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**PIERS & HARBOURS FEES AND CHARGES – 2020/21**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to allow Members to consider the increase in fees and charges for the year 2020 to 2021.
- 1.2 It was agreed at a previous Harbour Board meeting that 'in future pier/harbour dues should be set as a minimum at a level which will cover operating and staffing costs; inspection, maintenance and whole life asset management costs; any prudential borrowing costs required to fund shore-side infrastructure associated with the future ferry services'.
- 1.3 It has been highlighted in previous reports that fees and charges will be set at a level which ensures that income generated at each of the Council's main ferry ports covers total costs for each individual port plus a contribution to central 'piers and harbours'-related costs. Charges have been applied for additional services provided at ferry ports, as the provision of these services, quite clearly, requires resourcing by Council employees i.e. the staffing levels at different harbours are, to a large extent, determined by the services provided at the harbour.
- 1.4 Overall, asset management costs for the 10 year plan are expected to be circa £90 million. Likely costs, attributable to works currently planned for year 2020 to 2021, are expected to be £4,200,000. As previously mentioned, in order to generate sufficient funds in year 2020 to 2021, to meet capital borrowing costs, it has been estimated that fees and charges will require to be increased by 8% overall.
- 1.5 As previously agreed, in order to fund the various works identified in the Asset Management Plan in future years, it will be necessary to increase fees and charges, over and above any required inflationary increase, on a year-on-year basis. Annual increases are expected to be in the order of 2 to 10%, depending upon works identified for that particularly year (plus any inflationary increase).
- 1.6 It is recommended that Members note the increase in all fees and charges, over and above any inflationary increase, by 5% to generate sufficient income to develop the Council's marine infrastructure.

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**2.0 INTRODUCTION**

- 2.1 This report provides Members with details of the increase in Piers & Harbours fees and charges.

**3.0 RECOMMENDATIONS**

- 3.1 Members are asked to note the increase in all fees and charges, over and above any inflationary increase, by 5% to generate sufficient income to develop the Council's marine infrastructure.

**4.0 BACKGROUND**

- 4.1 It was agreed at a previous Harbour Board meeting that a review of the Council's Piers and Harbours fees and charges would be carried out. Members agreed 'that in future pier/harbour dues should be set as a minimum at a level which will cover operating and staffing costs; inspection, maintenance and whole life asset management costs; any prudential borrowing costs required to fund shoreside infrastructure associated with the future ferry services'.
- 4.2 It has been highlighted in previous reports that fees and charges will be set at a level which ensures that income generated at each of the Council's main ferry ports covers total costs for each individual port plus a contribution to central 'piers and harbours'-related costs. Charges have been applied for additional services provided at ferry ports, as the provision of these services, quite clearly, requires resourcing by Council employees i.e. the staffing levels at different harbours are, to a large extent, determined by the services provided at the harbour.

**5.0 DETAIL**

- 5.1 It is proposed to increase all fees and charges, over and above any inflationary increase, by 5% to generate sufficient income to develop the Council's marine infrastructure.
- 5.2 The first draft of the Council's marine asset management plan was presented to Members at the November 2016 meeting of the Harbour Board. The plan is regularly updated to reflect the condition of the asset, any related works required,

and our aspirations to develop the asset in future years. The asset management plan is the subject of regular reports to the Harbour Board – see separate report ‘Marine Asset Management Plan’.

- 5.3 Overall, asset management costs for the 10 year plan are expected to be circa £90 million. Likely costs, attributable to works currently planned for year 2020 to 2021, are expected to be £4,200,000. As previously mentioned, in order to generate sufficient funds in year 2020 to 2021, to meet capital borrowing costs, it has been estimated that fees and charges will require to be increased by 8% overall.
- 5.4 It is proposed that the Council’s piers and harbours fees and charges be amended for year 2020 to 2021 to reflect the above increase (including any increase to cover inflationary costs) – the overall increase to be approved at the full Council budgetary meeting in February 2020.
- 5.5 As previously agreed, in order to fund the various works identified in the Asset Management Plan in future years, it will be necessary to increase fees and charges, over and above any required inflationary increase, on a year-on-year basis. Annual increases are expected to be in the order of 2 to 10%, depending upon works identified for that particularly year (plus any inflationary increase). Details of the revised ‘fees and charges’ for ‘Piers and Harbours’ 2020 to 2021 can be found at the following link under item 6 section 2e:-

<https://www.argyll-bute.gov.uk/moderngov/ieListDocuments.aspx?CId=257&MId=10600&Ver=4>

## **6.0 CONCLUSION**

- 6.1 The proposed fees and charges increase is required to fund future asset sustainability and improvement costs for the Council’s piers and harbours.

## **7.0 IMPLICATIONS**

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| 7.1   | Policy                                 | None directly arising from this report  |
| 7.2   | Financial                              | The proposed increase of fees and charges will ensure that future income is sufficient to maintain and develop the Council’s marine assets. |
| 7.3   | Legal                                  | None directly arising from this report.   |
| 7.4   | HR                                     | None  |
| 7.5   | Fairer Scotland Duty                   |   |
| 7.5.1 | Equalities – protected characteristics | None directly arising from this report  |
| 7.5.2 | Socio-economic Duty                    | None directly arising from this report  |

7.5.3	Islands	See risk below
7.6	Risk	Above inflation increases may have a detrimental economic impact on businesses using the facilities e.g. fishermen, bulk oil importers, timber exporters, wind farm developers and cruise companies. Significant increases may also reduce usage and customers while making attracting new business more difficult.
7.7	Customer Services	Customers and key stakeholders will be informed of fees and charges set when agreed.

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February 2020

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