



Lymington Harbour Commissioners
Annual Report | 2015





CHAIRMAN'S INTRODUCTION

This year has been mainly about completing the 2015 Strategic Plan and getting on with the work it sets out. We finally signed off on the Plan at the Commissioners' November meeting, just over a year since we kicked off the process and about 6 months after the public consultation ended. The final version is available on LHC's new web site which I'll come back to later in this introduction.

We made two major changes as a result of the consultation. First, we took note of the views of small boat sailors about the preservation of the existing width of the small boat channel in Horn Reach. Any future developments of Dan Bran to achieve the draft plan's intentions will not compromise the existing width of the channel. In view of this, development options for this area are very limited.

The second major change is at the Town Quay. Although the majority of feedback was supportive, we heard what users had to say, particularly the commercial fishermen and will soon be consulting on new draft proposals which we think will address the concerns expressed and still provide a worthwhile increase in walk ashore visitor berths, a development warmly supported by many businesses in the town.

Though not readily apparent in the final version of the Plan, we spent time addressing concerns expressed by the marinas relating to LHC's commercial activities and the legitimacy of the trust port's activities that directly compete with them. Having consulted with LHC's legal advisors specialising in trust port law, we feel confident that the relationship with the marinas has been clarified and that we can continue to enjoy our long standing collaboration with the companies in the presence of healthy arms' length competition to the benefit of all harbour users.

I'd like to thank the Harbour Advisory Group for their support and the constructive advice they have given in the refinement of the Strategic Plan. The Commissioners are very grateful to all the group's members and to their Chairman, Andrew Wilkes, for his leadership in maintaining a dialogue with harbour user groups.

For the first time, in January 2016, annual berth holders for which we hold email addresses will receive their mooring fee invoice electronically giving worthwhile cost and time savings. If we don't hold an email address they will be posted. Unfortunately, we are unable to continue to absorb the charges associated with credit card payments for higher value transactions so there will be a 2.5% (plus VAT) charge where a credit card is used to pay for annual mooring or sublet mooring fees.

A new email newsletter has been published for the first time, coinciding with the launch of our new website which we hope you will find attractive, informative and of more use than its predecessor. For us, the new web site will allow us to keep abreast of changes and news more easily in order and improve the way in which we communicate with our customers. If you would like to continue to receive newsletters, local navigation updates or details of special offers, please ensure you subscribe to the relevant mailing lists through our website.

Early in the New Year we will be going live on Facebook and Twitter in order to further enhance the communication options for our customers.

We've been bringing our 'image' up to date with a new logo which you will see on the front of this report, on the Harbour Office, the letterhead, the website and soon, on our uniforms. We've tried to achieve a fresh modern look while keeping the traditional 'Lymington ship' seal. Our thanks go to Lymington based Strawberry Marketing UK Ltd for their specialist advice and creative work.

During the year, Commissioner Jon Shiner stood down and we are grateful for his work with the local business community. Advertisements have appeared in the local press for new Commissioners and at the time of writing we are in the process of interviewing candidates.

My thanks and those of the Commissioners go to the Harbour team led by our Harbour Master and Chief Executive Ryan Willegers who deliver such a good service to users of the Lymington River. We wish all our users a safe and enjoyable 2016 sailing season.

Geoff Holmes
CHAIRMAN

1: Constitution

Lymington is an independent Trust Port constituted by Act of Parliament in 1951 and amended by various harbour legislation acts and statutory instruments. It is governed by an independent Board of ten Commissioners with day-to-day management delegated to the Harbour Master/Chief Executive.

Lymington Harbour Commissioners (LHC) is the Statutory Harbour Authority for Lymington Harbour. LHC also provide services and moorings for harbour users.

As a Trust Port, LHC is a 'not for profit' organisation and totally self-financing, receiving no grant funding from local or national government sources. LHC generates its income from harbour dues, the provision of marine facilities and services, and from the rental of a small part of its estate.

Any financial surplus is re-invested back into the development of the harbour and marine services for the benefit of harbour users and local stakeholders.

2: The Board

The Board consists of nine independent non-executive Commissioners and the Harbour Master/Chief Executive who is also a Harbour Commissioner. The Commissioners are appointed on merit through an open recruitment basis to provide the Commissioners with the professional skills and expertise to determine the policy and business decisions of the organisation. The Commissioners are appointed in accordance with the provisions of the

Lymington Harbour Revision (Constitution) Order 2002. The Board of Commissioners, apart from the Harbour Master/Chief Executive, receive no remuneration.

We welcome Bill Peach who was appointed as a Commissioner in January to replace Graham Clarke who stood down in September 2014. At the time of writing the Commissioners are in the process of recruiting a new Commissioner to replace Jonathan Shiner who retired at the end of October at the end of his three year term. Geoff Stokes was re-appointed for a second three year term of service on the 1st November 2015.

3: Strategic Plan

The Strategic Plan is the route map for the development of Lymington Harbour. It sets out the Commissioners' ideas and vision for the management of the harbour over the next five years. The plan is supported by a Baseline Document which sets out a wide range of detailed information about the harbour, providing a backdrop to the plan.

