

## **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 WG. 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 2020/21, single year budgets have been agreed, whilst the review has been ongoing. The Council has also 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.

This Local Partnerships Review recommended that three year funding settlements were reinstated, both in order to facilitate effective service planning and with the timing corresponding to the WG's budgetary cycle. Subsequent to this, and in response to the Covid 19 crisis, the UK Government's decision to limit its Comprehensive Spending Revenue (CSR) to a one year window meant that the WG were unable to commit to longer term funding for partner organisations such as the Cardiff Harbour Authority for 2021/22. As a result, it was agreed to again implement a single year budget.

For 2021/22, the Council has worked with WG to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget to the same level as 2020/21 (£4.961 million). This allocation provides for a 2% staff pay award and employee incremental pay progression with additional commitments offset by increased income as a result of the ending of the twenty year discounted period for Harbour Dues to Marine stakeholders.

As part of the review recommendations, Cardiff Harbour Authority developed a critical and non-critical Asset Management programme. The critical asset programme is risk based and covers a ten year period. The non-critical asset programme is based on a comprehensive set of lifecycle and maintenance asset data broken down by Harbour Authority Teams and prioritised on an annual basis. The asset management plan is subject to change as a result of the condition of an asset assessed through ongoing maintenance inspections, as well as any major failures reducing the life of an asset or the prolonging of assets through additional maintenance.

Asset Renewal funding requirement for non-critical assets in 2021/22 is £460,000 with no requirement identified within the programme to replace any critical assets.

<b>CHA Funding</b>	<b>2020-21</b>	<b>2021-22</b>
	£000	£000
Fixed Cost Budget	4,961	4,961
Asset Renewal	262	460
<b>Total Budget</b>	<b>5,223</b>	<b>5,421</b>

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. This is planned to be finalised by the end of the month.

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 £63,000 is above the minimum sum required to be maintained within the Fund at any point in time but is significantly lower than balances maintained in previous years.

The Council is required to draw down from the Fund up to the level of £40,000 before making any additional claims to the Welsh Ministers in relation to unforeseen costs.