



LITTLEHAMPTON HARBOUR BOARD

NOTICE OF MEETING – MONDAY 20 MARCH 2017

To: Mr Philip Bush (Chairman)
Councillor Roger Elkins (Vice Chairman)
Councillor George Blampied
Councillor Ian Buckland
Councillor Mike Clayden
Mr Matthew Marchant
Mr Richard O’Callaghan
Councillor Nigel Peters
Mr Tony Squires
Councillor Dr James Walsh

A Meeting of the Littlehampton Harbour Board will be held in **Committee Room 1, Arun District Council, Maltravers Road, Littlehampton** on **Monday 20 March 2017** commencing at **10.00 hours** and you are requested to attend.

Sue Simpson
Clerk to the Littlehampton Harbour Board

A G E N D A

1. **Welcome & Notices** **(1 min)**
2. **Mobile Phones** **(1 min)**
Members and the public are reminded that the use of mobile phones (other than on silent) is prohibited at Harbour Board and Sub-Committee meetings.
3. **Apologies** **(1 min)**
4. **Declarations of Interest** **(2 mins)**
Members and Officers are reminded to make any declarations of personal and/or prejudicial interests that they may have in relation to items on this Agenda.

They should declare their interest by stating:

- a. The item they have the interest in
- b. Whether it is a personal interest and the nature of the interest.
- c. Whether it is also a prejudicial interest.
- d. If it is a prejudicial interest, whether they will be exercising their right to speak under Question Time.

5. Public Questions (15 mins)

To receive any questions from members of the public. The time for questions from the public will be limited to a total of 15 minutes save that the Chairman may extend the time at his discretion. A member of the public may only ask a question regarding one subject at a time. Other members of the public will be invited to ask questions and only if there is sufficient time left remaining will the original questioner be entitled to ask further questions. Questions may be rejected if, in the opinion of the Chairman or Clerk, they are considered to be defamatory, frivolous, offensive or substantially the same as a question posed to the Board during the preceding 6 months.



6. ***Minutes of the meeting held on 6 February 2017 (p 3) (5 mins)**
To approve as a correct record the Minutes of the previous Board meeting held on 6 February 2017.
7. ***Harbour Operational Report (p 10) (10 mins)**
To receive the Harbour Master's Operational Report.
8. ***Purchase of Patrol RIB (p 14) (5 mins)**
To receive a report from the Harbour Master regarding a proposed acquisition of a RIB
9. ***Refurbishment of the Scrubbing Piles (p 15) (5 mins)**
To receive a report from the Harbour Master regarding the refurbishment of the scrubbing piles.
10. ***Treasurer's Report (p 16) (10 mins)**
To receive the Treasurer's report relating to Income and Expenditure.
11. ***Review of the Business Risk Register (p 21) (5 mins)**
To receive a report from the Treasurer on the review of the business risk register.
12. ***Review of the Internal Control (p 33) (5 mins)**
To receive a report from the Treasurer on the review of the Board's Internal Controls.
13. ***Meetings and Agenda Preparation Timetable for 2017/18 (p 39) (2 mins)**
To receive and adopt the meeting and agenda preparation timetable for 2017/18.
14. **Confidential and Exempt Business**
The Board is asked to consider passing the following resolution:-
That, due to the confidential nature of the following item(s) to be considered, that the public and accredited representatives of the press and other media be excluded from the meeting on the grounds that they involve the likely disclosure of business or personal information relating to an individual, the business of third parties and/or legal proceedings
15. ***Minutes from the Confidential and Exempt Business on 6 February 2017 (p 40) (2 mins)**
To approve as a correct record the Confidential and Exempt Minutes of the previous Board meeting held on 5 December 2016.
16. **Chairman's Update (10 mins)**
To receive an update on current issues from the Chair.

Date of next meeting: Monday 12 June 2017.

MINUTES OF THE MEETING AGENDA ITEM 6
OF THE LITTLEHAMPTON HARBOUR BOARD
HELD IN COMMITTEE ROOM 1 AT THE ARUN DISTRICT COUNCIL CIVIC
CENTRE, MALTRAVERS ROAD, LITTLEHAMPTON ON
MONDAY 6TH FEBRUARY 2016 AT 10AM

Present: Mr P Bush (Chairman)
 Councillor R Elkins (Vice Chairman)
 Councillor G Blampied
 Councillor I Buckland
 Councillor M Clayden
 Mr M Marchant
 Councillor N Peters
 Mr A Squires
 Councillor Dr J Walsh

In Attendance: Mrs S Simpson, Clerk to the Board
 Mr C Braby, Treasurer to the Board
 Mr B Johnson, Harbour Master
 Mrs J Harris (Notes Secretary)

88. WELCOME AND NOTICES

The Chairman welcomed everyone to the meeting.

89. MOBILE PHONES

Members and the public were reminded that the use of mobile phones (other than on silent) was prohibited at Harbour Board and Sub-Committee meetings.

90. APOLOGIES

Apologies were received from Mr R O'Callaghan

91. DECLARATIONS OF INTEREST

None were declared at this point.

92. PUBLIC FORUM

92.1 There were six members of the public present.

92.2 Notice or Written Questions:

The Chairman reported that Mr David Robinson had submitted two written questions regarding harbour dues on pontoons and other charges. These had been circulated to the Board previously and were as follows:

Firstly, Mr Robinson sought confirmation from Board Members that they had considered the content of the exchanges of correspondence between himself and Harbour Board Officers regarding the legality of the Board's recent decision in relation to harbour dues on mooring pontoons and administration and debt collection charges. Secondly, the response from Officers to his inquiries on this matter was that they would not comment further because the legal status of pontoon charges was already the subject of litigation. He wished to ensure that all correspondence, minutes and supporting information he had exchanged with the Board were made available to the Court and therefore sought confirmation that the Board would comply with the Civil Procedure Rules on disclosure.

- 92.3 The Chairman clarified the position regarding the Board's decision to approve the revised schedule of charges at the last meeting. It was noted that Mr Robinson had received a written response to his questions and that Members of the Board had also received copies of this exchange. It was also noted that legal advice on the matter of the charges obtained by the Board indicated that mooring charges were lawful. Mindful that there was ongoing litigation in this respect, it was confirmed that the Board's legal counsel was aware of the current situation and would be complying with all the Court's legal requirements in terms of disclosure.
- 92.4 Regarding the Marine Management Organisation (MMO) proposals to introduce a new marine planning system, Mr Boyce asked what the Board's policy was in respect of the new system and how it had responded.
- 92.5 The Harbour Master reported that he had responded to the South Marine Plan with details of the strategic position as it related to Littlehampton and would be monitoring the public consultation.
- 92.6 Mr Boyce expressed concern that the new South Marine Plan could hinder Osborne of Arun's planned improvements to marine facilities on the West Bank and stated that he planned to go to London to make a representation as a stakeholder in the area. This was noted and the Harbour Master also agreed to send Mr Boyce a copy of the Board's response to this consultation.
- 92.7 In view of the investment in improvements to the river wall and walkway at Pier Road and his ongoing concerns about the vessel La Libertad , Mr Ellis asked if the Harbour Master was still content with the berthing arrangements in respect of the vessel.
- 92.8 The Harbour Master confirmed that his assessment of the mooring situation in respect of this vessel had not changed. It was understood that the vessel was undergoing refurbishment and noted that the Board had no powers of enforcement in respect of aesthetics.
- 92.9 Mr Boyce sought clarification of the rationale for the recent dredging activity in the river.
- 92.10 In response the Harbour Master stated that Town Quay had been dredged to maintain the depth on these moorings.

