

### **Activities inherited from Cardiff Bay Development Corporation including Harbour Authority**

The functions and responsibilities of the Harbour Authority are detailed in the Agreement made between the Council and CBDC (now the Welsh Government) under Section 165 of the Local Government Planning and Land Act 1980. The funding required to discharge these obligations and any additional duties relating to the Cardiff Bay Barrage Act 1993 is provided by a specific grant received from the Welsh Government. This funding and any income generated are ring fenced.

The existing agreement expired on 31<sup>st</sup> March 2017. The Council has been working with the WG to review current arrangements with a view to jointly agreeing a new funding agreement. For the financial years 2017/18 to 2019/20, single year budgets have been agreed with WG whilst the review has been ongoing. In 2019/20, the Council have worked with the WG and independent public sector advisors Local Partnerships in developing an appropriate settlement within the context of a wide-ranging review of CHA activities and statutory functions.

For 2020/21, the Council has worked with WG to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget and to agree on an appropriate budget arrangement for Asset Renewal. The WG have agreed total Fixed Costs funding of £4.961 million, representing a reduction of £117,000 or 2.3% on the 2019/20 budget. This allocation provides for a 2% staff pay award and employee incremental pay progression as well as other full year impacts of the costed establishment.

Within this Fixed Costs budget, service reductions include reduced groundwater monitoring demands and the fish licence which is no longer required following the expiry of the agreement with Natural Resources Wales under the Cardiff Bay Barrage Fisheries Mitigation Programme. Other changes include support cost efficiencies and inflationary uplifts for service level agreements and other costs as appropriate.

In relation to the Asset Renewal budget, funding is likely to be a significant issue in the future. Renewals and replacements have been relatively small in value in previous years and ongoing funding requirements are being considered as part of the overall review. It is anticipated that a way forward can be agreed with WG on the basis of a medium to long term asset management plan.

In the meantime, for 2020/21, an Asset Renewal budget of £262,000 has been agreed relating to the identified costs of purchasing a crawler crane and phase one of the proposed railing refurbishment scheme at Penarth Marina has been agreed.

<b>CHA Funding</b>	<b>2019-20</b>	<b>2020-21</b>
	£000	£000
Fixed Cost Budget	5,078	4,961
Asset Renewal	145	262
<b>Total Budget</b>	<b>5,223</b>	<b>5,223</b>

This gives an overall unchanged total budget allocation of £5.223 million.

Any unforeseen costs arising will still be recoverable from the WG through the additional claims process, but only where those costs are legitimately agreed as part of an updated Deed of Variation to the S165 Agreement.

The CHA will continue to maintain a Contingency and Project Fund (the Fund) which will be used to support projects and provides a contingency if the approved budget is exceeded. The Fund receives contributions from a combination of receipts from the sale and disposal of land and a share of past year underspends on the Fixed Cost budget. The current balance of £42,000 is the minimum sum required to be maintained within the Fund at any point in time and is significantly lower than balances maintained in previous years.

The Council is required to draw down from the Fund up to this level before making any additional claims to the Welsh Ministers in relation to unforeseen costs.