

Southwold Harbour

Annual Report and Accounts | 31 March 2022



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1. Introduction

Stephen Baker is the Chief Executive of East Suffolk Council.

“Southwold Harbour is a special place and we are fortunate to have it within our district, but we know that it is a location that comes with considerable responsibility and that we need to understand the forces at work in the river, the estuary and at sea, and to be ready to make the changes and investments needed to maintain this wonderful natural resource for Harbour users and visitors for years to come.

Following a challenging period between April 2020 – March 2021, the Harbour and Camping and Caravan Site has been back to full capacity and had a very successful Summer season. Looking ahead to Summer 2022, it already looks to be another great year for the site and the team look forward to welcoming all visitors to Southwold.

In last year’s report I confirmed that the new Harbour Management Committee would be in place by the Summer of 2021. I am pleased to confirm the HMC met for the first time in July 2021. In advance of their first meeting, all members of the HMC came together for an induction day, which included a tour of the Harbour and a training session.

The HMC has been overseeing a broad schedule of business, which includes issues relating to the redevelopment of the caravan site, the acquisition of assets, the recruitment of additional staff and the creation of a stakeholder group that reflects the varied voices of harbour users.

In addition to this the Council has been carrying out a series of risk assessments on Harbour assets so that we can ensure the operation is compliant with Health and Safety legislation. The compliance of the Harbour is of great interest to the HMC and work is underway to ensure we have a robust system in place.

It is my sincere hope that the HMC and the Stakeholder Advisory Group represent a huge step in the right direction – and to ensure that everyone who uses the harbour has the opportunity to have their voice heard.”

Stephen Baker



2. Activity Report – Update

Southwold Harbour is sited within The Southwold Harbour Lands, as prescribed and delineated by the 1933 Harbour Order.

As Harbour Authority and ‘Corporation’ for the purpose of the 1933 Harbour Order, East Suffolk Council lets a number of holdings within Southwold Harbour Lands, to various parties.

Revenue from Southwold Harbour is retained for use in its operation, in accordance with and as outlined in sec 39 of the 1933 Harbour Order.

Southwold Harbour is managed by a Harbour Master and Deputy Harbour Master.

Southwold Harbour attracts a large number of pedestrian visitors as well as pleasure and business vessels, who use its facilities. The port is home to a number of artisanal fishermen; visiting wind farm vessels are increasing, due to developing projects for renewable energy in the area.

The Harbour is fully compliant with the Trinity House requirements, confirmed at their annual inspection of navigation marks. It is also pleasing to report there have been no injuries reported at the Harbour during the past year.

There were 389 overnight stays at Southwold Harbour in 2021/22, which is a similar figure to last year. The majority of these visitors were UK based visitors, with a small number coming from the EU who have visited regularly over many years. The Harbourmaster and Deputy Harbourmaster dealt with 4191 radio calls during the year, an increase on the year before when covid restrictions were in place for the majority of the year.

The Caravan Site had another successful year with Summer 2022 already fully booked. Looking ahead, bookings are already made for April to September 2023.

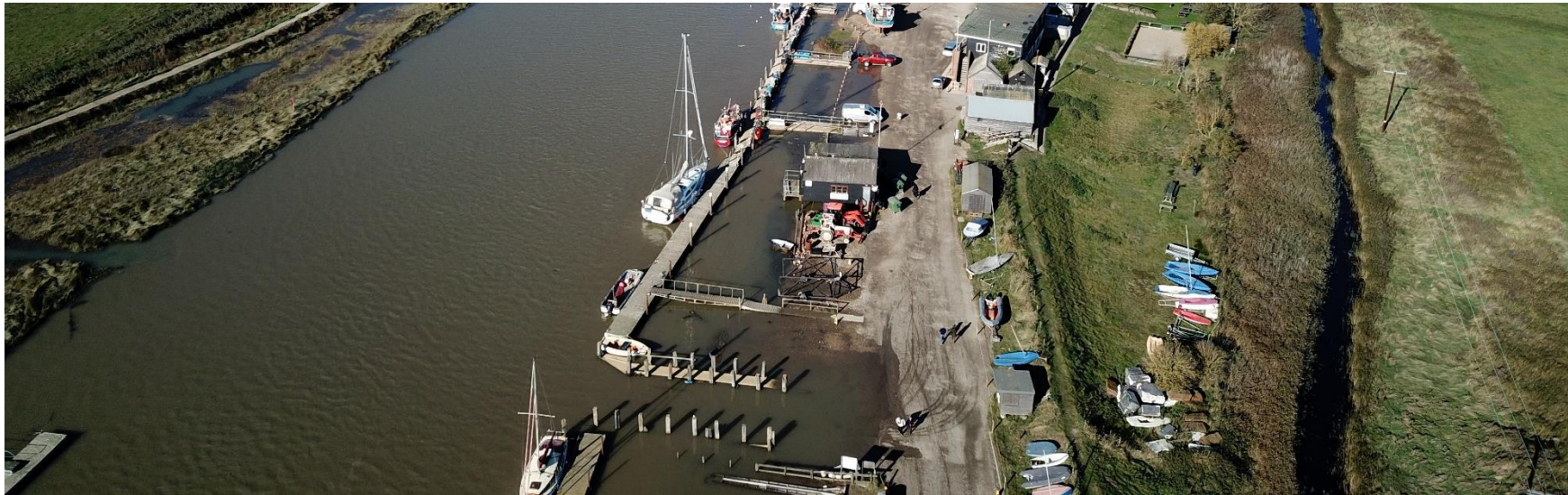
Repair works were carried out to the North Pier fender at a cost of £1.06m which was in part funded by a grant from the Environment Agency. The fender is now reinstated and available for use.