93. MINUTES

- 93.1 It was **RESOLVED** that the Minutes of the meeting held on 5th December 2016 (previously circulated) be approved and signed by the Chairman.

94. HARBOUR OPERATIONAL REPORT

The Harbour Master presented a report (previously circulated) which detailed the operational activities undertaken in the harbour since the last meeting. In addition, the Harbour Master updated the Board on the following matters:

94.1 Commercial Trade / Pilotage

It was observed that increased reliance on larger vessels was borne out in the revised presentation of the commercial shipping statistics which showed that tonnage was holding up relatively well despite the drop in the number of commercial calls. The lack of commercial calls in recent months also meant that Mr John Jones was one ship below the number of pilotage trips required to re-qualify. This resulted in Members considering whether further steps were required to ensure that a similar issue did not recur. It was noted that simulator training or manned model course attendance could also help with re-qualification and Members therefore considered it would be practical to explore alternative arrangements. It was therefore **RESOLVED** that:

- 1) The Harbour Master's recommendation to extend the qualification period for Mr John Jones to allow re-validation as a Littlehampton Harbour Board Pilot be approved.**
- 2) The Harbour Master be directed to double-bank with Mr John Jones as pilot during the next commercial visit to the port to allow the re-validation to take place.**
- 3) The Pilotage Policy be reviewed and the outcome reported back to the Board at a later date.**

94.2 Leisure Activity

Members were conscious of the concerns that continued to be raised about the condition of some the vessels currently moored in the Harbour. The exteriors of some were unattractive and this was considered to have a detrimental impact on the appearance of the area. Whilst it was acknowledged that the vessels were seaworthy, there appeared to be little sign of any progress with maintenance or refurbishment of some. Observing that much had been done to improve the riverside recently, the consensus was that unsightly vessels detracted from the area. In view of the importance of tourism to the local economy, Members therefore agreed that some action should be taken. A range of options were discussed including changes to the mooring agreements. It was however considered prudent to contact owners in the first instance and initiate a dialogue with a view to establishing their intentions. It was therefore **RESOLVED** that

Letters be sent to the owners of the relevant vessels on this matter.

94.3 Conservancy Duty

The Harbour Master reported that a vessel had been towed into the Harbour and impounded by the Maritime & Coastguard Agency (MCA). Owing to the confidential nature of this matter it was noted that Members would receive a

full report under Exempt Business. Regarding the frequency of hydrographic surveys, the Harbour Master stated that the accuracy of recording had improved considerably. He was therefore satisfied that the Harbour was being properly maintained and that measurements had not altered significantly. It was noted that the next measurements would be taken during the February spring tides.

94.4 Dredging

It was noted that dredge work at Pier Road and the Marina had been completed and that work would be starting at Town Quay and Dukes Wharf that week.

94.5 Safety MarNIS Report

The Harbour Master reported that a further incident had been recorded on 4th February. This related to a minor oil spillage and it was noted that the Environment Agency were undertaking investigations. Councillor Buckland stated he had been notified of the spillage and that concerns had also been raised with him regarding the breaking up of a vessel on the public slipway. The Harbour Master confirmed that the staff had had to break down a vessel in this area. This had been undertaken at the request of the District Council, and that staff were appropriately equipped for the task and that the action presented no risk to the environment.

94.6 Flood Defence

It was noted that the predicted tidal surge during the January high tides had not had an impact and that the temporary flood defence put in place by the Environment Agency at River Road had not been required. It was noted that District Council and the Environment Agency were involved in discussions regarding the long-term protection for this stretch of the river. It was therefore **RESOLVED** that:

The Contents of the Harbour Operational Report be otherwise noted.

95. TREASURER'S REPORT

95.1 . Income was currently ahead of budget by £68,000 primarily due to workboat income which was £40,000 ahead of budget at this point, £8,700 of unbudgeted lease rental income with respect to the new tenant on the former UMA Site, £7,000 up on chargeable services and £13,000 for moorings and boat storage. After discounting recoverable expense, operating expense was £25,000 above budget. The outlook for 2016/17 is forecast at a reduced deficit of £22,000.

It was **RESOLVED** that:

The Report be noted.

96. INTERIM INTERNAL AUDIT REPORT

- 96.1 The Treasurer presented a report which set out the main findings of the interim internal audit of the Harbour Board's accounting records carried out in November 2016 (previously circulated). Noting that there were no issues raised as a result of the mid-term audit, Members commended staff on the satisfactory outcome of this review. It was therefore **RESOLVED** that:

The Internal Auditor's Report be noted.

97. PORT MARINE SAFETY CODE (PMSC) REVIEW

- 97.1 The Harbour Master presented a report (previously circulated) which contained the outcome of the completion of the annual audit of the Board's Safety Management System (SMS). The Harbour Master explained that the audit comprised an examination of activities in the Harbour, risk management and looked at the Boards' improvement plans for the forthcoming year. In this respect, it was pleasing to note that operational training for staff in some of the areas highlighted was already underway. Regarding the schedule for specific works, the Harbour Master confirmed that these would be timetabled to meet seasonal requirements. It was noted that MAIB safety report was still awaited about the recent diving incident and the Harbour Master confirmed that he would follow this up. It was therefore **RESOLVED** that:

- 1) **The report of PMSC compliance issued by Nicholson's Risk Management dated 17th November 2016 following the annual audit be noted.**
- 2) **The contents of the Compliance Audit Letter to the Harbour Master be noted.**
- 3) **Publication of the revised SMS (Issue 10, dated 1st January 2017) be approved.**

98. PERSONAL WATERCRAFT (PWC) MANAGEMENT POLICY

- 98.1 The Harbour Master presented a report (previously circulated) which contained proposals to revise the controls on the use of PWCs in the Harbour. The Board sought changes in this policy because of increased use of these craft in 2016 and if approved, it was intended that the controls would be implemented prior to the 2017 summer season. The proposed changes had been discussed with Stakeholders and focussed on ending the practice of issuing daily harbour dues to PWC users, requiring users to submit details of insurance and a total ban on PWCs proceeding up the river without permission from the Harbour Master.

