

APPENDIX 2

Isle of Wight Council

Ventnor Haven

Annual Report and Accounts

31 March 2016

(post-assurance review)



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1. Background Information

Relevant legislation:

Ventnor Pier and Harbour Act 1862

Ventnor Harbour Revision Order 1994

The Harbours Act 1964

The Transport Act 1981

The Statutory Harbour Undertakings (Accounts etc) Regulations 1983

The Harbour, Docks and Piers Clauses Act 1847

Local Government Act 1972

Responsible Members:

Cllr. Jonathan Francis Bacon

Cllr. Stephen Stubbings

Cllr. Julia Baker Smith (from January 2016)

Cllr. Paul Fuller JP

Cllr. Phillip Jordan

Cllr. Shirley Smart

Cllr. Ian Stephens

Cllr. Louisa Hillard (to January 2016)

Isle of Wight Council
County Hall
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Newport
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2. Report on Statutory Harbour Undertakings

The Council is the statutory harbour authority for Ventnor Harbour. Harbour legislation requires the Council to prepare an annual statement of accounts relating to the harbour activities and any associated activities for each harbour for which it is the statutory harbour authority. This report contains a summary of activities during the year and the financial statements for the year ended 31 March 2016 for Ventnor Haven.

Principal activities:

The principal activities during the year continued to be the provision of anchorage, moorings, pontoons and associated harbour facilities as well as leases of harbour land and buildings.

3. Officers' Report

Officers' report to the members responsible for the combined ports and harbours activities of the Isle of Wight Council.

Section 42 of the Harbours Act 1964, as amended by paragraph 10 of Schedule 6 to the Transport Act 1981, specifies requirements as to accounts and reports relating to the activities of statutory harbour undertakings. It is the duty of every statutory harbour undertaker to prepare an annual statement of accounts relating to the harbour activities and to any associated activities carried out. This requirement cannot be satisfied by the preparation of a statement of accounts which relates to other activities in addition to harbour activities.

The accounts prepared under the Harbours Act 1964 shall be prepared in accordance with the requirements of the Companies Act 2006 as to the form and content of the accounts and reports, and shall be subject to an assurance review. It shall be the duty of any person by whom a statement of accounts is prepared to send to the Secretary of State for Transport a copy of the statement together with a copy of the assurance reviewer's report on it.

In the case of the harbour undertakings carried out by the Isle of Wight Council, all of the harbour undertakings are part of the council's service provision to residents, and there is no separate legal entity in place to which the provisions apply. On that basis, these accounts have been prepared for Ventnor Haven harbour activities in a style which is consistent with the reporting requirements of the Companies Act 2006.

However the legislation does not prescribe the form of assurance review to be undertaken, and neither does the Local Audit and Accountability Act 2014 (or the previously extant legislation, the Audit Commission Act 1998) which specifies the audit requirement for public bodies. Clarification was issued by the Audit Commission that, as the council's harbour accounts are below the threshold for the Companies Act, they will be reviewed by the assurance reviewer on the basis of Agreed Upon Procedures. In this case, the Council's external auditor is required to confirm that the harbour accounts have been prepared on a reasonable basis, by confirming that the transactions recorded in the annual statement of accounts relating to harbour activities agree to the underlying records upon which they have been prepared and are consistent with the transactions recorded in the local authority financial statements for the same reporting period. They will also confirm that the accounts cast correctly.

It is considered that Ventnor Haven and harbour activities as presented here in abbreviated form are consistent with the reporting requirements of the Companies Act 2006. We have acknowledged our responsibilities for ensuring that accounting records are kept which comply with Companies Act 2006, and for preparing accounts which give a true and fair view of the state of affairs of Ventnor Haven and harbour activities and of their profit or loss for the financial year.

Accordingly, we have prepared abbreviated accounts which comprise the Profit and Loss Account, the Balance Sheet and the related notes to the accounts from the accounting records of the council's Ventnor Haven harbour activities and on the basis of information and explanations that have been provided by operational staff and officers engaged in port and harbours activities.

The accounts summarise the transactions for the 2015/16 financial year and the financial position at the year-end of 31 March 2016. The authority is required to prepare the accounts in accordance with proper accounting practices. The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets.

Alex Minns
Head of Commercial Services

4. Activity Report

Ventnor Haven is a small fair weather haven situated on the Esplanade, Ventnor. Part of the facility is used by a local fish processing company, and there are a small number of visitor moorings within the haven. The 4 offshore moorings situated in deep water used during summer months have been discontinued, as the cost of their placement and removal far exceeds any income.

The Council owns the freehold interest of Ventnor Haven. It has granted a 125 year ground lease to the Blake family of an area in the centre of the haven, upon which the tenant has constructed a building on stilts that sits above the water and which provides a small scale fish processing facility and wet fish retail outlet, together with a fish and chip shop. The tenant is responsible for the maintenance and repair of this facility.

Following a competitive tendering process Cheetah Marine was employed to supervise activities in the Haven on behalf of the council; the original contract required that they were to act as an agent of the council and accordingly were required to provide the following services within Ventnor Haven:-

- A day to day supervision service in a safe and efficient manner.
- Collect dues from craft using the haven and the adjacent moorings in accordance with the schedule of charges.
- Work with the Isle of Wight Council to develop the haven and expand the range of facilities and services offered to both visitors and local users.
- Inspect all mooring chains on a weekly basis and renew when necessary.
- Clean the slipway, walkway and the pontoons weekly or more frequently.
- Remove all debris from the Haven and the surrounding areas daily.

