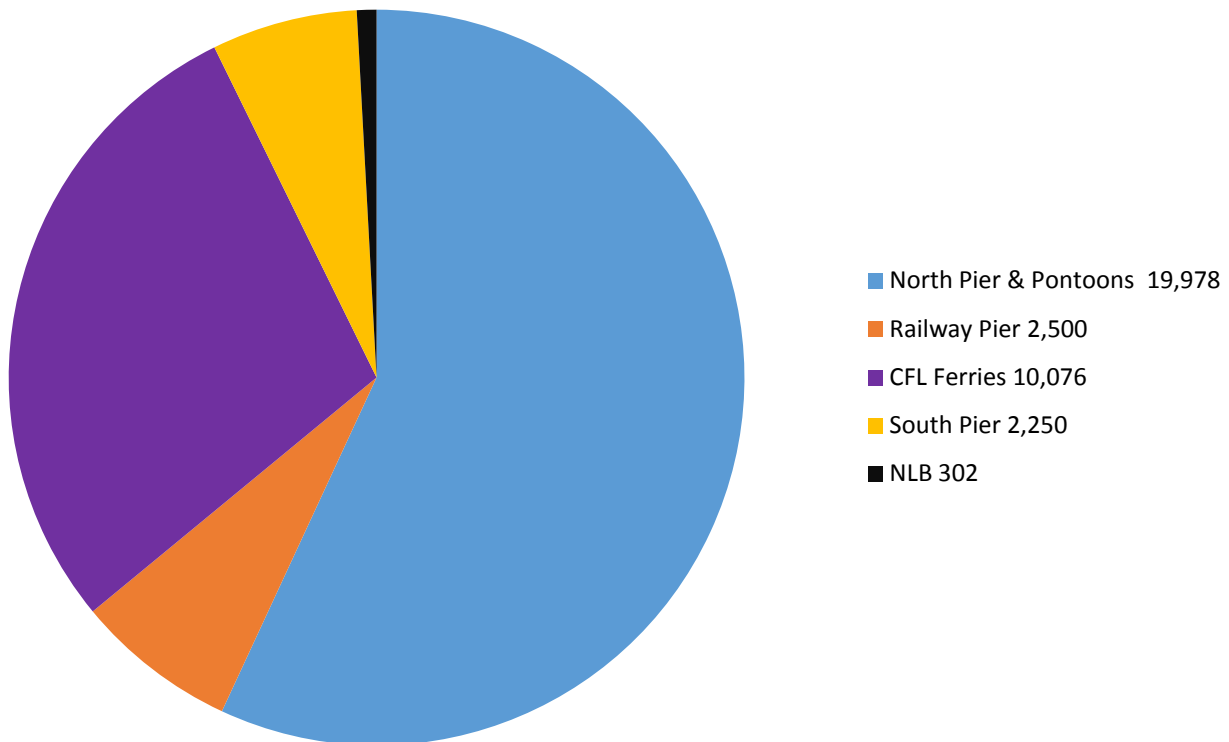


## **Key supporting information relating to the OCHDA update - cover sheet**

This document is essentially the same as that which was presented to Councillors at the meeting which was held on the 3rd August 2021, but with some clarification and very minor changes to the text on the final page. The clarification has been provided after a Councillor had asked a specific question about the status of the figures at the meeting. The changes have been agreed with the Executive Director following further discussion on the 5th August, and consist of expanding the text which explains the two adjustments which were made to the figures which were originally presented in the Council accounts.

It should be noted that whilst this document contains the agreed position between the Council and OCHDA relating to the current financial information for the existing service delivery model at the North Pier, OCHDA continues to work on both the review of vessel movements and the financial overview of the proposed Trust Port. OCHDA will provide an update on this once the review has been completed.

## Key supporting information relating to the OCHDA update.



### Pie chart showing vessel movements within Oban Harbour during 2019-20

Notes: Figures for the Railway Pier are currently being checked by CFL, and RNLI movements have still to be included.

The following three pages contain a summary of information relating to the financial assessment which is currently underway:

1. Overview of financial information for the existing North Pier service delivery model (page 2). This is based on the model prepared by Council officers to which three changes have been made;
2. Financial overview of the proposed Trust Port operating model (page 2);
3. North Pier Accounts 2010-2020 as supplied by Council officers (page 3);
4. North Pier Accounts 2014-2021 but **with capital costs excluded** (page 4). These figures have been agreed between A&BC and OCHDA.

