

# **Isle of Wight Council**

## **Newport Harbour**

### **Annual Report and Accounts**

**31 March 2017**

**(post-assurance review)**



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## 1. Background Information

Relevant legislation:

The Harbours Act 1964

The Transport Act 1981

The Statutory Harbour Undertakings (Accounts etc) Regulations 1983

Newport (Isle of Wight) Harbour Act and Orders 1852 to 1988

The Harbour, Docks and Piers Clauses Act 1847

River Medina Navigation Act 1852

Local Government Act 1972

Responsible Members:

Cllr. Jonathan Francis Bacon (to 12 January 2017)

Cllr. Stephen Stubbings (to 12 January 2017)

Cllr. Julia Baker Smith (to 12 January 2017)

Cllr. Paul Fuller JP (to 12 January 2017)

Cllr. Phillip Jordan (to 12 January 2017)

Cllr. Shirley Smart (to 12 January 2017)

Cllr. Ian Stephens (to 12 January 2017)

Cllr. Jon Gilbey (from 9 February 2017 to 9 March 2017)

Cllr. Daryll Pitcher (from 9 February 2017 to 9 March 2017)

Cllr. Richard Priest (from 9 February 2017 to 9 March 2017)

Cllr. David Stewart (from 9 February 2017)

Cllr. Stuart Hutchinson (from 9 February 2017)

Cllr. Julie Jones-Evans (from 9 February 2017)

Cllr. Ian Ward (from 9 February 2017)

Cllr. Chris Whitehouse (from 9 February 2017)

Cllr. Wayne Whittle (from 9 February 2017)

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## **2. Report on Statutory Harbour Undertakings**

The Council is the statutory harbour authority for Newport 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 2017 for Newport Harbour.

### **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 Newport Harbour 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 Newport 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 are 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 Newport 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 Newport Harbour and of the profit or loss for the financial year.

Accordingly, we have prepared abbreviated financial statements 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 Newport 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 2016/17 financial year and the financial position at the year-end of 31 March 2017. 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

Newport Harbour comprises the harbour from Newport town centre to the Folly (which is shown in the approved plan of the harbour waters), plus the Harbour Estate. The Council approved a plan identifying assets considered as the current Newport Harbour Estate in a report to Cabinet report "Newport Harbour Estate" dated December 2011.

The Council, as Harbour Authority, owns the freehold interest in most of Newport Harbour - it owns the river bed element of the harbour, and most of the harbour estate. The harbour estate land and buildings are let to a number of parties as follows:

REF	PROPERTY	LEASE	RENT	COMMENTS
W7	Shed at Blackhouse Quay	3 year licence from 01.01.15	£50 pa	Licence for pre-existing shed
W6	Land at Blackhouse Quay	125 years from 12/10/1990	£25 pa	
W5	Land at Blackhouse Quay	75 years from 25/03/1947	£150 pa	
W4	Aggregates yard at Blackhouse Quay	3 years from 01/04/16.	£15,000 pa	This is in keeping with the constraints of the 1847 Act
W3	Land at Blackhouse Quay	3 years from 27/08/2015	£6,000 pa	This is in keeping with the constraints of the 1847 Act
W3A	Land at Blackhouse Quay	Annual Licence – from 01/03/96	£750 pa	Open land used for boat storage
W2	Land & river bed at Little London	40 years from 17/12/2004	£10,722.42 pa	Or 7.5% of gross turnover whichever is the greater
W1	Land at Carpenters Quay	3 years from 05/11/2015	£7,000 pa	This is in keeping with the constraints of the 1847 Act
E5	Vectis building	Vacant	-	Derelict
E4	Unit 10 Seaclose Quay	3 Years from 05/03/2015	£8,000 pa	This is in keeping with the constraints of the 1847 Act
E3A	Land adjacent to the Belfast Shed	3 years from 09/07/2015	£489.65 pa	This is in keeping with the constraints of the 1847 Act
E3	Belfast Shed	3 years from 09/07/2015	£2,000 pa	This is in keeping with the constraints of the 1847 Act
E2	Unit 7 Seaclose Quay	3 Years from 01/11/2015	£13,000 pa	This is in keeping with the constraints of the 1847 Act

There are other leases within Newport Harbour but these are not for land or property designated as Harbour estate.

The ability of the Council as Harbour Authority to let harbour estate property assets is limited by the 1847 Harbours Docks and Piers Clauses Act, which limits the “disposal” of property to a maximum term of 3 years and which means that any lettings must be for harbour (and marine) related purposes. The marketing of various units within the harbour estate is consistently proving that these constraints are hindering the occupation of harbour estate land and buildings as the interest to date has been from harbour related users requiring more than 3 years occupation to make their investment viable, or from non-harbour uses prepared to take a 3 year term. These constraints are likely to limit investment into and regeneration of the harbour estate.