- 98.2 The Board proceeded to review the proposals and discussion focussed on whether PWCs should be banned and the impact of the change in fees. Key concerns had been reliability of the craft and speeding on the river and it was noted that several options had been considered. Observing that day rates were an option for visiting vessels, Members discussed if the proposal to revert to charging annual harbour dues for PWCs was equitable. It was noted that this measure aimed to discourage reckless casual use and could negate

the need for a complete ban. Acknowledging that most users were considerate it was judged that the enhanced controls would improve awareness and encourage responsible use. Noting that the potential to exclude PWCs from travelling beyond the A259 without permission would be kept under review and that the Environment Agency had additional powers in the area, it was also considered prudent to work with them on this. It was therefore **RESOLVED** that:

- 1) **The revised controls for PWCs in the harbour as set out in 2.1 of the report be approved.**
- 2) **The Harbour Master, in liaison with the Environment Agency, be directed to keep under review the potential to exclude PWCs from travelling beyond the A259 without permission.**
- 3) **The Harbour Master and the Clerk be directed to draft and consult on a suitable General Direction encompassing the controls now approved and bring this Direction to the Board for its formal approval.**

99. MINUTES OF THE STAKEHOLDER CONSULTATION GROUP MEETING 10th JANUARY 2017

- 99.1** The Harbour Master presented a report which contained the minutes of the meeting held on 10TH January 2017 (previously circulated). Observing that the next meeting of the Group would be held on 4th April 2017, the open invitation to Members of the Board to attend was acknowledged and it was **RESOLVED** that:

The minutes of the Stakeholder Consultation Group meeting held on 10th January 2017 be noted.

100. CORPORATE COMPLAINTS POLICY (CCP)

Councillor Dr Walsh declared a personal interest in this matter as a Member of the District Council's Standards Committee.

- 100.1** The Clerk presented a report (previously circulated) which contained a draft Policy setting out procedures to handle complaints against members of staff. Members were asked to approve the procedure and to consider whether adopting a similar format for complaints against Members of the Board would be beneficial. Members discussed the procedure under the policy and it was noted that, the Personnel Sub Committee who had responsibility for overseeing the process, could co-opt independent representation. In addition, it was noted that Members of the Board who were also elected Councillors were bound by their Code of Conduct. Members considered it would be beneficial to have a similar procedure in place to handle complaints against members of the Board and it was therefore **RESOLVED** that:

- 1) **The Corporate Complaints Procedure for complaints against members of staff as set out in the report be adopted.**
- 2) **A similar Procedure for complaints against members of the Board be prepared and presented to the Board for formal adoption.**

101. EXEMPT AND CONFIDENTIAL BUSINESS

It was **RESOLVED** that:

Due to the exempt and confidential nature of the following items to be considered, that the public and accredited representatives of the press and other media be excluded from the meeting on the grounds that they involve the likely disclosure of business of personal information relating to an individual, the business of third parties and/or legal proceedings.

**SUMMARY OF MATTERS DISCUSSED IN THE
EXEMPT AND CONFIDENTIAL PART OF THE
AGENDA**

**102. THE CONFIDENTIAL AND EXEMPT MINUTES OF THE MEETING HELD
ON 5TH DECEMBER 2016**

102.1 It was **RESOLVED** that:

The Confidential and Exempt Minutes of the meeting held on 5th December 2016 (previously circulated to Members of the Board only) be confirmed as a true record and signed by the Chair.

103. CHAIRMANS UPDATE

103.1 Members received a comprehensive update and agreed the way forward on several current confidential matters affecting the Board.

The meeting closed at 12.01pm.

_____ **CHAIR**

LHB MEETING – 20th March 2017

Agenda Item: 7

LITTLEHAMPTON HARBOUR BOARD

Report to: Littlehampton Harbour Board

Report on: Harbour Operations

Report by: Harbour Master

Date: 24th February 2017

Commercial Activity

Pilotage/Commercial Shipping Trade

UMA Wharf

Jan	1	
Feb	0	
MV VICTRESS		expected mid March

Railway Wharf

Jan	0
Feb	0 (to date)

Leisure Trade

Town Quay

Jan	33	
Jan	18	(To date.) Incl. 25 nights by General VI. excl. winter berthing for commercial FV SS765.

Workboat Activity

Jan	ERICA dredge activity Littlehampton Marina.
Feb	WINDSONG employed for flap valve repair by Volker Stevin.

Conservancy Duty

The LHB continues to operate an open port and un-interrupted pilotage service.

Survey

Bar	last conducted	6 th May 15
Pier Road	last conducted	19 th Jun 15
Town Quay	last conducted	10 th Feb 17
Dukes Wharf	last conducted	3 rd Dec 14
Complete Port survey	last conducted	3 rd Jun 16

Maintenance

Minor repairs to Dicker Works and refurbishment of visitor facilities ongoing. Repairs to Dukes Wharf access (highlighted at previous board meeting) also ongoing.

Aids to Navigation

Special Mark and Isolated Danger buoys painted and available at yard for emergency deployment.

Dredging

Three days dredge work carried out in the Dukes Wharf Gangway/Town Quay area. Significant improvements to depths noted in post dredge survey. One tide on commercial wharf.

Local Notices to Mariners

02 of 2017 - Littlehampton Bridge Leap	Issued	24 th Feb 17
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Consents/Consultations

Section 43 Consents

AYC dinghy pen wall reconstruction	Formal application expected
LYC slipway repairs	Application received 23 rd Feb 2017

MMO/Trinity House Consultations

Nil

Environment

Oil Spill Contingency Plan approved by MCA 20th Feb 17. Tier 2 exercise with new contractor scheduled for 28th Feb 17.

Safety

MarNIS Report

Date	ID Code		Accident Category	Name
17/09/2016	LHP4080CLO	I	Other personnel or public safety item	014 of 2016 - Yachts Crew Caught in Mooring Line
01/09/2016	LHP4079CLO	I	Diving Injury	013 of 2016 - Death of Diver from HUNTRESS IV
21/08/2016	LHP4078CLO	I	Sinking and capsizing	012 of 2016 - Motorboat Capsize
08/08/2016	LHP4076CLO	I	Collision ship - ship	010 of 2016 - Yacht / Final Answer
06/08/2016	LHP4077CLO	I	Other personnel or public safety item	011 of 2016 - Landrover slipway
30/07/2016	LHP4075ACT	I	Impact with Structure	009 of 2016 - Jetski Collision Marina
12/06/2016	LHP4074ACT	I	Diving Injury	008 of 2016 - Diving MediVac
27/05/2016	LHP4073CLO	I	Collision ship - ship	007 of 2016 - Berthing Incident Final A + Adelaide
27/05/2016	LHP4071ACT	I	Ranging	005 of 2016 - Speeding Rib at Arundel
10/05/2016	LHP4070CLO	N	Collision ship - ship	004 of 2016 - Lynander CQS in Narrows
06/05/2016	LHP4069ACT	I	Impact with Structure	003 of 2016 - Runaway Jetski
15/04/2016	LHP4072CLO	I	Collision ship - ship	006 of 2016 - Berthing Incident Adelaide + Final A

Two H&S incidents were reported involving minor accidents LHB staff. These did not require onward reporting to the HSE.

News and Activity On The River

Craning

LHB craning for 31st Jan and 14th Feb completed. 27th Feb and 13th March fully booked.

Training

LHB staff require vessel stability training introduced by the MCA to comply with the requirement in the 2014 MCA Workboat Code.

Inspections and Annual SCV Survey

The ERICA completed H&S and IMCA inspections in readiness for forthcoming work on the Rampion site. Pick ups now actioned apart from training mentioned above. Annual SCV Coding inspection also completed.

