparation of the Strategic Business Plan is driving the Harbour Authority to review, analyse and justify all aspects of the operation of the Harbour. This work is fundamental in being able to understand the harbour, deliver the services required by customers and ultimately deliver Value for Money.

## Risk Assessment

Risk	Mitigation
The Harbour Authority is not delivering a satisfactory service to harbour users.	The Harbour Board, through its contact with harbour Community Forums will monitor the stakeholders' reaction to the service provided and amend the Strategic Business Plan to remain relevant.
The Harbour Board has insufficient resources to deliver the full extent of the strategic plan.	The strategic plan will prioritise projects and if necessary, consider alternative measures to fund projects. Consideration will be given to finding external support where internal resources are limited.
The Harbour Board fails to comply with its statutory responsibilities.	Continuous monitoring and an annual audit by an independent designated person will highlight potential issues early to enable corrective action to be taken.
The Harbour Board is accused of discrimination in its allocation of harbour facilities.	The Harbour Authority has a moorings allocation policy which is strictly adhered to and kept under constant review.
Crime escalates within the estuary.	The Harbour Authority has an excellent working relationship with the Devon and Cornwall Constabulary, with regular liaison meetings to discuss crime trends. The harbour staff, who patrol the Estuary daily are augmented by an additional security patrol, the role and effectiveness of this patrol is kept under constant review. The Kingsbridge Boat Club has established a Boat watch service which augments the Police and the harbour Security patrols.
Health and safety.	Harbour staff adheres to a training plan audited by the Harbour Board's Port Marine Safety Code independent advisor on an annual basis.
Data Protection, disclosure of information and Freedom of Information (FOI).	Harbour records, including customer accounts are maintained within the office. Staff training is given to prevent any unauthorised disclosure. FOI forms are required before any information is given out.

Corporate activity with an impact on Areas of Outstanding Natural Beauty, National Parks, and Sites of Scientific Interest.	The Harbour Authority part fund a Marine Conservation Officer who monitors all activity within the estuary to ensure the harbour Authority fully respects the ANOB and SSSI status of the Estuary.
Financial Risks and Impact on Councils Assets	By monitoring performance in relation to the Strategic Objectives, the Harbour Board will be in a strong position to invest Harbour Funds where they can provide the best value for money and return on investment and safeguard the Harbour's future on behalf of the District Council.

## Conclusion

13. Progress is being made in the production of a business plan but the time table to publication is getting extremely tight. Although difficult to accommodate, a second round of consultation should deliver dividends in the longer term and allow Full Council to endorse the plan before fees and charges for 2008/09 are reviewed on 25 September 2008.

Ian Gibson  
Head of Service Salcombe Harbour

Salcombe Harbour Board  
6 June 2007

## Background Documents:

Revenue Budget 2007-08  
Reserve Budget 2007-08  
Renewals Reserve Budget 2007-2020  
Pontoon Reserve Budget 2007-2020  
Sounding Board Survey 2002  
Estuary User's Survey 2005  
Harbours Act 1964

## Appendix:

1. Compendium of responses to the public consultation from First Draft of Strategic Business Plan
2. Strategic Business Plan Second Draft (Changes from first draft are highlighted).