The third and fourth pages are provided for information only; the key information is summarised on page 2.

The information contained in this document is a very brief overview of the work which has been completed thus far. Minor changes are anticipated, for example as CalMac Ferries Ltd and the RNLI provide updated information. A more significant variable is the lease/rental payment to the Council, together with anticipated maintenance budget and capital allocations.

## Overview of financial information for the existing North Pier service delivery model

	North Pier	Pontoons	Harbour Building
Employee Costs	£105,526	£35,274	0
Property Costs	£27,000	£29,000	£12,793
Supplies & Services	£5,000	£2,000	£1,500
Payments to 3rd Parties	£40,000	£25,000	£1,000
Support Service Charges	£30,000	£16,000	£5,000
Total expenditure	£207,526	£107,274	£20,293
Income	£190,000	£132,000	£18,000
<b>Net position</b>	<b>£17,526</b>	<b>£24,726</b>	<b>£2,293</b>

Typical position over the three assets is therefore an operating surplus of **£4,907**

(This excludes the income from the Ee-Usk building which has been removed from all financial information)

Note: The above figures are all derived from the financial model which was produced by Council Officers but with the following changes, all of which were discussed at the meeting held on 8th July 2021:

- Staff costs have been adjusted to include standby and overtime as paid over three previous years;
- 'Property Costs' for pontoons have been set at £29,000 pa as per historic accounts;
- 'Property Costs' and 'Income' for Harbour Building have been corrected to be consistent with historic accounts and supporting statements.

### Proposed Trust Port operating model: financial overview

#### Income from two principal sources:

- Conservancy fees - based on total Gross Tonnage of c. 16,000,000 GT per year
- Berthing income and related fees from existing N Pier and Pontoons, as per model and accounts provided by Council.

Anticipated gross turnover is approximately £690,000 per annum

#### Expenditure

- Conservancy costs with allowance for three additional full time posts (CEO, AHM and full time Administrator) and remuneration for 8 part time Board members;
- Retention of all existing Harbour staff - both full time and seasonal;
- Equivalent of one further FTE for marketing, compliance and general project support;
- Rental of Harbour Building offices from A&BC at their full 'Business Case' rental figures;
- Rental of North Pier seaward faces and pontoon facility on a commercial basis from A&BC;
- Rental payments for Pier and Pontoons to be 'index-linked' to current turnover figures (as stated in Council operating model), with appropriate uplift/reduction as market circumstances change (for example, with regard to Covid);
- Allowance for 'revenue' maintenance budget for N Pier and Pontoon;
- Provision for a 'Capital Bond' to be set up for future investment/capital repairs to infrastructure;
- Responsibility for all operational costs and overheads at N Pier and Pontoons;
- Council to retain ownership of all assets.

Based on the above expenditure considerations, and with a modest allowance for contingency, the financial evaluation currently shows an operating profit of between 7 and 8% pa.

## North Pier Accounts 2010-2020

Figures are as supplied by A&BC and include Capital Costs and Depreciation

N Pier	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual
Employee Costs	-£19,561	-£23,049	-£35,307	-£57,326	-£63,806	-£71,750	-£63,693	-£101,197	-£99,802	-£115,580
Property Costs	-£16,131	-£18,506	-£13,272	-£12,069	-£15,314	-£28,561	-£22,303	-£21,435	-£21,448	-£27,235
Supplies & Services	-£2,076	-£6,647	-£7,005	-£5,088	-£4,023	-£4,984	-£5,381	-£8,754	£1,120	-£4,979
Transport Costs	-£1,154	-£322	-£1,776	-£2,049	-£1,801	-£2,994	-£1,736	-£4,888	-£3,792	-£895
Payments to 3rd Parties	-£2,959	-£12,628	-£5,868	-£186,759	-£43,300	-£25,675	-£59,587	-£3,517	-£3,891	-£4,455
Capital Costs (Depreciation)	-£466	-£466	-£466	-£465	£0	£0	£50,000	£0	-£504,192	-£106,914
Income	£66,064	£80,814	£83,616	£109,694	£150,550	£111,136	£141,452	£175,786	£183,462	£191,973
Support Service Charges	£0	£0	£0	£0	-£11,632	-£27,660	£0	-£35,511	-£25,487	-£30,273
<b>NET</b>	£23,717	£19,197	£19,921	-£154,062	£10,675	-£50,488	£38,752	£483	-£474,030	-£98,359

### Pontoons

Employee Costs								£0	-£24,317	-£34,964
Property Costs								-£3,102	-£25,713	-£36,812
Supplies & Services								-£59	-£1,978	-£1,941
Transport Costs								-£14	£0	£0
Payments to 3rd Parties								-£3,191	-£7,200	-£25,241
Support Service Charges								-£1,168	-£11,744	-£16,353
Income								£18,103	£73,079	£132,216
<b>NET</b>								£10,569	£2,127	£16,905

NB These figures are all 'as supplied' by Council Officers, but have then been multiplied by -1. This means that a +ve value now represents income, and a -ve value is a cost.