Preparations for summer season and purchase of patrol RIB

Prepaations are now underway for the sumer season, completion of works in shower facilities and pontoon cleaning etc. An opportunity has arisen for the Board to purchase a 5.85m ex-Harbour Authority RIB to improve LHB patrol capability and this is subject to a separate paper.

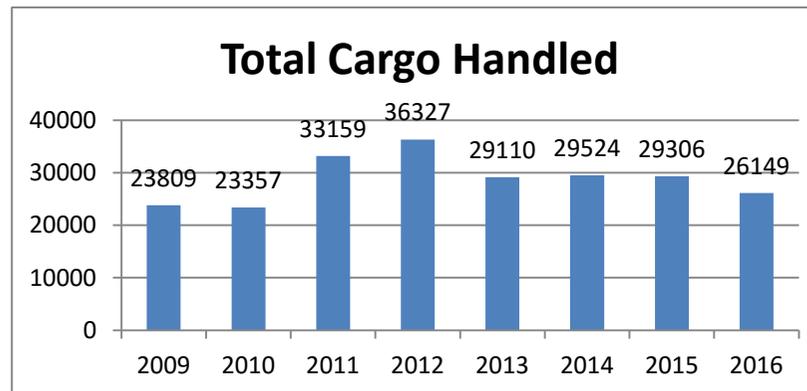
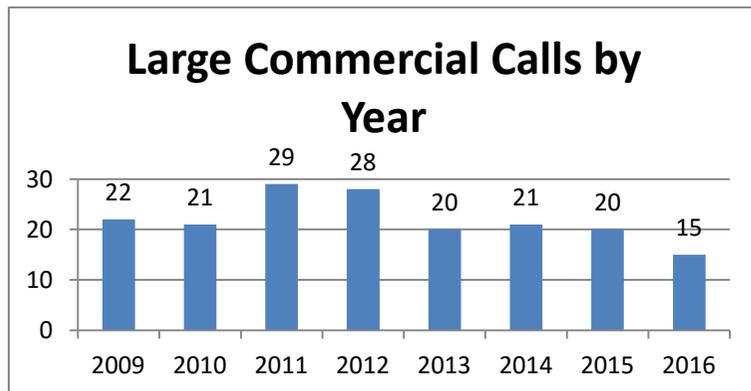
Recommendation

That the Board notes this report.

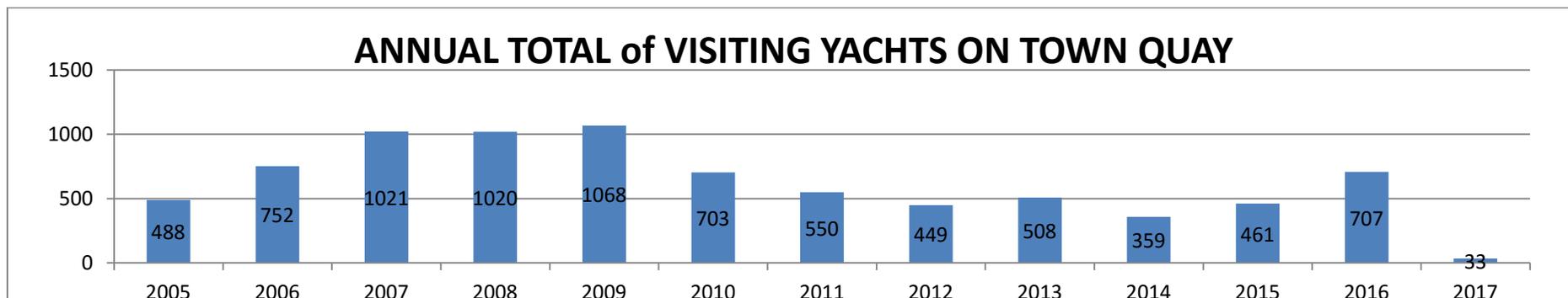
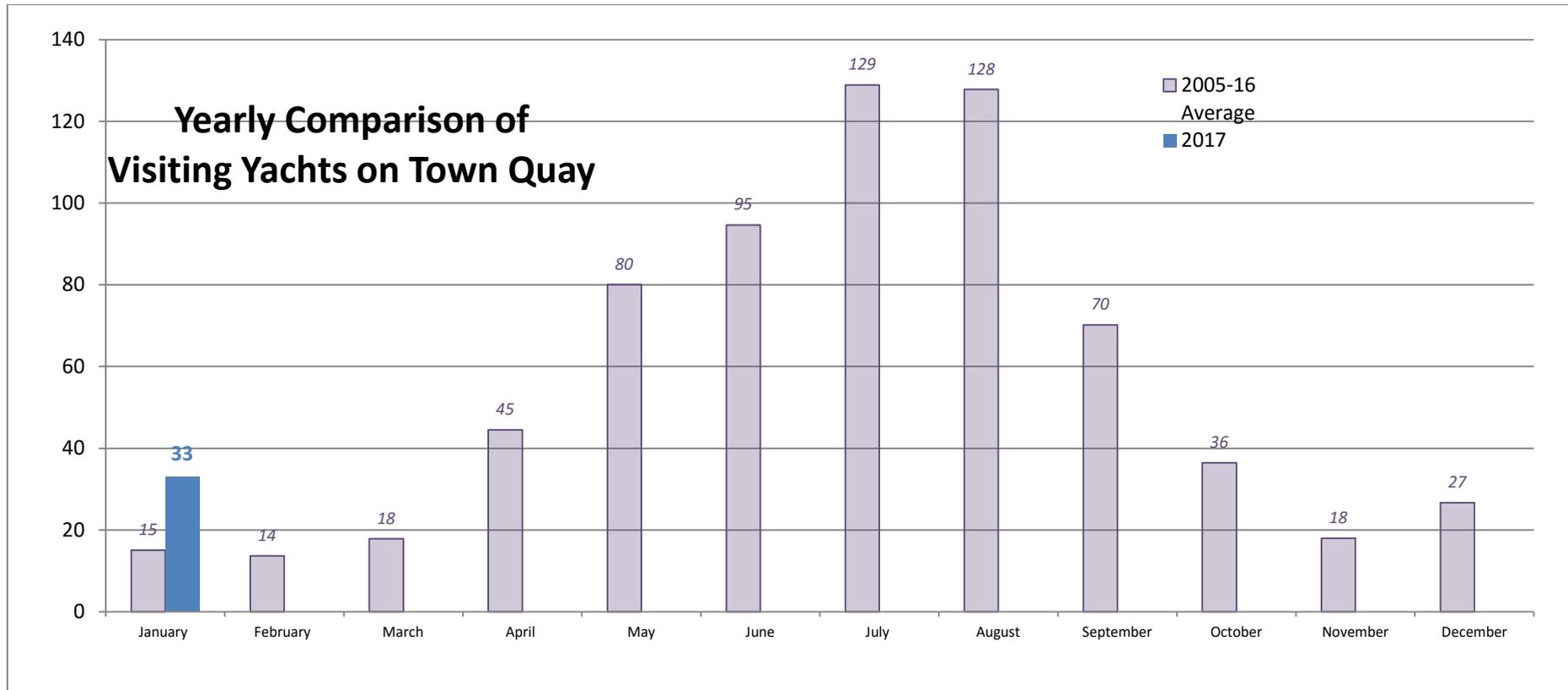
Commercial Shipping