Whilst managing LHC's annual budget, the Strategic Plan ensures that the Commissioners do not lose sight of the broader objectives that ensure that the harbour develops and improves the service given to its users.

Over the first four months of 2015, LHC carried out wide stakeholder consultation on the review of the vision, objectives, plans and policies for Lymington Harbour for the period 2015-2020. Following consideration of the feedback received, an updated Strategic Plan





was published on the 20th October 2015. The Plan, together with the supporting Baseline Document, are available for download at www.lymingtonharbour.co.uk.

The 2015 consultation also brought forward initial proposals for the development of the Town Quay area to improve visitor mooring facilities, and the Dan Bran pontoon to provide additional 'resident' berths. As noted in the Chairman's introduction, the Commissioners have taken time to properly consider the views expressed on these proposals and will bring forward alternative options for further consultation in the near future.

4: Harbour Activities

MOORINGS AND RECREATION

In line with previous experience mooring occupancy for 'permanently' let moorings remained relatively static in 2015 with almost full occupancy. It should be noted that at any given point in time there are moorings 'under offer' due to berths being given up part way through the year. Occupancy figures quoted for permanently let moorings do not include moorings which have been recently surrendered or 'under offer' at the time the report is run.

The Commissioners have reviewed the way in which we verify that mooring licence holders and persons on the waiting list are meeting the local residency and boat ownership criteria required to qualify for a resident mooring. Previously we undertook these exercises every 3 to 8 years with all mooring holders, or persons on the waiting list, being asked to provide the

required information at the same time. Because of the numbers involved this has proved to be too disruptive to the administration function of the Harbour Office. From 2016 we will be undertaking an annual rolling program of verification exercises including random sampling.

At the 1st December 2015 we continue to have a healthy waiting list with 555 members. This represents an unchanged position from last year, with the number of new applicants joining the waiting list matching the number of mooring allocations made. Next year is an anniversary year for levying the £30.00 administration charge covering the next three years.

Overall the number of visiting boats increased by 11.8% in the 2015 calendar year thanks to the good summer weather. Town Quay visitor numbers increased by 7.5% from 3,934 (2014) to 4,231 in 2015. Around two thirds of this increase occurred on river moorings, due in part to the capacity limitations of the walk ashore facility, and also attractive pricing. The 'Dan Bran' pontoon again saw a significant (19.6%) increase in visitors, up from 1,960 (2014) to 2,344 boat stays despite not being available for November and December due to dredging in this area. The walk ashore small boat berths on the Harbour Master's pontoon also saw a healthy (14.2%) increase in visitors, up from 733 (2014) to 837 boat stays.

DESCRIPTION	2014 y/e 31st Dec	2015 y/e 31st Dec
Let Permanent Moorings	651	646
No. Visiting Boats	6,627	7,412

A reduction in unused berth availability affected short term sublet income which fell by from £103,916 to £103,159 in the 2015 calendar year, a reduction of 0.73%.

COMMERCIAL VESSELS

Wightlink saw a fall in sailings on the Lymington to Yarmouth route during the year, down from 11,450 single trips in 2014 to circa 10,680 sailings in 2015 largely due to reducing to a two ship service on the route for 2015. Wightlink have planned for a marginal increase to 10,774 trips in 2016.

Puffin Cruises made 520 cruise trips and 202 ferry trips between Lymington and Yarmouth up to the end of September 2015. During Cowes week Blue Funnel Cruises again operated a ferry service between Lymington and Cowes. In total 16 single trips were made carrying 802 passengers. We also welcomed Gosport Ferry Company for five visits as part of their Solent Cruise programme. There continues to be a small but active commercial and charter fishing fleet.

On the 1st September Scoot ferries launched a new foot passenger ferry service operating between Yarmouth Isle of Wight and Lymington operating up to 17 trips per day in each direction on their vessel Scoot 1 which is capable of carrying up to 12 passengers. In Lymington the service operated from pick up/drop off points at Town Quay and the Harbour Master pontoon in Bath Road. Unfortunately, on the 19th December the company ceased trading and has appointed an official receiver, David Meany of Ashtons Recovery LLP.

5: Navigation & Marine Safety

PORT MARINE SAFETY CODE

In line with the provisions of the Port Marine Safety Code (PMSC) the Commissioners continue to appoint Nicholsons Risk Management as 'Designated Person' to provide independent reassurance to the Board that its Safety Management System is fit for purpose and compliant with the provisions of the PMSC.

The Safety Management System was formally reviewed and audited by Nicholsons Risk Management in April 2015 and found to be compliant with the requirements of the PMSC. In November, Nicholsons Risk Management undertook an interim review of LHC's safety systems which will inform next year's audit. We continue to keep both our marine and shore based risk assessments and procedures under review. The Marine Safety Management Plan Safety together with audit report and compliance statement from the 'Designated Person', is routinely published each year on LHC's web site.

Under the Pilotage Act 1987 (the Act) the former pilotage authorities were abolished and LHC became a "competent harbour authority" (CHA) for the provision of pilotage services within the harbour. The Commissioners have previously assessed that there was not a requirement for pilotage services in



Lymington Harbour. Under section 2 of the Act, CHAs are required to keep the need for pilotage services under review. At their meeting in May, the Commissioners formally reviewed the requirement for pilotage and agreed with the recommendation of the Safety Committee and the accompanying report, that Lymington Harbour should remain a non-pilotage area. The Commissioners also resolved to review the need for pilotage every five years unless there was a material change to navigation circumstances that warranted earlier review.