Newport Harbour continues to be managed on a day to day basis by a Harbour Master assisted by two harbour staff; however the Harbour Master has reduced his hours and only works 3 days a week as part of his flexible retirement plan. Harbour staff have undertaken regular inspections of pontoons, walkways and ladders and carried out remedial works as necessary. However, all three of the Council managed harbours (Newport, Ryde and Ventnor) are now managed by a Senior Harbour master appointed in October 2014.

Key information for Newport Harbour and the Folly moorings is as follows:-

- The tonnage of cargo (sand and ballast for construction) imported into Newport Harbour was 18,929 tonnes (2015, 20,976 tonnes)
- The number of leisure vessels visiting Newport Harbour increased to 1,621 (2015, 1,679)
- The number of winter dry berths at Newport decreased to 22 (2015, 23)
- The number of summer moorings at Folly Reach declined to 160 (2015, 164)

It should however be noted that statistical and activity information at Newport Harbour and Folly Moorings is compiled on a calendar year basis whereas the financial information is based on the financial year to 31 March 2017. Historically the activity information was compiled in this way to provide information to external bodies, and this practice has continued to allow annual comparisons.

**5. Profit and Loss Account for the year ended 31 March 2017**

	Note	2016-17	2015-16
		£'000	£'000
Turnover	1	220	205
Operating expenses	2	(186)	(269)
Other expenses	3	(69)	(100)
<b>Net Loss</b>		<b>(35)</b>	<b>(164)</b>

**6. Balance Sheet as at 31 March 2017**

	Note	2016-17	2015-16
		£'000	£'000
<b>Non-current assets</b>			
Property, Plant & Equipment	4	1,079	1,098
<b>Total non-current assets</b>		<b>1,079</b>	<b>1,111</b>
<b>Current assets</b>			
Debtors falling due within one year	5	44	27
<b>Total current assets</b>		<b>44</b>	<b>27</b>
<b>Total Assets</b>		<b>1,123</b>	<b>1,125</b>
<b>Current liabilities</b>			
Creditors falling due within one year		(25)	(2)
<b>Net assets</b>		<b>1,098</b>	<b>1,123</b>
<b>Capital and reserves</b>			
Contribution from IWC	6	55	188
Profit and loss account for year	7	(35)	(164)
Revaluation reserve	8	583	603
Capital adjustment account	9	495	496
<b>Total capital &amp; reserves</b>		<b>1,098</b>	<b>1,123</b>



## 7. Notes to the accounts

### 1) Turnover

		2016-17	2015-16
		£'000	£'000
Moorings & Wharfage		140	134
Rental income		72	52
Car park income		1	1
Other Income		7	18
<b>Total turnover</b>		<b>220</b>	<b>205</b>

### 2) Operating expenses

		2016-17	2015-16
		£'000	£'000
Employee costs		83	83
Premises costs		32	34
Vehicle & transport costs		3	5
Supplies & services		40	53
Depreciation & Impairment		28	94
<b>Total operating expenses</b>		<b>186</b>	<b>269</b>

### 3) Other expenses

		2016-17	2015-16
		£'000	£'000
Management and support services		69	100
<b>Total other expenses</b>		<b>69</b>	<b>100</b>

**4) Property, Plant & Equipment**

	<b>Land &amp; Buildings</b>	<b>Equipment &amp; Motor Vehicles</b>	<b>Total</b>
<b>Cost</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
As at 1 April 2016	1,567	14	1,581
Additions	19	0	19
Revaluations	0	0	0
Derecognition	(375)	0	(375)
<b>As at 31 March 2017</b>	<b>1,211</b>	<b>14</b>	<b>1,225</b>
<b>Depreciation &amp; Impairment</b>			
As at 1 April 2016	(469)	(14)	(483)
Charge for the year	(28)	0	(28)
Revaluation reserve impairment	0	0	0
Derecognition	365	0	365
<b>As at 31 March 2017</b>	<b>(132)</b>	<b>(14)</b>	<b>(146)</b>
<b>Net book value as at 31 March 2017</b>	<b>1,079</b>	<b>0</b>	<b>1,079</b>
<b>Net book value as at 31 March 2016</b>	<b>1,098</b>	<b>0</b>	<b>1,098</b>

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) Debtors**

The debtors figure is comprised of non-payment of mooring fees.

**6) Contribution from IWC**

This represents the amount by which the Isle of Wight Council supports the annual operating costs incurred during the normal trading activities of Newport Harbour.

**7) Profit and Loss account**

This is the profit or loss incurred during the normal operation and activities of the harbour.

**8) Revaluation reserve.**

The Revaluation Reserve contains the 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.

**9) 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.