Totals for Financial Year 2016/17

No of Ships	Month	GRT	Gt Dues (£)	Cargo Dues In (£)	Pilotage £	Pilot Boat and Mooring Service	Commercial TradeTotal	Total incl Pilotage
		0.4863			0.2392 in/out	Inv @ £126.51 per boat/gang		
					0.4784			
0	April		0.0000	0.0000	0.00		0.00	0.00
2	May	2509	1220.1267	2086.2798	1200.31	1012.08	3,306.41	5,518.79
2	June	2379	1156.9077	2112.6904	1138.11	1012.08	3,269.60	5,419.79
2	July	2379	1156.9077	2097.4620	1138.11	1212.08	3,254.37	5,604.56
2	August	2894	1407.3522	2281.8523	1384.49	1265.1	3,689.20	6,338.79
0	September	0	0.0000	0.0000	0.00	0	0.00	0.00
1	October	1382	672.0666	1243.9865	661.15	506.04	1,916.05	3,083.24
0	November	0	0.0000	0.0000	0.00	0	0.00	0.00
1	December	1512	735.2856	1224.8500	723.34	506.04	1,960.14	3,189.52
1	January	1512	735.2856	1157.8147	723.34	506.04	1,893.10	3,122.48
0	February	0	0.0000	0.0000	0.00	0	0.00	0.00
	March		0.0000	0.0000	0.00		0.00	0.00
11		14567	£7,083.93	£12,204.94	£6,968.85	£6,019.46	£19,288.87	£32,277.18



Leisure Visitors



LITTLEHAMPTON HARBOUR BOARD**Report to:** Littlehampton Harbour Board**Report on:** Purchase of a Patrol RIB**Report by:** Harbour Master**Date:** 1st March 20171. Context

1.1 The case for a patrol rib to improve on water presence and service to visiting yachts as well as other river users has been discussed by the board and officers in the past. A suitable ex Harbour Authority RIB has been identified at Langstone Harbour.

2. Capability Discussion

2.1 Improving patrol capability would answer questions often raised at stakeholder meetings regarding enforcement of GDs and general concerns around management of PWCs and speeding vessels on the river particularly in the summer months. The current patrol vessel WINDSONG, while an excellent general purpose and workboat platform, is limited by its manoeuvrability, relatively high freeboard and heavy duty construction in this regard.

3. Finance Discussion

3.1 The boat has been independently valued at £8-9K and is offered at a reduced price of £7K, partly in view of the fact it is marked HARBOUR MASTER. This price is inclusive of a Mercury 80hp outboard motor (2013) and a trailer. It is likely that if after 2-3 years the rib was resold it would maintain its value as a saleable asset.

4. Operational Discussion

4.1 Considerations of cost aside, a suitable patrol vessel to enforce General Directions, ensure safety on the throughout the harbour area during busier summer months and at specific events such as the annual Waterfront Festival and to provide berthing instructions to visiting yachts would certainly be an increase in capability on the water.

4.2 LHB staff have experience of this size of rib and in particular in the maintenance of this type of engine through the RNLI. Additional costs in fuel would be offset by the that already used during patrol ops on the WINDSONG and would be unlikely to exceed £400 per annum. In terms of staffing patrol activity it is anticipated that some out of standard hours cover could be provided as required by full time staff on a flexi-time basis and so keep additional wages and overtime payments to a minimum.

4.3 The vessel would not require coding as a commercial vessel (under the MCA Small Commercial Vessel code) if being used by harbour staff within Harbour Limits, neither would it require coding under the MCA Inland Water Small Passenger Boat Code if not taking fare paying passengers. Commercial coding would be possible but would cost around £2K initially followed by around £1k pa to maintain so is not considered financially viable.

4.4 Use would be subject to a formal Risk Assessment including consideration of appropriate training, lifesaving equipment and weather limits that would be carried out by the Harbour Master.

5. Recommendation

5.1 That the purchase of the above identified RIB for £7,000 be approved.

5.2 That the effectiveness of an improved patrol capability using a RIB be reviewed annually over the next three seasons.

LITTLEHAMPTON HARBOUR BOARD

Report to: Littlehampton Harbour Board
Report on: Refurbishment of Scrubbing Piles
Report by: Harbour Master

Date: 3rd March 2017**1. Context**

1.1 The poor physical state of the scrubbing piles in Littlehampton is an issue that the Board are well aware of and which has long been highlighted by stakeholders. The LHB Business Plan identified the refurbishment of these piles as an opportunity for the Board.

2. Discussion

2.1 In light of better than budgeted performance at year end a cost effective opportunity to refurbish the scrubbing piles has presented itself using existing wooden piles removed from the Nelson Steps during flood defence construction. The WALCON WIZARD piling barge is due to pass the harbour post Easter 2017 and using the vessel at this time would keep mobilisation costs to a minimum.

2.2 Subject to obtaining the correct landowner permissions, this represents a good opportunity to re-invest in harbour infrastructure that would benefit a range of stakeholders. It is also anticipated the Harbours Board's boats would also use the piles and this could save lift out costs.

3. Control and use of Scrubbing Piles

3.1 Use of the scrubbing piles would be co-ordinated by the LHB, and an admin charge for this service made. Consideration would also be given to a penalty charge for overstaying. The asset would be added to the LHB's existing insurance policy schedule for marine infrastructure but its use would be entirely at the risk of the master of any vessel doing so. Written Terms and Conditions would be supplied for signature prior to any vessel being permitted to use the scrubbing piles.

3.2 Continued use would be subject to a formal Risk Assessment that would be carried out by the Harbour Master and reviewed annually.

4. Ownership and permissions

4.1 Ownership of the piles would remain with LHB and a lease or licence agreement would be needed from the landowner ADC. It is likely also that the current tenant the AYC would also have to give assent to the project. Liaison with the APE would also be advised. A Marine Licence would not be required as this work would be covered by statutory exemptions for repairs to harbour infrastructure.

5. Summary

5.1 Although not strictly revenue generating, recent financial performance and availability of piles make this project viable for the first time in many years. It represents good value for money and underlines the LHBs commitment to providing benefit to harbour stakeholder groups.

6. Recommendation

6.1 That subject to obtaining the correct permissions, the Board approve expenditure of £12,000 for the refurbishment of the existing scrubbing piles in the harbour by the Arun Yacht Club.

LITTLEHAMPTON HARBOUR BOARD

Report to: Littlehampton Harbour Board

Agenda item 10

Report on: **Treasurer's Report**

Report by: Treasurer to the Board

For the 20th of March Board Meeting

Income and Expense to the end of January 2016

Included in this report are the Income and Expenditure Statement and the Income analysis both to the end of January 2017. Timing of board report submission precludes being able to publish the outcome for February but the Treasurer will verbally update Members on any significant changes during February and early March which could impact the outcome for the Financial Year.

Summary

Income is currently ahead of budget by £70,000 primarily due to workboat income which is £40,000 ahead of budget at this point, £12,500 of unbudgeted lease rental income with respect to the new tenant on the former UMA Site, and £15,000 for moorings and boat storage. After discounting recoverable expense, operating expense was £30,000 above budget. The outlook for 2016/17 is forecast at a reduced deficit of £21,250.