It should also be noted that the means by which maintenance costs have been accounted for appears to vary from year to year.

### Harbour Building

Property Costs									-£9,975	-£26,301
Supplies & Services									-£1,695	-£578
Payments to 3rd Parties									-£2,163	-£522
Capital Costs (Depreciation)									£0	£0
Income									£11,043	£17,972
Support Service Charges									-£2,638	-£4,880
<b>NET</b>									-£5,428	-£14,309

<b>Overall position</b>	£23,717	£19,197	£19,921	-£154,062	£10,675	-£50,488	£38,752	£11,052	-£477,331	-£95,763
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## **Adjusted expenditure from 2014-15 to 2020-21 excluding capital costs**

The following figures have been agreed between A&BC and OCHDA, and provide the most accurate representation of income and expenditure at the North Pier, albeit without allowance for the maintenance costs etc which Council officers have advised are typically of the order of £40,000 per year for the Pier.

<b>North Pier, Oban</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Employee Costs	£63,806	£71,750	£71,400	£101,197	£99,802	£115,580	£120,526
Property Costs	£15,314	£28,561	£21,993	£21,435	£21,448	£27,235	£31,518
Supplies & Services	£4,023	£4,984	£5,355	£8,754	£1,120	£4,979	£5,571
Transport Costs	£1,801	£2,994	£2,058	£4,888	£3,792	£895	£64
Payments to 3rd Parties	£43,300	£25,675	£61,287	£3,517	£3,891	£4,455	£4,307
Support Service Charges	£11,632	£27,660	£33,166	£35,511	£25,487	£30,273	£29,995
<b>Total Expenditure</b>	<b>£139,876</b>	<b>£161,624</b>	<b>£195,259</b>	<b>£175,302</b>	<b>£153,300</b>	<b>£183,417</b>	<b>£191,981</b>
Income	£150,550	£111,136	£141,452	£175,786	£183,462	£191,973	£162,474
<b>Net Position</b>	<b>£10,674</b>	<b>£-50,488</b>	<b>£-53,807</b>	<b>£484</b>	<b>£30,162</b>	<b>£8,556</b>	<b>£-29,507</b>
<b>North Pier pontoons</b>				<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Employee Costs				£0	£24,317	£34,964	£21,450
Property Costs				£6,702	£29,313	£29,612	£18,923
Supplies & Services				£59	£1,978	£1,941	£1,456
Transport Costs				£14			
Payments to 3rd Parties				£3,191	£7,200	£25,241	£26,941
Support Service Charges				£1,168	£11,744	£16,353	£9,458
<b>Total Expenditure</b>				<b>£11,134</b>	<b>£74,552</b>	<b>£108,111</b>	<b>£78,228</b>
Income				£18,103	£73,079	£132,216	£57,799
<b>Net Position</b>				<b>£6,969</b>	<b>£-1,473</b>	<b>£24,105</b>	<b>£-20,429</b>
<b>North Pier Office Building</b>					<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Employee Costs					£650	£0	£0
Property Costs					£9,975	£26,301	£12,793
Supplies & Services					£1,045	£578	£1,762
Payments to 3rd Parties					£2,163	£522	£822
Support Service Charges					£2,638	£4,880	£3,134
<b>Total Expenditure</b>					<b>£16,471</b>	<b>£32,281</b>	<b>£18,511</b>
Income					£11,043	£17,972	£15,450
<b>Net Position</b>					<b>£-5,428</b>	<b>£-14,309</b>	<b>£-3,061</b>
<b>TOTAL</b>	<b>£10,674</b>	<b>£-50,488</b>	<b>£-53,807</b>	<b>£7,453</b>	<b>£23,261</b>	<b>£18,352</b>	<b>£-52,997</b>

Adjustments which have been made to the approved Council accounts are as follows:

Room rental has been charged to Pier and pontoons and credited as income to Office Building

Three-year invoice for pontoon seabed rental has been allocated to the three years to which it relates