The terms of the original contract were varied in 2011 to include for the removal of macroalgae (seaweed) as and when necessary and possible to ensure the Council's compliance with environmental legislation.

The contract has been extended through a deed of variation and will now expire on 31st March 2017. This no longer includes any of the aforementioned supervision functions and these are now undertaken by the Council and are managed by the Senior Harbour Master.

To help manage the macroalgae accumulations Cheetah Marine have used a pump mounted on a boat which sucks the macroalgae and contaminated sand from the Haven. This addresses both the odour issue and maintains the depth within the Haven avoiding the need for conventional dredging. The effectiveness of this approach was found to be compromised by the swinging moorings in the Haven which prevented the boat mounted pump being manoeuvred to where it needed to operate. Cheetah Marine found it necessary to take the moorings out of use and provided an alternative pontoon to allow vessels to be berthed. This pontoon is not a capital asset of the harbour authority which has no maintenance liability for it, rather the provision was an operational decision taken by Cheetah Marine in the discharging of their obligations under the terms of our contract.

Clearly the high annual cost (£72,580) of removing the macroalgae is not sustainable and accordingly officers have commissioned Royal Haskoning to investigate options to prevent or reduce the macroalgae entering the haven. The initial desk top feasibility study has identified a number of options that could be adopted and the majority of options require some form of hard engineering.

In order to complete the feasibility study Royal Haskoning have been undertaking a two stage modelling process; the first stage is an expert conceptual geomorphological assessment to describe the physical processes operating in and adjacent to the Haven and the potential mechanisms by which seaweed and sediment might be transported into the Haven. The initial conceptual model will support the second stage which is the on-site study which will include the deployment of trackers and a numerical model to further understand the physical processes. When complete there should be a sufficient understanding of the physical environment to enable the possibility of an engineering solution through modification(s) and/or additional structure(s) to be scoped in or out and a preferred solution identified and preliminary costs prepared for budgetary purposes.

In discussing potential options to mitigate the annual accumulations of macroalgae it has transpired that whilst the Council has powers to remove the material it requires a licence from the Marine Management Organisation (MMO) to deposit it over the harbour wall back into the sea. Royal Haskoning were commissioned to prepare and submit the necessary application and this has now been granted by MMO for a 10 year period. Accordingly we can continue with the existing operations to remove the macroalgae.

5. Profit and Loss Account for the year ended 31 March 2016

	Note	2015-16	2014-15
		£'000	£'000
Turnover	1	19	22
Operating expenses	2	(126)	(111)
Other expenses	3	(5)	(2)
Net loss		(112)	(91)

6. Balance Sheet as at 31 March 2016

	Note	2015-16	2014-15
		£'000	£'000
Non-current assets			
Property, plant & equipment	4	2,452	2,480
Total non-current assets		2,452	2,480
Current assets			
Debtors falling due within one year		0	0
Total Assets		2,452	2,480
Current liabilities			
Creditors falling due within one year		(6)	(3)
Net assets		2,446	2,477
Capital and reserves			
Contribution from IWC	5	106	88
Profit and loss account for year	6	(112)	(91)
Revaluation reserve	7	0	0
Capital adjustment account	8	2,452	2,480
Total capital & reserves		2,446	2,477

7. Notes to the accounts

1) Turnover

		2015-16	2014-15
		£'000	£'000
Moorings		7	10
Rental income		12	12
Other income		0	0
Total turnover		19	22

2) Operating expenses

		2015-16	2014-15
		£'000	£'000
Employee costs		2	1
Supplies and Services		96	81
Depreciation		28	29
Total operating expenses		126	111

3) Other expenses

		2015-16	2014-15
		£'000	£'000
Support services and other costs		5	2
Total other expenses		5	2

4) Property, Plant & Equipment

		Land & Buildings
		£'000
Cost		
As at 1 April 2015		2,831
Additions		0
As at 31 March 2016		2,831
Depreciation		
As at 1 April 2015		(351)
Charge for the year		(28)
As at 31 March 2016		(379)
Net book value as at 31 March 2016		2,452
Net book value as at 31 March 2015		2,480

Depreciation on land and buildings is calculated based on the estimated remaining useful lives of individual assets which is assessed by the Isle of Wight Council. The following ranges of remaining useful lives are used:

Property Land and Buildings: 2-100 years
Vehicles, Plant, Furniture and Equipment: 1-9 years

5) Contribution from IWC to support continuing activities.

This represents the amount by which the Isle of Wight Council supports the losses incurred during the normal operation and activities of the harbour.

6) Profit and Loss account

Profit or loss incurred during the normal operation and activities of the harbour.

7) Revaluation reserve.

The Revaluation Reserve contains any gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

8) Capital adjustment account

This account relates to the different arrangements for accounting for the use of long term assets and their related funding as part of Harbour operations.

The total value of long term assets (note 4) is matched by the sum of the revaluation reserve and the capital adjustment account.