Operational income- As stated above overall income at £400,228 was ahead of budget by £69,876; **commercial shipping** is below budget by £14,146 with ship visits continuing to run below budget expectations albeit with larger tonnage capacity. The commercial shipping performance has been further eroded by the need to reverse invoicing raised earlier in the year against a now bankrupt shipping agent. **Commercial Rents** are now £12,488 ahead due to the new lease on the remainder of the former UMA site, and this also has a knock on effect on our rates bill, (£5,000). **Chargeable Services** in total exceed budget by £10,769, however after discounting fuel sales referred to below and crane invoicing which is a not for profit service, the excess above budget drops to £4,115. **Work Boat** income is now £40,180 ahead of budget. **Leisure Harbour Dues** are marginally ahead of budget expectations, likewise **Moorings and Storage income** which now move ahead of budget by £15,022. **Fuel Sales** earlier in the year, (dispensed to the "Wessex Explorer" during its survey work), keeps sales well ahead of budget. Miscellaneous income is boosted by the recovery of the 2016/17 insurance premium on the Old Customs house, (£1,686).

Operating expense i.e. before loan repayments and capital amounted to £376,340 and after discounting recoverable expense exceeded budget by £30,467. The main contributors to this are: **Employee Costs** up by £18,642 partly driven by the need to increase manning levels to operate the workboats and meet maintenance commitments, (£15,000), and NI and Pension £4,000, (auto enrolment). **R & M Premises** up on budget by £5,900 half of which was due to unbudgeted fixed wiring testing, **Harbour Structures** above budget by £4,681 due to rescheduling of work on the West Works, (below budget in 2015/16 by £15,000), **Boats and Vehicles** over budget by £5,500 of which fuel purchases both for resale and operational use accounted for £4,300. **Rent and Rates** were below budget reflecting a rebate brought about by the leased occupation of the remainder of the former UMA site. The Board are currently pursuing further rate refunds with respect to charges levied on unoccupied storage land. **Recoverable Costs** included costs for carrying out the ADC Met Mast Contract and the costs of fuel purchased for resale.

Capital of £25,000 included in the budget was for the acquisition of the new harbour management system “Harbour Assist” which was in fact purchased towards the end of last financial year at a discounted price of £12,500 and the installation of a new pontoon at the workshop. Expense of £2,756 to date is for improvements to the visitors facilities.

Outlook for 2016/17

The deficit for the year is now projected at £21,250 an improvement over budget of £25,395. *Income* is projected at £416,470, an increase over budget of £71,553. Significant contributors are:

- New commercial lease £12,488
- Work Boats income up by £40,567
- Mooring income up by £16,850
- Chargeable Services up by £11,728 of which crane hire accounts for £5,298
- Rebates on past year’s rate charges £3,816
- These gains have been offset by **loss** of commercial shipping income amounting to £19,422

Operating Costs are above budget by £48,827, significant variances are

- Employee costs up overall by £22,196 of which wages and overtime account for £19,201 and NI and Pension £4,119. These additional labour costs are driven primarily by the additional staff requirement to man the workboats especially out of working hours and in house maintenance
- Legal and Professional fees up on budget by £4,477 relating to the Customs House condition survey £2,645 and a commission fee of £1,500 for the letting of the remainder of the former UMA Wharf.
- Boats and Vehicles up by £10,172, (additional equipment ERICA £4, 654, Fuel for resale £3,404 and additional fuel consumption relating to work boat operations, £1,550).
- Equipment hire up by £4,410 (crane hire)
- Rent and Rates **down** on budget by £8,487 (rate rebates)
- Other Administrative costs up on budget by £2,878, (Waterfront Festival £568, Furniture and equipment £1,762 and postage by £600
- Unbudgeted recoverable costs relate to materials purchased for workboat contracts and charged onto the customer.

Capital Costs drop by £2,669. The Capital Budget at £25,000 covered the purchase of the new Harbour Assist software, £15,000 and a new pontoon at the Workshop £10,000. Current Capital sum of £22,331 consist of improvements to visitor facilities, (£2,756), Scrubbing Piles, (£12,575) and a second hand rib and trailer, (£7,000). The Harbour Assist Software was purchased last financial year at a discounted price and the plan for an additional pontoon at the Workshop was abandoned.

Comparison with last year

The impact of the WSCC loan balance for “ERICA”, and the net proceeds from the sale of the former Pilot Boat “Jumna” have been removed from this presentation to better reflect true operational performance, **income** this year is ahead by £41,000. Shortfalls in commercial shipping are offset by workboat income, services rendered and mooring income. **Overheads** were £38,000 lower this time last year, increased employment costs, purchase of fuel for resale, the full year cost of the “Harbour Assist” support contract and the material for the ADC Met Mast contract being the main contributors to this year’s increase in spend.

BACKGROUND PAPERS

Statement of Income and Expenditure to the end of January 2017 compared with Budget and Last Year

Income Analysis by source

C.C.Braby 27 February 2017

RECOMMENDATION: That the Board note this report

Littlehampton Harbour Board							
2016/17 Income and Expenditure Statement to January 2017							
		2016/17	2016/17	2016/17	2016/17	This time	
		Actual	Budget	Budget	Forecast	Last	
		To Jan	To Jan	Year	Year	Year	
		£	£	£	£	£	
Income							
Commercial Income		197,148	198,805	207,245	200,311	198,624	
Leisure Income		133,036	114,937	115,520	135,446	118,659	
Chargeable Services		9,558	2,435	5,202	13,367	5,235	
Work Boats		53,217	13,041	15,650	56,217	33,292	
Fuel Dispensing		4,063	417	500	4,063	516	
Misc Income		2,988	417	500	6,816	2,978	
Investment Income		218	300	300	250	265	
Total Income		400,228	330,352	344,917	416,470	359,569	
Expenses							
Employee Costs		201,746	183,104	219,025	241,221	182,033	
Services to the Board		10,748	12,400	14,900	14,800	10,305	
Legal and Professional Services		20,927	20,667	24,000	28,477	42,128	
Repairs and Maintenance							
	Premises	14,354	8,427	10,113	12,379	11,401	
	Moorings	1,138	834	1,000	3,850	233	
	Harbour Structures	23,264	18,583	22,300	25,648	2,502	
	Navigational	7,849	3,834	8,600	8,372	4,502	
	Boats and Vehicles	12,917	7,365	8,334	18,506	9,434	
	Equipment Hire	2,507	1,658	1,990	6,400	1,380	
Administration							
	Rent and Rates	11,586	17,225	17,225	8,738	16,001	
	Utilities	2,032	3,400	3,400	3,125	2,274	
	Printing, Postage and Stationery	4,409	7,078	7,645	5,944	6,337	
	Insurance	28,481	27,245	27,245	28,481	26,449	
	IT	8,030	8,693	10,300	9,145	9,023	
	Telephone	1,055	1,125	1,350	1,350	961	
	Training	2,533	4,850	5,820	4,093	3,637	
	Bank and Credit Card Charges	2,796	2,917	3,250	3,150	2,619	
	Other Administrative	10,751	7,251	8,960	11,838	7,077	
	Recoverable costs	9,217	0	450	9,217	110	
Total Expenses		376,340	336,656	395,907	444,734	338,406	
Loan and interest payments- PWLB		131,784	135,257	157,287	157,287	136,877	
Loan and interest payments- WSCC		19,825	19,825	19,825	19,825	19,825	
Capital		2,756	25,000	25,000	22,331	0	
Total Expense		530,705	516,738	598,019	644,177	495,108	
Precept		206,457	206,457	206,457	206,457	207,494	
(Deficit)/Surplus		75,980	20,071	(46,645)	(21,250)	71,955	