During the year LHC reviewed its Emergency, Port Waste Management and Oil Pollution Response plans. In partnership with the River Users Safety Committee the code of practice for organised events within the harbour was also reviewed.

LIGHTS & MARKS

The General Lighthouse Authority inspected LHC's local aids to navigation and audited our management systems for compliance with the Port Marine Safety Code. The availability targets for navigation aids in Lymington River were met and our management systems were found to be in good order. The three remaining unlit channel marks in the river were lit in July following receipt of the appropriate consent.

The Commissioners issued six Local Notices to Mariners in 2015.

ENFORCEMENT

Nine formal warnings covering byelaw offences were issued in 2015. All concerned breaches of the harbour speed limit. In addition the Commissioners successfully undertook the first prosecution under the new General Directions which came into force in 2014. The prosecution related to speeding in the river and obstruction of officers in the execution of their duties.

OFFENCE	FORMAL WARNING	PROSECUTION
Excessive speed	9	1

A further eight letters of 'advice' were written in connection with other navigation incidents including collisions, near misses and excessive wash.

INCIDENT COMPARISON

The table below shows the trend for safety incidents reported over the last four years. Following a number of years where there has been a declining trend, 2015 saw an increase of 7 incidents over the year. Collisions between leisure craft while both underway, capsize incidents, speeding, and wash related incidents accounted for most of the increase. This was offset by reductions in other areas, particularly in the collision with moored vessels category.

There has been a small increase in the number of non-safety incidents reported in 2015. Although

Lymington is blessed with a much lower crime rate than some other Solent harbours, unfortunately theft incidents have increased this year. Owners are asked to remain vigilant and report anything suspicious to harbour staff. It can be seen that most incidents fell into the 'other' category. This covers a wide range of incidents, the majority relate to incidents like mainsheets or boom covers coming loose in heavy weather, mooring lines parting and boats which needed pumping out after periods of rain as they were at risk of sinking. This highlights the need for owners to be vigilant with vessel 'housekeeping'.

INCIDENT MANAGEMENT/OIL SPILL RESPONSE

In accordance with the requirements of The Merchant Shipping (Oil Pollution Preparedness Response and Co-Operation Convention) Regulations 1998, LHC undertook a desk top Tier 2 oil spill response exercise in October. Representatives from Hampshire County Council, Berthon Marina, Wightlink, Environment Agency and the Coastguard participated. A physical deployment of a containment boom was also undertaken. As always, the

SAFETY INCIDENT	2011	2012	2013	2014	2015
	No	No	No	No	No
Capsize (with personnel)	2	5	2	1	4
Collision - Moored Vessels	12	11	17	19	11
Collision - Moving Vessels	3	1	0	0	4
Collision with Ferry	0	0	0	1	0
Collision - Navigation Aids	1	4	2	1	2
Fire	1	0	2	0	2
Grounding	12	5	5	11	9
Impede ferry/Other craft	7	12	7	4	3
Man Overboard	1	1	1	1	1
Near Miss - Ferry	9	6	3	3	5
Near Miss - Other	3	0	2	2	0
Other	20	9	7	3	4
Slipway Incident	2	1	1	0	1
Speed Infringement	17	19	9	3	9
Vessel Adrift	12	9	7	8	5
Wash other Vessels	0	0	0	0	3
Wash Ferry	1	4	0	0	1
Total 1st Jan to 31st Dec	103	87	65	57	64

NON SAFETY INCIDENT	2011	2012	2013	2014	2015
	No	No	No	No	No
Boat Damage	9	26	19	18	16
Pollution	13	7	5	2	0
Tampering	0	0	1	0	1
Theft	10	11	3	3	8
Other	19	33	26	41	42
Total 1st Jan to 31st Dec	51	77	54	64	67



exercise revealed some areas where the plan could be refined and these will be followed up.

Two separate 'notification' and boom deployment exercises were also undertaken during the year to test 'call out' arrangements, and mobilisation response times of individuals and Tier 1 resources.

6: Infrastructure Improvements

HARBOUR OFFICE BUILDING

Works to extend and refurbish the Harbour Office were completed in August. The works comprised an extension built on the existing balcony to create two new office spaces for the Harbour Master and Treasurer. The Harbour Master's office also doubles as a small meeting room thus saving the need to find offsite facilities. The upgraded accommodation also provides much needed extra work and storage space and incorporates a new more welcoming customer reception counter. Our IT infrastructure was also upgraded with the installation of a server and fully networked work stations. This allows for greater flexibility of working.



REDROW DEVELOPMENT: NEW PONTOON

As part of the planning conditions for the Redrow Development upstream of the railway bridge, Lymington Amateur Rowing Club (LARC) will be provided with a new club house on a low cost long lease. To facilitate all tide access to the navigation channel under the terms of the planning agreement Redrow have paid for the installation of a walk ashore pontoon.

Works to install the pontoon were completed in July. The freehold ownership of the pontoon has been vested in LHC. The planning conditions also allow the pontoon to be used by visiting boat tenders in order to access the proposed waterfront restaurant. LHC will grant a licence to LARC for the use of the pontoon at a rent which will reflect a fair contribution towards the ongoing maintenance costs.

7: Environment

BREEDING WATERBIRD SURVEY

Each year Hampshire County Council undertakes a breeding water bird survey covering the intertidal marshes between Pitts Deep in the east and Hurst Spit in the west.

Their 2015 report indicates that despite the generally fine summer weather, tern numbers were down and breeding success was limited. Following several years of severe disturbance and predation by foxes, no gull colony formed on the Normandy Cockleshell marshes this year. The loss of this colony, which was the largest in the area containing over 5,000 nests as recently as 2012, is a major blow to the overall population of Black-Headed Gulls in the western Solent. It seems likely that more extensive and regular flooding of the saltmarshes is also a contributory factor as the area of suitable breeding habitat continues to reduce. Black Headed Gull egg collecting was again restricted to the marshes east of the river and at Keyhaven.

TERN ROOSTING/NESTING HABITAT

In early May, Hampshire County Council in co-operation with Hampshire and Isle of Wight Wildlife Trust undertook a small scale project to install areas of shingle and shell onto the rock breakwaters in the lower reaches of the Lymington River. This work also involved placing a number of Little Tern decoys onto the shingle in an attempt to attract birds in. These areas were regularly monitored throughout the season and did attract a pair of nesting Oystercatchers but alas no Little Terns.

NEW FERRIES – HABITAT REPLENISHMENT MEASURES

As part of the planning consents approved in the 2011 Public Enquiry, Wightlink was required to enter into a Section 106 agreement (s106), a legal measure by which planning conditions can be enforced. The s106 required that Wightlink undertake habitat replenishment measures



in order to offset the predicted effects of the ferries over their operational lifespan. The agreed replenishment measures involve placing mud dredged from the river into a creek within the saltmarsh at Boiler Marsh to the east of the river. The s106 also specified the measures, timeframes and success criteria to ensure the effectiveness of the habitat replenishment works. It also provided for the establishment of an Environmental Management Panel (EMP) comprising representatives of statutory bodies (including LHC), landowners and Wightlink to monitor the delivery and success of such measures as part of an adaptive management process. The role of the EMP is to review evidence and amend the measures taken so as to ensure that the recharge is adapted as necessary to be successful.

The EMP met on the 19th November to review the monitoring of the effects of the ferries and the habitat replenishment scheme taking account of further survey work undertaken in 2015. EMP members also visited the replenishment site in September.

From the monitoring evidence collected to date, there are no signs of the upgraded W-Class ferry service having a distinguishable effect on the intertidal habitat within the estuary. The EMP also agreed that analysis had shown that the replenishment had worked very effectively. Since March 2013, the sediment had been retained and was ecologically functioning.

Based on this evidence, there was confidence that there was no adverse effect on the integrity of the Solent European Marine Site (EMS) and that such an effect would not occur over the coming years. As a

result, a 5-year pause in the monitoring programme undertaken on behalf of Wightlink was agreed and it was concluded that the next meeting of the EMP should be held in November 2020. The Panel was confident that the EMS site integrity would not be affected based on the evidence collected over the last seven years. The Panel accepted that, should any ferry effects arise in future, they would be slow and progressive over the 30 year lifespan of the ferry operations. Any unforeseen issues could be addressed in the future as they occurred.

In 2020 the EMP would be able to consider further data collation and monitoring work undertaken by New Forest District Council and the Environment Agency as part of their routine monitoring of the coastline. If required, the EMP would be able to advise on the need for further monitoring and consider the need for further mitigation measures. The Panel noted that, by that time, it would be able to evaluate more clearly the stability of the recharge against the changes that will have taken place in the Lymington Estuary.

LHC SALTMARSH MUD RECHARGE

In 2012 and 2013, with the support of Crown Estate and Lymington Yacht Haven funding LHC undertook a trial to 'recharge' the saltmarsh south of Lymington Yacht Haven. The work involved pumping mud on to areas of poor quality marsh with sediment retention being aided by using brushwood fencing. In common with the Wightlink works, the monitoring undertaken to date has shown that much of the sediment deposited continues



to consolidate and be retained, and that the site is functioning well ecologically. Although the techniques adopted were effective at delivering relatively small amounts of mud in a beneficial way and provided valuable experience, this method proved very expensive. A more cost effective and sustainable solution to deliver much greater quantities of mud was needed.

In 2014 LHC was granted a marine licence for a new three year trial to beneficially use 12,500 tonnes of mud dredged from the river by 'bottom dumping' in Boiler Marsh Bay to the east of the river. This technique involves dredging barges navigating close to the marsh where they directly discharge their loads. As this is instead of dumping at sea, there are no additional costs for disposal. The plan is to create an unconfined intertidal reef within the bay that will provide shelter to the marsh from wave action or a source of sediment to feed the marsh in the immediate vicinity. It is hoped that by reducing the amount of wave energy reaching the marsh in this area, this will slow down erosion.

Following the placement of 2,380 tonnes of mud in November 2014 and subsequent monitoring work, the Commissioners successfully applied for an increase in the licenced quantities for the second and third years of the trial. The total amount licenced for placement over the three year trial has increased to 19,380 tonnes. In November and December, a further 6,900 tonnes were successfully placed. Next winter a further 10,000 tonnes will be placed.

Subject to the results of monitoring, it is hoped to apply for a licence to substantially increase the amount of mud that can be beneficially used in this way with the ambition of prolonging the life of the saltmarsh and delaying the need for some future phases of breakwater construction.

MARINE CONSERVATION ZONES (MCZ)

In April, LHC (working with Berthon Boat Company and Lymington Yacht Haven) and Yarmouth Harbour Commissioners submitted a joint response to DEFRA on their consultation on the proposed Needles MCZ.



The proposed MCZ covers the stretch of Solent that runs along the Isle of Wight's North West coast from Hurst Point to just south of the Needles and includes Colwell, Totland and Alum Bays.

The response which was co-ordinated by Amec Foster Wheeler, an experienced consultancy company, highlighted our shared concerns related to:-

- a) the potential restrictions on leisure activities and the associated impact on the local economies; and
- b) the potential for significant extra costs associated with licencing maintenance dredging disposal at the Hurst Fort site or restricting or prohibiting future disposal at the Hurst Fort site.

It is understood that the Government will announce their decision on how this is to be progressed in January 2016.

8: Staff and Training

During the year staff attended training courses in first aid, oil spill response and diesel engine maintenance. Staff also participated in a workshop run by the Hampshire Marine Police Unit on enforcement of General Directions. As part of their on-going professional development, the Harbour Master and Harbour Operations Manager attended a number of seminars and forums run by the ports industry to keep abreast of changes in legislation and good practice.

9: Harbour Protection

BREAKWATER PROJECT

LHC continue to progress their strategy to protect the harbour from exposure to wave attack due to the loss of salt marsh through natural erosion by building two

breakwaters, one on each side of the main navigation channel. The breakwaters will be built in a multi-phased approach over approximately 40+ years, with the timing for the actual implementation of each phase dictated by the rate of future saltmarsh loss.

As previously reported, work on the second phase of the rock breakwater construction was completed in October 2014. Following completion of the works the Project Manager (consulting engineers appointed by LHC to manage the contract) formally identified defects under the contract which were brought to the contractor's attention. This position was disputed by the contractor who had demanded full payment.

In September 2015 the Project Manager issued the final payment certificate under the contract. As the contractor had not addressed the contractual matters that had been notified to them through a formal 'defects' certificate, this was taken into account when finalising the account and £188,854 was not certified for payment by the Project Manager.

The contractor has subsequently invoiced LHC on the basis of the final certificate. However, under the contract it remains open to them to refer the matters that are in dispute to an independent adjudicator for decision. An appropriate note to the audited accounts has been made identifying £188,854 as a contingent liability.

It should be noted that the term 'defects' relates to works/materials not delivered (or not yet satisfactorily evidenced as delivered) in accordance with the contract. It does not mean that the 'as built' breakwater requires remedial work. LHC has obtained the advice of its consulting engineers that the breakwater as built will perform effectively until at least 2050, based on recent forecast of the rate of marsh loss. That advice has been confirmed in a second opinion by independent consulting engineers.

Details of the position of the Harbour Protection Reserve as reported in the audited accounts for the year ended 31st March 2015 are shown below.

	£
Balance at 1 st April 2014	856,558
Harbour Protection Dues Collected	<u>220,651</u>
	1,077,209
Less: monies spent on project - Revenue	-
- Capital	(677,209)
	<u>400,000</u>
Balance as at 31 st March 2015	<u>400,000</u>

In 2015 the harbour protection element of the dues will increase by 3%. It is recognised that this increase is above inflation but in coming to this decision the Commissioners took account of the fact that annual harbour protection dues revenues do not yet cover the annual loan repayment costs including interest for the Phase 2 breakwater. Also, the need to build reserves meant that it was considered prudent to retain the planned for 3% increase this year.



10: Consultation

HARBOUR ADVISORY GROUP

In another busy year, the Harbour Advisory Group (HAG) met on four occasions and commented on a number of matters related to the on-going management of the harbour including:- the update to the strategic plan; proposed revisions to the 'Fortuna Inner' berth prices; the harbour protection scheme; Marine Conservation Zones; the Wightlink and LHC marsh recharge schemes; marketing initiatives; the provision of a new boat house and pontoon for Lymington Amateur Rowing Club on the Redrow site; and Royal Lymington Yacht Club's proposals to extend their pontoons.

A HAG representative also attended the annual River Users Safety Group meeting and the Chairman (or his deputy) is invited to attend all LHC Board meetings.

During the year there were four changes to the existing membership. In January, Rupert Wagstaff took over from Dylan Kalis representing marina interests and Sandie James replaced Sean Millward as the representative for ferry operators. David Ilsley also replaced Rob Ainslie as the representative for the New Forest National Park Authority. In July, Cllr Barry Dunning replaced Cllr Michael White as the representative for local people.



STAKEHOLDERS MEETING

A stakeholder meeting was held on the 27th March 2015. At the meeting the Chairman and Chief Executive gave presentations on LHC's recent activities and their proposals for an update to the strategic plan (also see Section 3). The presentations were followed by an open question and answer session followed by an opportunity to chat with the Commissioners over refreshments.

11: Looking Forward 2016/17

2016/17 CHARGES

In November the Commissioners finalised the pricing for the provision of its commercial services (such as annual and visitor moorings) and statutory harbour dues for the 2016/17 financial year.

When deciding the level of price rise required, factors considered included:- the current financial position of the authority; the current statutory, safety, and other management requirements for the authority; the cost of future infrastructure maintenance; the predicted cost of the next phase of breakwater construction to protect the harbour; inflation and the need to build reserves.

A further consideration has been the large increase in the cost of dredging which will see the unit cost increase by nearly 11% between November 2014 and November 2016 despite the cheapest tender received being chosen. The increased unit prices combined with an increase in the quantities to be dredged, largely due to the longstanding need to dredge the channel margins in the lower river, has meant that the budgeted dredging provision has increased by 23% from £130k to £160k per annum for the next two years.

Taking all of these factors into account, the Commissioners have decided to increase fees for the vast majority of its commercial services and all harbour dues by an average of 3% for the 2016/17 financial year. The exceptions will be the Dan Bran berth charges which will again be amended upwards in line with the phased increase in berth fees published in 2012 in recognition of the installation of electricity. Also the 'Fortuna Inner' berth prices will increase in line with the phased increases notified to berth holders at the beginning of last year.

In view of the low level of inflation, the Commissioners considered carefully whether they should still continue with the 3% increase in charges that had been planned for in previous forecasts or whether it was possible to reduce this. However, predominantly due to the predicted increases in dredging expenditure over the next two years, and the need to rebuild reserves it was felt it would not be prudent to have a lower level of increase.

INFRASTRUCTURE

The Commissioners have reached agreement with Lymington Town Sailing Club to provide up to £70,000 towards refurbishment of their shower and washroom facilities in 2016. These facilities are used by crews of visiting boats when berthing on LHC's 'Dan Bran' pontoon.

The advance will be in the form of an advance service fee and will buy LHC a number of years use. The term will be calculated by means of a formula. At the end of the term, LHC will revert to making an annual payment for use of the facility.

The new shower and washrooms will offer a significantly upgraded experience with greater privacy and comfort for both Club members and visitors alike. Work is scheduled to commence in early January and is expected to be completed by the end of March, in time for the new season.

LHC's Cheverton workboat will have a new engine and gearbox installed in the first quarter of 2016. Later in the year the small Champs launch is also scheduled for an engine replacement.



12: Finance

INCOME & EXPENDITURE ACCOUNT – Year ending 31st March

	2015		2014
Turnover – Continuing Operations	1,389,716		1,323,183
Operating Expenses	<u>670,776</u>		<u>682,662</u>
Gross Profit	718,940		640,521
Administrative Expenses	<u>261,354</u>		<u>325,991</u>
Operating (Deficit)/Surplus			
- Continuing Operations	457,586		314,530
- Interest Receivable	3,384	1,907	
- Interest Payable	(55,378)	-	
- Other Finance Costs	<u>(6,000)</u>	<u>(13,000)</u>	
	<u>(57,994)</u>		<u>(11,093)</u>
Surplus / (Deficit) before Taxation	399,592		303,437
Taxation	<u>91,933</u>		<u>67,587</u>
Surplus / (Deficit) after Taxation	307,659		235,850
Transfer to / (from) Harbour Protection Reserve	(456,558)	213,043	
Transfer to Wave Screen Reserve	<u>15,000</u>	<u>15,000</u>	
	<u>(441,558)</u>		<u>228,043</u>
Surplus / (Deficit) for the year transferred to Revenue Reserve	<u>£749,217</u>		<u>£7,807</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES – Year ending 31st March

	2015		2014
Surplus for year	307,659		235,850
Actuarial Gain / (Loss) in Pension Scheme	(78,000)		106,000
Related Deferred Tax	<u>15,600</u>		<u>(21,200)</u>
Total Gains and Losses recognised since last Annual Report	<u>245,259</u>		<u>320,650</u>

BALANCE SHEET as at 31st March

	2015	2014
Fixed Assets		
Tangible Assets	4,213,376	2,283,526
Current Assets		
Stocks	1,860	1,860
Debtors	101,279	126,570
Cash at Bank and in Hand	<u>1,359,454</u>	<u>2,862,757</u>
	1,462,593	2,991,187
Current Liabilities		
Creditors – Amounts falling due within 1 year	<u>(1,282,041)</u>	<u>(996,381)</u>
Net Current (Liabilities)/Assets	<u>180,552</u>	<u>1,994,806</u>
Assets less Current Liabilities	4,393,928	4,278,332
Creditors – Amounts falling due after more than one year	<u>(1,605,600)</u>	<u>(1,806,300)</u>
	2,788,328	2,472,032
Provisions for Liabilities and Charges		
Deferred Taxation	111,394	111,631
Maintenance Dredging Provision	<u>103,963</u>	<u>101,489</u>
	<u>(215,357)</u>	<u>(213,120)</u>
	2,572,971	2,258,912
Provision for Pensions	<u>(524,800)</u>	<u>(456,000)</u>
Net Assets	<u><u>£2,048,171</u></u>	<u><u>£1,802,912</u></u>
Capital and Reserves		
Capital Reserve	12,500	12,500
Revenue Reserve	1,560,671	873,854
Harbour Protection Reserve	400,000	856,558
Wave Screen Reserve	75,000	60,000
	<u><u>£2,048,171</u></u>	<u><u>£1,802,912</u></u>

CASH FLOW STATEMENT – Year ending 31st March

	2015	2014
<u>Cash generated from operations:</u>		
<u>Operating profit</u>	457,586	314,530
<u>Reconciliation to cash generated from operations</u>		
Depreciation and (profit)/loss on sale of fixed assets	92,076	73,714
Provision for maintenance dredging	130,000	110,000
Increase in Harbour Protection Reserve	(220,651)	(213,043)
Pension contributions plus negative past service cost in excess of current service cost	<u>(1,200)</u>	<u>11,000</u>
	457,811	296,201
<u>Changes in working capital:</u>		
Increase in stock	-	6,584
(Increase)/Decrease in trade debtors	20,831	68,366
Increase in other debtors	4,460	8,037
Increase/(Decrease) in trade creditors	212,027	(69,112)
Increase in other creditors	<u>47,404</u>	<u>(44,502)</u>
	<u>284,722</u>	<u>(30,627)</u>
<u>Net cash generated from operations</u>	742,533	265,574
<u>Cash generated from other sources</u>		
Long Term Borrowings – Harbour Protection Project	-	2,007,000
Corporation tax repayment	-	10,758
Harbour Protection fees received	220,651	213,043
Bank interest received	3,384	1,907
Sale of tangible fixed assets	-	<u>1,602</u>
	224,035	2,234,310
<u>Applications of cash</u>		
Loan interest paid	(55,378)	-
Corporation tax paid	(64,341)	(82,113)
Purchase of tangible fixed assets	(13,804)	(150,518)
Maintenance dredging costs	(127,526)	(134,724)
Repayment of amounts borrowed – Harbour Protection	(200,700)	-
Harbour Protection Project	<u>(2,008,122)</u>	-
	<u>(2,469,871)</u>	<u>(367,355)</u>
<u>Net (decrease)/increase in cash</u>	<u>(1,503,303)</u>	2,132,529
<u>Cash at bank and in hand at beginning of year</u>	<u>2,862,757</u>	<u>730,228</u>
<u>Cash at bank and in hand at end of year</u>	<u>£1,359,454</u>	<u>£2,862,757</u>
<u>Consisting of:</u>		
Cash at bank and in hand	1,359,454	2,862,757
	<u>£1,359,454</u>	<u>£2,862,757</u>

FINANCIAL STATEMENT – Year ending 31st March 2015

Financial position

The financial position of Lymington Harbour Commissioners continues to be strong. Turnover at £1,389,716 was up £71,533 or 5.4% on the previous year (net of grants) with berthing fees and dues charges being increased by an average of 3%. In order to improve transparency, turnover is broken down between statutory harbour authority income (dues) and income generated from commercial operations (see table below).

Operating surplus at £457,586 increased by 45.5% or £143,056 on 2014/15. This was principally due to the exceptional legal and professional costs associated with implementing key strategic projects in 2014 not being repeated. The legal and professional fees expensed to operating and administration costs therefore fell by £119,600 in 2014/15. Also contributing to the growth in the surplus was the increase in turnover.

As part of the Commissioners long term strategy to protect the harbour, the second phase of breakwater construction was undertaken during the year. Work was completed in October with capital costs incurred in the year ended 31 March 2015 at £1,850,813, which with expenses of £83,665 incurred in the previous year was a total cost of £1,934,478. The opportunity was also undertaken to top up Phase 1 to reinstate the 'as built' height following predicted settlement of the structure which cost £157,309. The work was funded through a combination of reserves and a fixed interest HM Treasury Loan of £2,007,000 facilitated by New Forest District Council over a ten year term.

At the end of the financial year the balance sheet and cash flow statement continue to show a sound financial position with a satisfactory level of cash and reserves.

Income

The resident moorings, some 650, continued to be fully allocated through the year and LHC continue to maintain a healthy waiting list numbering 555 members at the end of the year.

Visitor revenue grew by 7.6% to £103,128 largely due to a strong performance in the first quarter and again in September. Like the previous year, the sustained period of good summer weather encouraged visitor business. Sublet income at £111,386 was significantly higher (31.8%) largely due to a strong performance over the winter months due to increased berth availability because of the lower maintenance dredging requirement in mooring areas.

In line with the programme for phased increases to reflect the increased size of their vessels, Wightlink harbour dues were increased by £8,470 excluding harbour protection for 2014/15. In order to meet the funding requirements of the Harbour Protection Scheme going forward, the Harbour Protection Levy for annual mooring holders was raised by 3%. The income collected for the Harbour Protection Scheme this year is £220,651 compared to income of £213,043 in 2013/14.

The table below provides a breakdown of turnover between statutory harbour authority income (dues) and income generated from commercial operations (mooring licences, slipway permits & lease rents).

