

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 31st 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 2021/22, 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. Due to the uncertainty around expenditure relating to the impacts of Brexit and Covid, including income streams and energy prices, a decision has been reached to implement a three-year deal in principle, with an agreed budget for 2022/23 and further planned negotiations during Autumn 2022 with the aim of establishing budgets for the following two years 2023/24 and 2024/25.

For 2022/23, the Council has worked with WG to identify budget pressures around increases in material costs, contractors and energy prices as well as historical shortfalls in service level agreement budgets. In addition, work has been carried out to identify future obsolescence and compatibility issues with existing systems and equipment requiring upgrades or replacement. These budget pressures are partly offset by savings due to achievable efficiencies and increased income streams. A combination of these factors results in an approved Fixed Costs budget of £5.270 million (21/22 £4.961 million). This allocation includes a provision for the 2022/23 pay award yet to be agreed and any employee incremental pay progression.

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 the ten-year period commencing 2021/22. 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 asset lives through additional maintenance.

The Asset Renewal funding requirement for non-critical assets in 2022/23 is estimated and approved at £26,000 with no requirement identified within the programme to replace any critical assets.

This gives a total approved budget for the Cardiff Harbour Authority for 2022/23 of £5.296 million.

CHA Funding	2021-22	2022-23
	£000	£000
Fixed Cost Budget	4,961	5,270
Asset Renewal	460	26
Total Budget	5,421	5,296

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 £125,000 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 £100,000 before making any additional claims to the Welsh Ministers in relation to unforeseen costs.