LITTLEHAMPTON HARBOUR BOARD							
2016/17 Financial Year			2016/17	2016/17	2016/17	2016/17	This Time
			Actual to	Budget to	Budget	Forecast	Last Year
			Jan	Jan	Year	Year	
INCOME	Description		£	£	£		£
Commercial Vessels	Harbour Dues		5,442	8,663	10,396	6,177	8,098
	Cargo Dues		12,205	14,842	17,811	13,405	14,578
	Pilotage Service		5,647	8,569	10,283	6,370	7,966
	Pilot Boat and Mooring Service		4,754	10,120	12,144	5,260	9,451
Commercial Shipping			28,048	42,194	50,634	31,212	40,093
Commercial Rents	Railway Wharf (Tarmac)		84,000	84,000	84,000	84,000	84,000
	Railway Wharf (ex UMA)		18,488	6,000	6,000	18,488	7,920
	The Old Customs House		25,000	25,000	25,000	25,000	25,000
	Workshop		7,500	7,500	7,500	7,500	7,500
	Office Rent		7,175	7,175	7,175	7,175	7,175
			142,163	129,675	129,675	142,163	131,595
Footbridge	Footbridge WSCC		26,937	26,936	26,936	26,936	26,936
Work Boats			53,217	13,041	15,650	56,217	33,292
TOTAL COMMERCIAL INCOME			250,365	211,846	222,895	256,528	231,916
Leisure	Harbour Dues Leisure Craft		52,832	50,170	50,170	52,831	52,811
	Visitor Harbour Dues		5,010	4,550	4,550	5,010	4,415
	Commission Look and Sea		(45)	0	0	(45)	0
			57,797	54,720	54,720	57,796	57,226
Chargeable Services	Crane		2,591	918	1,102	6,400	983
	Labour		4,696	125	150	4,696	500
	Electricity Cards		335	83	100	335	130
	Office Services		0	0	0	0	0
	Supplies		1,936	42	50	1,936	58
	Tide Table Sales		0	1,267	3,800	0	3,564
	Fuel Sales		4,063	417	500	4,063	516
			13,621	2,852	5,702	17,430	5,751
Moorings & storage	Moorings		66,365	52,000	52,000	68,000	51,430
	Visitors Berths		5,889	5,300	5,300	6,150	5,246
	Boat Storage		2,985	2,917	3,500	3,500	4,757
			75,239	60,217	60,800	77,650	61,433
Income from Investments							
	Investment Interest		218	300	300	250	265
Misc Income			2,988	417	500	6,816	2,978
Grants			0	0	0	0	0
TOTAL INCOME			400,228	330,352	344,917	416,470	359,569

LITTLEHAMPTON HARBOUR BOARD

Agenda Item 11

Report to: Littlehampton Harbour Board**Report on:** Review of the Business Risk Register**Report by:** Treasurer to the Boardfor the March 20th 2017 Meeting**Introduction**

The Board's Business Risk Register requires to be regularly reviewed and this was last done in March 2016. This register is a one of the key supports to the Board's Internal Control System.

The Risk Register contains functional risk assessments for the Board's principal obligations as follows:

- Safety and Conservancy
- Pilotage
- Moorings Administration and Regulation
- Maintenance of Navigation and Emergency response
- Provision of other Services
- Governance
- Records and Accounts
- Staff and Training

Risk Register Review

The Business Risk Register has been reviewed by the Harbour Master and the Treasurer and several amendments/additions have been made to some sections of the register. They all relate to Mitigation Measures and are as follows:

- G1.1 Added "Complaints dealt with in line with adopted Board Policy introduced January 2017, (moved from M1.2)
- G1.3 Reference to liaising with the EA with respect to Infrastructure amended
- G1.4 All references to annual review replaced with "regular" reviews
- M1.2 Consequence "Customer dissatisfaction" now has mitigation measure "Customer payments can now be processed remotely"
- M1.5 Reference to negotiation of lease updated to current situation
- N1.2 "Board insured against cost of wreck removal" added
- P1.3 the following has been added to the mitigation measures "Consideration to be given to extra charges for training to maintain competency in light of reduced numbers of commercial calls"

RECOMMENDATION: That the Board approve the recommended changes to the Business Risk Register

Supporting Papers

Business Risk Register

Treasurer to the Board

27th February 2017

LITTLEHAMPTON HARBOUR BOARD BUSINESS RISK REGISTER

CONTENTS

<u>Risk Reference</u>	<u>Objective</u>	<u>Date Last Reviewed</u>
F1.0	Ensure harbour is properly funded to carry out core functions for safety and conservancy	Mar-17
G1.0	To comply with appropriate standards of governance	Mar-17
I1.0	To adequately safeguard the Board's Buildings & Harbour Infrastructure	Mar-17
M1.0	To regulate and administer moorings in the harbour to provide maximum returns compatible with current market rates	Mar-17
N1.0	Maintain clear navigation channels and ensure that sufficient funds are available to cope with emergencies	Mar-17
P1.0	Provide an uninterrupted and cost effective Pilotage Service	Mar-17
R1.0	Maintain records & accounts to demonstrate good stewardship & meet statutory requirements	Mar-17
S1.0	To provide other cost effective services for the benefit of harbour users	Mar-17
T1.0	Ensure adequate levels of appropriately trained staff are in place to meet the goals of the organisation	Mar-17
KEYS	Risk Owner HM Harbour Manager CL Clerk to the Board TR Treasurer to the Board Risk Impact H Delivery of Objective could be seriously compromised M There is potential significant obstacle(s) to delivering objective L Risk can be comfortably managed	

Reviewed March 2017

BUSINESS RISK REGISTER						OBJECTIVE	F1.0	Ensure harbour is properly funded to carry out core functions for safety and conservancy
RISK NO.	Risk	Consequence	Risk Owner	Probability	Impact	Severity	Mitigation Measures	
F1.1	NATURAL CAUSES Fire. Flood, Storm	Premises unsafe/unusable for extended period	HM	L	M	L	Building constructed to national standards All IT equipment and records kept above ground floor level	
		Loss of assets and records	HM	L	H	M	Building is equipped with fire fighting and detection equipment to required standard and which is serviced annually. Insurance policy in place for bulidings.	
		Loss of voice/data communications	HM	L	M	L	Mobile phones are available	
		Loss of IT systems for invoicing and collection	HM/TR	L	H	L	IT systems are backed up off premises and recovery procedures are in place.	
		Damage to moorings	HM/TR	L	H	M	Specification of moorings exceeds normal requirements. Insurance policies apply	
		Cessation of business activities		L	M	L	Board is fully insured against business interruption	
		Depletion of Reserves		L	L	L	The Board is safeguarded by ability to Precept	
	Natural bathymetric	Loss of commercial trade	HM	L	H	M	Channels are surveyed. Dredging application would be made if	
		Loss of moorings	HM	L	H	M	Mooring areas are kept under review.	
	F1.2	MARKET CHANGES	Loss of commercial trade	HM/TR	L	H	M	Maintain competitive charging regime/ regular contact with sole
F1.3	LEGAL & Change in Governance	Loss or curtailment of precept	HM/TR/CL	L	H	M	Compliance with statute and guidance will not be allowed to jeopardise the harbour undertaking	