The pedestrian bridge at the Harbour has been repaired by Suffolk County Council highways.

The regular cyclical maintenance routine observed by harbour staff and East Suffolk Council has also continued.

Royal Haskoning DHV submitted their draft report on the Harbour Study in January 2022, which was circulated to the existing Steering Group and HMC for review. The independent engineering consultant ENBE has also reviewed and all comments have been sent back to RHDHV. Discussions are underway to look at the scope for moving forward with the study.

A full risk assessment of assets in the harbour has been commissioned via an external firm and will form the basis of a maintenance and inspection schedule that will be managed by the harbourmaster and the General Manager once appointed.



3. Supporting Legislation

Relevant legislation:

- Pier and Harbour Orders (Elgin and Lossiemouth and Southwold) Confirmation Act 1933;
- The Harbours Act 1964;
- The Transport Act 1981;
- The Harbour, Docks and Piers Clauses Act 1847;
- The Statutory Harbour Undertakings (Accounts etc.) Regulations 1983; and
- Local Government Act 1972.

4. Report on Statutory Harbour Undertakings

East Suffolk Council is the statutory harbour authority for Southwold Harbour and 'The Corporation' for the purpose of the Pier and Harbour Orders (Elgin and Lossiemouth and Southwold) Confirmation Act 1933 (Hereafter referred to as the 1933 Harbour Order). Harbour legislation requires the Council to prepare an annual statement of accounts relating to 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 2022 for Southwold Harbour.

Principal activities:

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

Harbour Management Committee Update

The Council's Cabinet confirmed the appointments to the Harbour Management Committee (HMC) at its meeting on 1 June 2021. The HMC is made up of five Cabinet Members and four Co-opted Members: Councillor Craig Rivett, Councillor Maurice Cook, Councillor James Mallinder, Councillor David Ritchie and Councillor Letitia Smith, and Alistair MacFarlane, David Gledhill, Richard Musgrove and Mike Pickles.



The first meeting of the HMC took place on 8 July 2021 where Councillor David Ritchie was appointed Chair and Councillor Maurice Cook appointed Deputy Chair. One of the first tasks of the HMC was to set up a Stakeholder Advisory Group (SAG). A report to support this was agreed at the first meeting and appointments were made to the SAG in September 2021.

Since the creation of both the HMC and SAG a number of Working Groups have also been created to look at specific topics of interest.

At its meeting on 10 March 2022 the HMC were joined by the SAG members to hear about process and background of carrying out a Harbour Revision Order to modernise the statutory provisions applying to Southwold Harbour. Members were largely in agreement on the majority of provisions to be included and agreed to start the process of an HRO prior to October 2022.

5. Officers' Report

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 East Suffolk Council, all of the harbour undertakings are part of the Council's service provision to residents, and in accordance with their duties as the Corporation as outlined in the 1933 Harbour Order. On that basis, these accounts have been prepared for Southwold 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 Southwold 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 Southwold 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 Southwold 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 financial statements are basically a memorandum account of the financial information held in East Suffolk Council's records, and summarise the transactions for the 2021/22 financial year and the financial position at the year-end of 31 March 2022. 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.



6. Profit and Loss Account

This statement provides information on how the harbour authority has performed throughout the year and as a result, whether or not their operations have resulted in a surplus or a deficit.

The Campsite performed well during the Summer of 2021 which has enabled a healthy contribution from the Campsite towards the repayment of prior capital investment. Income from the Harbour was also slightly up on the previous year, primarily due to new leases for hut rental and storage. Over the previous two years there has been increased spend within Supplies and Services for the replacement of fencing for health and safety reasons. With this work now complete, the spend in this area is reported as lower for 2021/22.

	2021/22 £'000	2020/21 £'000
Turnover:		
- Sale of fuel / electricity	(39)	(29)
- Harbour dues and mooring	(36)	(26)
- Lease income	(42)	(42)
- Property and stage rent	(147)	(126)
- Car parking income	(35)	(31)
- Contribution from Campsite to capital investment	(224)	0
- Other income	(55)	(8)
- Use of reserve	0	(176)
Total income	(578)	(438)
Operating Expenses:		
- Employees	101	87
- Premises	18	21
- Supplies and services	42	61
	161	169
Other Expenses:		
- Support services	32	4
- Deficit from Campsite	0	176
- Depreciation	156	43
- Repayment of capital investment	103	23
	291	246
Total expenditure	452	415
(Profit) or Loss for the year	(126)	(23)

7. Balance Sheet

This statement provides a snapshot of the financial position as at 31 March 2022, showing what the harbour authority owns and owes.

	2021/22 £'000	2020/21 £'000
Non current assets:		
- Property, plant and equipment	5,390	5,373
Total non current assets	5,390	5,373
Current assets:		
- Cash	0	2
Total current assets	0	2
Current Liabilities:		
- Creditors	(9)	(17)
Total current liabilities	(9)	(17)
Long term liabilities:		
- Long term creditors	(914)	(1,017)
Total long term creditors	(914)	(1,017)
Net Assets	4,468	4,341
Capital and reserves	(4,468)	(4,341)
Total Reserves	(4,468)	(4,341)

8. Notes to the Accounts – Accounting Policies

a. General principles

The Statement of Accounts summarises the Harbour Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Harbour Authority is required to prepare an annual Statement of Accounts to meet the requirements of the Harbours Act 1964 (Section 42) and in accordance with the requirements of the Companies Act 2006. The figures disclosed in this Statement of Accounts may vary from those disclosed in the District Council's statement of accounts due to the differences in accounting requirements.

b. Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Harbour Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Harbour Authority.
- Revenue from the provision of services is recognised when the Harbour Authority can measure reliably the percentage of

completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Harbour Authority.

- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where payments have been received in advance of obligations being performed, they have been recognised as a liability on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress with inventories on the Balance Sheet.

c. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Harbour Authority as Lessor

Operating leases

Where the Harbour Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Profit and Loss Account. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

d. Overheads and support services

The costs of overheads and support services are charged to those that benefit from the supply or service.

e. Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance), and expenditure below a de-minimis level of £10,000, is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure - depreciated historical cost;
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Assets included in the Balance Sheet are revalued at least every five years, and this rolling revaluation was carried out in 2020/21.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to Other Expenses where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against Other Expenses in the Profit and Loss Account for the amount not covered by any Revaluation Reserve balance for that asset.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against Other Expenses in the Profit and Loss Account for the amount not covered by any Revaluation Reserve balance for that asset.

Where an impairment loss is reversed subsequently, the reversal is credited to Other Expenses in the Profit and Loss Account, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- other buildings - straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment - straight line allocation over the useful life of the asset, as advised by a suitably qualified officer; or
- infrastructure - straight-line allocation over 40 to 60 years.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, and whose life is materially different to that of the main asset, the components are depreciated separately. This will generally apply where the cost of the potential component exceeds 25% of the total cost of the asset, and where the life of that component is less than 50% of the expected life of the main asset. Below those de minimis levels, it is unlikely that a failure to account separately for components would have a material impact on depreciation charges, using the Harbour Authority's capital expenditure de minimis level of £10,000 as a guide for material impact.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and non-current assets held for sale

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to Other Expenses in the Profit and Loss Account as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Profit and Loss Account also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of

disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

f. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Property, plant and equipment

	Land £'000	Buildings £'000	Infrastructure £'000	Total £'000
Cost:				
As at 1st April 2021	1,156	510	5,488	7,154
Additions	0	72	0	72
Revaluations	0	101	0	101
Derecognition	0	0	0	0
As at 31st March 2022	1,156	683	5,488	7,327
Depreciation and impairment:				
As at 1st April 2021	0	9	1,772	1,781
Charge for the year	0	35	124	159
Revaluation	0	(3)	0	(3)
Derecognition	0	0	0	0
As at 31st March 2022	0	41	1,896	1,937
Net book value as at 31st March 2022	1,156	642	3,592	5,390
Net book value as at 31st March 2021	1,156	501	3,716	5,373
* VPE means vehicles, plant and equipment				

Long Term Creditors

The long-term creditor disclosed within the balance sheet relates to the outstanding sum due to East Suffolk Council for the capital investment into the harbour which has been paid for by the taxpayers of East Suffolk Council as the Harbour itself did not have the funds available to undertake the works required.

9. Auditors Opinion

The audit of East Suffolk Council's Statement of Accounts for 2021/22 is yet to commence, but when issued, please refer to the audit opinion issued to East Suffolk Council which will be included by East Suffolk Council in their 2021/22 Statement of Accounts.