

Decision Pathway – Report



PURPOSE: [Key decision](#)

MEETING: [Cabinet](#)

DATE: 04 July 2023

TITLE	Bristol City Docks - Harbour Revision Order Submission
Ward(s)	Hotwells and Harbourside and Central
Author: Jon James	Job title: Head of Service for Natural and Marine Environment
Cabinet lead: Mayor	Executive Director lead: John Smith, Interim Executive Director Growth and Regeneration
Proposal origin: BCC Staff	
Decision maker: Mayor Decision forum: Cabinet	
<p>Purpose of Report:</p> <ol style="list-style-type: none"> To seek Cabinet approval to apply for a new Harbour Revision Order to the Marine Management Organisation and to create ring-fenced financial accounts for the harbour authority. 	
<p>Evidence Base:</p> <ul style="list-style-type: none"> We want a harbour that is an asset for the benefit of our whole city, one which is financially sustainable, accessible, and contributes to our wider aims of climate resilience and biodiversity. Bristol Harbour is classified as a Statutory Harbour Authority. To ensure that it is operating to modern standards, Bristol City Council has carried out an independent Harbour Operational Review which will enable the Harbour Authority to be governed and managed sustainably for the benefit of the whole city in line with national best practice and guidance. Existing harbour legislation, last updated 25 years ago in 1998, is no longer fit for purpose and a new Harbour Revision Order (HRO) needs to be adopted. To progress a new HRO an application will need to be processed through the Marine Management Organisation (MMO) who manage the application on behalf of the Department for Transport. Cabinet is asked to approve the start of this work culminating in the submission and adoption of a new HRO. <p>The new HRO will:</p> <ul style="list-style-type: none"> Include a financial plan to evidence a balanced budget that is intended to make the Harbour self-sufficient over the medium term Require the creation of ring-fenced accounts for the sustainable management and operation of the Harbour Include a staffing structure that is adequate to support the Docks and Harbour Assets and Estate Update legislation dealing with operational and governance requirements for the Harbour Authority to achieve best practice Identify extent of Harbour Estate Provide the Harbour Authority with modern powers of disposal of any part of the Harbour Estate that is surplus to requirements Repeal all unnecessary historic legislation 	

- The MMO will require a 42-day period of public engagement as part of the application process. This would involve publishing the draft HRO and statement of support.
- The work carried out through the harbour operational review has also identified the need to establish ring-fenced financial accounts which, as identified in the Ports Good Governance Guidance, would be beneficial to the harbour for submitting annual accounts to the Department for Transport.
- In order to enable the day-to-day operation of the Harbour, it is necessary to continue to operate the services and to secure income through the provision of leases and disposal of land etc. Therefore, while the HRO is being updated, any capital receipts and income will be secured for the benefit of the Harbour Authority for use exclusively within the operation and maintenance of the Harbour and Estate.
- In January 2023 Cabinet agreed the Docks Fees paper which brought charges into line with equivalent harbours and introduced new liveaboard licenses. Bristol City Council will continue to explore opportunities for commercialisation in the Harbour Estate.
- Appendix A shows the proposed extent of the boundary of the Harbour Estate to be included in the new HRO submission. This is unchanged from the 1998 HRO.
- Appendix B shows the initial draft of the Harbour Revision order submission. This will be subject to change as we progress and receive feedback from stakeholders.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Approves the creation of ring-fenced accounts for the sustainable management and operation of the Harbour.
2. Authorises the Interim Executive Director Growth and Regeneration in consultation with the Mayor to take all steps required to finalise and submit the Harbour Revision Order to the Marine Management Organisation.

Corporate Strategy alignment:

1. Development and delivery - Delivering a fit for purpose service by increasing the income to support the ageing infrastructure
2. Environmental sustainability - Allowing the service to have the financial capacity to engage in the environmental enrichment of the City Docks
3. Equality and inclusion - Improve facilities and service productivity to allow the area to become more diverse and inclusive
4. Resilience - Enable the service and the Harbour Authority to become self-sufficient and resilient for the future.

City Benefits:

1. The Corporate Strategy recognises the positive health effects of good quality and a well-maintained built environment, including providing effective support for business growth, as well as ensuring sites are safe and fit for purpose.

Consultation Details:

On submission of the Harbour Revision Order to the Marine Management Organisation they will carry out a 42-day period of public dialogue as part of the application process. This will involve publishing a copy of the draft Harbour Revision Order and a statement of support.

Background Documents:

- [Harbours Act 1964](#)

Revenue Cost	£1.8m	Source of Revenue Funding	Harbour Services
Capital Cost	£24.1m	Source of Capital Funding	Balance Sheet
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

Finance Advice:

1. The report seeks approval to submit an application for a Harbour Revision Order (HRO) and approval to develop/setup of ring-fenced accounts for the statutory harbour authority (SHA) once the HRO is granted (or as soon as is practicable possible before that date, preferable for the 23/24 accounting year). The regulations require the SHA to be self-financing service. Under the current arrangement, the harbourside and the associated assets require subsidy from the Council's General Fund (GF) which currently totals £1.7m.
2. The SHA will be required to be self-financing; able to cover day-to-day running costs, long-term investment needs and making a proportionate contribution to corporate overheads.
3. Detailed financial modelling has been undertaken to understand the financial position in the harbourside going forward. The modelling has confirmed that the SHA will still require Council GF subsidy for at least two years after which it is capable of moving towards a breakeven position, subject to relevant assets being transferred.
4. The £1.7m current funding gap will be addressed by the ring-fencing of Harbour assets including car parks and commercial buildings, fee increases, service enhancements and efficiencies, as well as exploring how SHA assets can deliver better returns for the SHA.
5. An ambitious programme of generating additional or new income or Capital receipts will be required to cover the required investment in harbour infrastructure following many decades of underinvestment.
6. The estimated net book value of the assets that will be transferred to the SHA, once it is in operation, is £24.1m based on the standard BCC valuation method used in the statutory accounts at 31.3.22. It should be noted that the book value will be considerably different to the fair market value or the value following any repurposing of the asset.
7. As part of setting up the SHA, the Council will need to ensure that the proper accounting treatments of all assets and liabilities are reflected in its accounts. Also, that proper governance is setup to manage the SHA in line with Regulations, and that any subsidy is both noted and agreed by Cabinet.

Finance Business Partner: Kayode Olagundoye, interim Finance Business Partner - Growth and Regeneration - 28 June 2023

2. Legal Advice:

The HRO application will be made in accordance with the Harbours Act 1964. Legal advice has been provided on the process so far and specialist external lawyers will be drafting and submitting the new HRO on behalf of the Council to ensure compliance with all legal requirements.

Legal Team Leader: Andrew Jones – Property, Planning and Transport, Husinara Jones, Team Manager 26 June 2023

3. Implications on IT I can see no implications on IT on regard to this activity

IT Team Leader: Alex Simpson – Lead Enterprise Architect 8 June 2023

4. HR Advice: There are no HR implications evident

HR Partner: Celia Williams, HR Business Partner 6 June 2023

EDM Sign-off	John Smith, Interim Executive Director Growth and Regeneration	24 May 2023
Cabinet Member sign-off	Mayor's Office	28 June 2023
For Key Decisions - Mayor's	Mayor's Office	28 June 2023

Office sign-off	
Appendix A – Plan showing the Harbour Estate	YES
Appendix B - Draft Harbour Revision Order (City Docks & Portishead) - 23.06.23 (subject to change)	YES
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO