

AT A MEETING of the RIVER HAMBLE HARBOUR MANAGEMENT COMMITTEE held at The Warsash Maritime Academy, Warsash on Thursday 2 September 2010.

**PRESENT**

**Chairman:**

**p Councillor S. D. T. Woodward**

**Vice-Chairman:**

**p Councillor Dr. R. J. Ellis**

**Councillors:**

p F. Allgood

p Mrs C. A. Bailey

a A. Broadhurst

p M.G. Cooper

p C. Davidovitz

p A. D. G. Evans

a A. Gibson

p A. W. Rice, TD

**Eastleigh Borough Council**

p Councillor Mrs S. Ingram

**Fareham Borough Council**

p Councillor T. M. Cartwright

**Winchester City Council**

p Councillor Victoria Weston

**Association of River Hamble Yacht Clubs**

p Mr P. Middleton

**British Marine Federation**

p Mr M. Glanville (Deputy)

**Hamble River Boatyard and Marina Operators Association**

p Mr R. Boissier

**Berth and Mooring Holders Representative**

p Mr D. Jobson

58. **APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillor A. Broadhurst, Councillor A. Gibson, Mrs Peggy Dorothy (RYA) and Mr. J. Eads (British Marine Federation)

**59. DECLARATIONS OF INTEREST**

Members were mindful that, where they believed they had a personal or personal prejudicial interest in any matter to be considered at the meeting, they should normally at the time of the debate declare their interest, and having regard to the circumstances described in paragraphs 9, 10, 11 and 12 of the County Council's Code of Conduct, consider whether to leave the meeting whilst the matter was discussed save for exercising any right to speak in accordance with Paragraph 12 of the Code.

Councillors S. Woodward and V. Weston declared personal interests prejudicial to Item 7 in the Minute Book by reason of their being Mooring or Berth Holders on the River Hamble, as did Mr. R. Boissier, Mr. M. Glanville, Mr. P. Middleton and Mr. D. Jobson.

Councillors T. Cartwright, C Bailey and V. Weston, along with Mr. D. Jobson and Mr. P. Middleton also declared personal, non prejudicial interests as members of local Yacht or Sailing Clubs.

Mr. M. Glanville declared a personal, non-prejudicial interest as an employee of Marine Developments Ltd.

**60. MINUTES**

The Chairman confirmed that the 2002 Hampshire County Council Cabinet report relating to leases held on the River Hamble would be distributed to Members of the Management Committee once it had been established that all Members had signed the Code of Conduct as this report was and remains confidential and therefore exempt from disclosure to the public.

The Minutes of the River Hamble Harbour Management Committee meeting held on 25 June 2010 were confirmed as a correct record and signed by the Chairman.

**61. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman updated the Committee on the consultation that had taken place at the recommendation of the River Hamble Select Committee regarding a cap on moorings. It was noted that there had been a significant number of responses and that these were to be analysed and recommendations on how to proceed drawn up.

## 62. DEPUTATIONS

The Committee was informed that those Members with a prejudicial interest in Item 7 in the Minute Book, by reason of their being mooring or berth holders on the River Hamble would have the opportunity to make a deputation on issues relating to that item prior to its discussion by the remainder of the Committee.

The Committee received a deputation relating to both the transfer of reserves and to harbour dues (Items 6 and 7 in the Minute Book) from Colin Brookes on behalf of the River Hamble Mooring Holders Association. Mr Brookes supported the proposed transfer of £180,000 to the Asset Replacement Reserve, noting however that as some of the assets would not require replacement for 10 years or more, the fund was likely to remain over half a million pounds for many years. It was felt that the implications of ownership, particularly of large assets should be reported upon at the next review. Mr Brookes supported the proposed 10 percent reduction in harbour dues, although would personally have favoured a 20 percent reduction. He felt that the detailed figures in the reports suggested that a 20 percent reduction would be possible without affecting the budget. The application of VAT to the harbour dues was questioned, particularly in relation to the impact of the increase in VAT in January 2011.

## 63. RIVER HAMBLE RESERVES AND FINANCIAL OUTLOOK

The Committee considered the report of the County Treasurer and the Director of Culture, Communities and Rural Affairs (Item 6 in the Minute Book).

The Head of Finance (Culture, Communities and Rural Affairs) outlined the reserves policy, in particular that the Revenue Reserve should stand at no more than approximately 10 percent of revenue and that the asset replacement reserve be based on a 25 year replacement cycle. He confirmed that the revenue reserve is currently significantly higher than the maximum level and detailed a proposed transfer of £180,000 to the Asset Replacement Reserve. In response to the question on VAT in the earlier deputation it was confirmed that the proposed dues rates in the report include VAT, and are therefore the gross amount that will be charged.

In light of technological progress, the accuracy of a 20 year economic life for the CCTV system was questioned. The Marine Director/Harbour Master confirmed that a rolling replacement system was in place with a 20 year complete overhaul envisaged. He acknowledged that this was a best estimate and would also depend on the extent of the rolling replacement.

It was suggested that the recommendation to transfer Revenue Reserves to the Asset Replacement Reserve rather than the Asset Enhancement Reserve was contrary to the reserves policy and it was

felt that this should be acknowledged and reassurance given that any future surplus would transfer to the Enhancement Reserve. However, the Head of Finance indicated that the transfer enable a reduction in the level of Dues which was consistent with the reserves policy.

The ownership of assets was questioned and it was suggested that detailed and itemised legal advice on ownership should be sought before money is spent. The Chairman assured the Committee that it was within the Harbour Authority's remit to spend money on assets not owned by the Authority if there was a benefit in doing so. The Marine Director/Harbour Master confirmed that legal advice had been sought in the past and pointed out that although other organisations may have provided some original funding for some of the assets listed in the report appendix, this did not mean that funding would be forthcoming for their replacement.

The merit of having a fund available to purchase land that may be of use to the Harbour Authority should any become available was discussed. It was acknowledged that there could be merit in this, but there was concern that it was not appropriate to hold reserves without a specific purpose. The Marine Director/Harbour Master explained that should a strategically important piece of land become available it may be necessary for the County Council to consider this as a corporate issue.

The necessity of having such a large Asset Replacement Reserve at the present time was questioned. It was also asked whether the annual contribution to the Asset Replacement Fund could be further reduced, below £35,000. The Head of Finance confirmed that the annual contribution could be less than £35,000 in the short term, although an average of £35,000 p.a. would be required. The benefit of a consistent payment each year was that it enable a more stable pricing policy over time.

**RESOLVED:**

That the River Hamble Harbour Management Committee advise the River Hamble Harbour Board to:

- i. endorse the current Reserves Policy
- ii. transfer £180,000 from the Revenue Reserve to the Asset Replacement Reserve and reduce the annual contribution to the Asset Replacement Reserve to £35,000.

#### **64. HARBOUR DUES**

As announced by the Chairman during the earlier Deputations item, those Committee Members with a prejudicial interest in Item 7 in the Minute Book were invited to make a deputation to the Committee prior

to their exclusion from the meeting and consideration of the report and proposals. As the Chairman was one of the Members who had declared a prejudicial interest, the vice-Chairman took the Chair for this item.

A deputation was received from Mr R. Boissier of the Hamble River Boatyard and Marina Operators Association. He congratulated the harbour officers on the savings that had been achieved. He expressed support for the proposed cut in harbour dues, but stressed caution that the figures rely on both constant income and costs, pointing out that neither are guaranteed and particularly income may be vulnerable given that the marine industry is in recession. Mr Boissier proposed that a multi-year offer for harbour dues may be attractive to people wishing to beat the VAT increase and would secure some longer term income.

A deputation was received from the Berth and Mooring Holders Representative, Mr D. Jobson. He supported the proposals, but also highlighted the potential vulnerability of income as he was aware of two sailing clubs who were considering surrendering moorings as they could not fill them. Mr Jobson proposed that the table of harbour dues in the report be simplified and prices shown excluding VAT for greater clarity.

A deputation was received from Mr P. Middleton from the Association of River Hamble Yacht Clubs who also called for a clarification of the table to show that the prices are per metre.

A deputation was received from Councillor Sean Woodward of Hampshire County Council who applauded the work of the sub-committee on the issue of harbour dues and felt that a decrease in dues would send a positive message in the current economic climate. He also endorsed the importance of making the decision carefully given the unpredictability of the future.

Those Members who had previously declared a prejudicial interest in the item excluded themselves from the meeting.

### **Councillor Dr. R. J. Ellis in the Chair**

The Committee considered the report of the County Treasurer and the Director of Culture, Communities and Rural Affairs (Item 7 in the Minute Book).

The Head of Finance (Culture, Communities and Rural Affairs) outlined the proposals to reduce harbour dues by 10 percent for the 2011 year and explained that this was possible due to ongoing savings that had been achieved. It was also confirmed that there should be a presumption against future price increases exceeding RPI (Retail Price Index) plus one percent.

The Marine Director/Harbour Master addressed the question of income stability and confirmed that there is a substantial waiting list for moorings and that the marinas are charged according to capacity rather than the number of boats, therefore income was expected to be stable in the short term. The longer term situation was less clear as many people on the waiting list for a mooring were currently moored in a marina and therefore not potential new customers. It was also noted that in the longer term, the recession may necessitate marinas to shrink in size. In response to the question in the earlier deputation regarding the possibility of multi-year deals on harbour dues, the Marine Director explained that there is no security of tenure on mooring places for more than a year, therefore charging for more than a year would not be feasible.

A better explanation of the table was requested, specifically what the prices meant for an average mooring holder. The Marine Director was asked to give an indication of the average mooring cost, which is approximately £200 per year. It was confirmed that the recommended dues included VAT and were charged per metre per year.

The Committee discussed concerns regarding the uncertainty of future income. On the issue of possible future price rises, the Marine Director explained that the RPI plus one percent cap was only a “general presumption” and could therefore be exceeded should it be deemed necessary in the future.

A vote was held on the recommendations with the following result:

In favour	5
Against	2
Abstain	2

RESOLVED:

That the pricing table included in the report should be updated as per the discussion.

That the River Hamble Harbour Management Committee advise the River Hamble Harbour Board to:

- i. approve the harbour dues for 2011 as shown in the table in 2.7
- ii. review the rate of harbour dues each year with the general presumption that any increase should be no higher than the retail prices index (RPI) plus one percent
- iii. continue the progress in driving down costs and the comprehensive recovery of dues that will sustain lower dues for all.