TURNOVER – Year ending 31st March	2015	2014
Harbour Dues – Commercial Commuted	379,450	366,562
Harbour Dues – LHC Moorings, Visitors, Sublets, Dry Sailing & Misc	130,625	121,764
Harbour Dues – Harbour Protection Levy	220,651	213,044
Grants	-	5,000
Total Income as Statutory Harbour Authority	730,726	706,370
Commercial Income (Mooring licences, slipway permits & lease income)	658,991	616,813
Total Turnover £	1,389,717	1,323,183

Expenses

Operating expenses fell by £11,886 (1.74%) in 2014/15. There was a reduction in professional costs of £51,577 following the exceptional legal fees incurred the previous year related to the negotiation of the harbour protection loan finance facility. Crown Estate lease costs reduced by £20,000 in accordance with the terms of the new regulating lease. The maintenance dredging provision was increased by £20,000 to £130,000 due to the requirement to dredge parts of the lower river navigation channel over the next few years. Operating staff costs, excluding pension scheme service costs rose by 7.7% in 2014/15. This was due to a combination of an inflation pay award, a review of harbour patrol officer salaries following the loss of several experienced marine staff in recent years, and performance related payments.

Administrative expenses reduced by £64,637 (19.8%) this year. This was primarily due to the exceptional legal and professional costs associated with implementing key strategic projects in 2014 not being repeated which resulted in a saving of £70,792 over the previous year. Administrative staff costs excluding pension scheme service costs rose by 7.7%, due to a combination of an inflation pay award, an existing employee joining the pension scheme, and performance related payments.

Pension scheme

The accounting treatment of the provision for the pension scheme deficit complies with the Financial Reporting Standard Number 17 (FRS17). The provision for the deficit on the pension scheme has been augmented by £68,800 this year compared to a decrease of £65,600 last year.

Loan

During the year £200,700 of capital and £55,378 of interest was repaid on the £2,007,000 loan facility from New Forest District Council to fund the cost of facilitating the second phase of breakwater construction to protect the harbour.

13: Harbour Commissioners, Officers & Harbour Advisory Group

COMMISSIONERS

The persons holding office as Commissioners during 2015 are as follows:

Name		Special Interest
Geoff Holmes	6/6	Chairman
Clifford Jakes	6/6	Vice Chairman & Finance Portfolio
Peter Mills	6/6	Moorings Portfolio
Richard Jenner	5/6	Personnel Portfolio
Brian May	6/6	
William Peach	6/6 (appointed January)	
Jonathan Shiner	5/5 (retired October)	Business Development Portfolio
Geoff Stokes	5/6	Safety Portfolio
Paul Martin	5/6	
Ryan Willegers	6/6	Chief Executive/Harbour Master

The Board of Commissioners met 6 times during the year. The number of board meetings attended by each Commissioner is shown against their name together with the number of meetings they were eligible to attend. The first figure represents attendance and the second figure the possible number of meetings. For example 5/6 signifies attendance at five of six possible meetings. In addition, all six meetings were attended by the Chairman or Vice Chairman of the Lymington Harbour Advisory Group.

Commissioners also attended a number of meetings of the supporting committees. At their invitation the Chairman and Harbour/Master Chief Executive attended meetings of the Lymington Harbour Advisory Group.

Commissioners are required to declare any interests that are relevant to the management of the harbour. A register of these is available for inspection at the Harbour Office and on LHC's website.

OFFICERS

The permanent Officers holding office during 2015 were as follows:

Ryan Willegers	Harbour Master/Chief Executive
Colin Freeman	Harbour Operations Manager
Frances Moores	Treasurer – part time
Phillip Pitman	Senior Harbour Officer
Tom Bell	Harbour Officer
Tim Penfold	Harbour Officer
Sarah Maynard	Office Administration – part time
Andy Hack	Office Administration (Safety) – part time
Eileen Littlewood	Office Administration – part time

HARBOUR ADVISORY GROUP

The persons holding office as Harbour Advisory Group Members on the 31st December 2015 are as follows:

Recreational Users (1)	Peter Upcher (member of RLymYC and LTSC)
Recreational Users (2)	Peter Lock (Lymington Amateur Rowing Club)
Commercial Boat Owners	Rob Thompson (West Wight Charter Skippers Association)
Ferry Operators	Sandie James (Wightlink Limited)
Marinas	Rupert Wagstaff (Lymington Yacht Haven Ltd)
Local People	Cllr Barry Dunning
Local Business	Andrew Wilkes – Chairman (Lymington and District Chamber of Commerce)
Environmental Interests	Robert Chapman (Hampshire and Isle of Wight Wildlife Trust) John Clarke (Lymington, Keyhaven & District Wildfowlers Assoc.) David Illsley (New Forest National Park Authority)
Coast Protection Interests	Andrew Colenutt (NFDC Coast Protection)

Details of the constitution and the minutes of the Harbour Advisory Group meetings can be found on LHC's website.



Harbour Master/Chief Executive: **Ryan Willegers**
Harbour Operations Manager: **Colin Freeman**
Treasurer: **Frances Moores**
Administration Officers: **Andy Hack/Sarah Maynard/
Eileen Littlewood**

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