

Activities inherited from Cardiff Bay Development Corporation (CBDC) including Harbour Authority

The functions and responsibilities of the Harbour Authority are detailed in an 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 (WG). This funding and any income generated are ring fenced.

The existing S165 Agreement expired on 31st March 2017. The WG and the Council have been engaged in an ongoing review of the agreement which has included a report by public sector advisors Local Partnerships. Single year budgets have been agreed for the financial years 2017/18 to 2022/23. It is anticipated that a Cabinet report will be presented during quarter one of 2023/24, setting out the outcomes of this review process and an updated agreement for approval.

For 2023/24, the Council has worked with the 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 largely offset by savings due to increased income streams and reduced accommodation costs. A combination of these factors results in a Fixed Costs budget, subject to WG ministerial approval, of £5.621 million (22/23 £5.374 million). This allocation includes a provision for the 2022/23 pay award shortfall, any employee incremental pay progression and the 2023/24 pay award yet to be agreed.

As part of the review recommendations, Cardiff Harbour Authority developed a critical and non-critical Asset Management programme. The critical Asset Management programme is risk based and covers the ten-year period commencing 2021/22. The non-critical Asset Management programme is based on a comprehensive set of lifecycle and maintenance asset data assessed by Harbour Authority teams and prioritised on an annual basis.

The Asset Management programme is subject to change as a result of periodic inspection processes, in year maintenance activities as well as major failures reducing the expected life of an asset.

The Asset Renewal funding requirement for non-critical assets in 2023/24 is estimated at £355,000 with no requirement identified within the programme to replace any critical assets.

This gives a total budget for the Cardiff Harbour Authority for 2023/24 of £5.976 million.

CHA Funding	2022/23	2023/24
	£000	£000
Fixed Cost Budget	5,374	5,621
Asset Renewal	26	355
Total Budget	5,400	5,976

Any unforeseen costs arising are recoverable from the WG through an additional claims process, where those costs are agreed in an updated Deed of Variation to the S165 Agreement.

The CHA maintains a Contingency and Project Fund (the Fund) which is used to support projects and provide a contingency if the approved budget is exceeded as a result of unforeseen costs. The Fund receives contributions from a combination of receipts from the sale of land and a share of underspends on the Fixed Cost budget. The current balance of £104,000 is above the minimum sum of £100,000 required to be maintained within the Fund.