Risk Probability %
High (H) >70%
Medium (M) >30%
Low (L) <30%

BUSINESS RISK REGISTER						OBJECTIVE	G1.0	To comply with appropriate standards of governance
RISK NO.	Risk	Consequence	Risk Owner	Probability	Impact	Severity	Mitigation Measures	
G1.1	INSUFFICIENT TRANSPARENCY, MONITORING & ACCOUNTABILITY	Loss of reputation. Government intervention Stakeholder dissatisfaction Failure to achieve PMSC compliance Failure to operate in compliance with MTP2	HM/CL	L	M	L	Review Standing Orders Conduct annual internal audits Treasurer conducts system and procedure sample checks on a monthly basis. Stakeholder Group meets quarterly to ensure stakeholder engagement. Annual review by DP reported to Board Any non compliance is addressed in the Harbour's Annual Report Audit Committee established, meets twice pa Complaints dealt with in line with adopted Board policy <i>introduced January 17.</i>	
G1.2	OUTDATED LEGISLATION FOR THE HARBOUR	Harbour cannot achieve objectives in context of statute and guidance	CL	L	M	L	HRO for powers of General Direction now in place. Develop further Harbour Revision or Closure Orders as required by current operational context.	
G1.3	LOSS OF PRECEPT	Harbour Board is unsustainable	HM	L	H	M	Demonstrate value of Statutory Authority to constituent Councils. Continue to work towards future financial independence: Maximise Income and reduce costs Obtain maximum value from the Board's Assets <i>Continue to liaise closely with the EA with regard to drainage/flood related infrastructure</i>	

Risk Probability %
 High (H) >70%
 Medium (M) >30%
 Low (L) <30%

BUSINESS RISK REGISTER						OBJECTIVE	G1.0	To comply with appropriate standards of governance
RISK NO.	Risk	Consequence	Risk Owner	Probability	Impact	Severity	Mitigation Measures	
G1.4	CONSIDERATION OF THE EFFECTIVENESS OF INTERNAL AUDIT	Failure to maintain an adequate system of internal control	THE BOARD	L	H	M	Regular review of the internal audit plan Regular review of the quality of internal audit reports Feedback from Audit Committee reports	
		Risk of Fraud through inadequate controls	THE BOARD	L	H	M	Regular review of the internal audit plan Regular review of the quality of internal audit reports Feed back from Audit Committee reports. Audit responsibilities in relation to fraud agreed by the Board	
		Failure to comply with statutory duties and principles of good governance	THE BOARD	L	H	M	Regular review of the internal audit plan Regular review of the quality of internal audit reports Feed back from Audit Committee reports	

Risk Probability %
 High (H) >70%
 Medium (M) >30%
 Low (L) <30%

BUSINESS RISK REGISTER						OBJECTIVE	I1.0	To adequately safeguard the Board's Buildings & Harbour Infrastructure
RISK NO.	Risk	Consequence	Risk Owner	Probability	Impact	Severity	Mitigation Measures	
I1.1	INSUFFICIENT FUNDS AVAILABLE TO REPLACE THE BOARDS ASSETS IN THE EVENT OF MAJOR DAMAGE OR TOTAL LOSS	Severe restrictions on the operation of the Harbour	HM & TR	L	H	M	Insurance cover in place for all buildings, pontoons and the lighthouse. Cover is reviewed at least annually. Precept could also be used if required.	
I1.2	INSUFFICIENT FUNDS TO REPLACE HARBOUR INFRASTRUCTURE IN THE EVENT OF MAJOR DAMAGE OR TOTAL LOSS E.G. TRAINING WALL, PIER ROAD REVETMENT ETC	Safety and safe navigation of the Harbour put at risk.	HM & TR	H	H	M	<p>Relatively small annual budget exists to carry out emergency repairs. Infrastructure review completed 2013 establishing priorities and planned maintenance regime through to 2026.</p> <p>Currently no reserves exist to cope with major infrastructure failures but Board have right to Precept if needed</p> <p>Regularly review for availability of grants</p>	

Risk Probability %
High (H) > 70%
Medium (M) > 30%
Low (L) < 30%

Risk Probability %
High (H) > 70%
Medium(M) >30%
Low (L) <30%

BUSINESS RISK REGISTER						OBJECTIVE	M1.0	To regulate and administer moorings in the harbour to provide maximum returns compatible with current market rates
RISK NO.	Risk	Consequence	Risk Owner	Probability	Impact	Severity	Mitigation Measures	
M1.1	DECLINING CUSTOMER BASE	Loss of recreational income	HM	L	M	L	The feasibility of promoting moorings through advertising is kept under review. Current demand warrants planning to increase number of quality moorings available.	
M1.2	LOSS OF IT SYSTEMS	Poor record-keeping	HM/TR	L	M	L	IT Recovery plans are in place to retain all records off site and re-initialise at short notice	
		Delay in raising invoices/reminders	HM/TR	L	M	L	Overdue debts monitored by Treasurer	
		Customer dissatisfaction	HM	L	M	L	Customer payments can now be processed remotely	
M1.3	LACK OF REGULATION	Loss of control of moorings and ineffective collection	HM	L	M	L	Staff are trained in enforcement procedures and mooring use/allocation is tightly controlled	
M1.4	INSUFFICIENT MANPOWER	Lack of regulation	HM	L	M	L	Manpower resource and allocation is kept under review.	
M1.5	LACK OF LONG TERM SECURITY IN LEASE ARRANGEMENT FOR LHB MOORINGS WITHIN APE TITLE	Loss of mooring income or a portion of.	HM	H	H	H	Negotiation of lease or licence arrangement for LHB moorings on APE land awaiting APE acceptance.	

Risk Probability %
High (H) >70%
Medium (M) >30%
Low (L) <30%

BUSINESS RISK REGISTER						OBJECTIVE	N1.0	Maintain clear navigation channels and ensure that sufficient funds are available to cope with emergencies
RISK NO.	Risk	Consequence	Risk Owner	Probability	Impact	Severity	Mitigation Measures	
N1.1	SILTATION OF CHANNELS	Loss of navigable depth and interruption of trade Interruption of commercial and leisure trade	HM	L	M	L	Monitor depths with bathymetric surveys. Multi Purpose Vessel ERICA enables Board to carry out its own dredging Permissive regime for consenting dredging works	
N1.2	OBSTRUCTION IN CHANNEL	Loss of depth and temporary channel restrictions	HM	M	M	M	Monitor moorings and provide early response for wreck removal. Board insured against cost of wreck removal.	
N1.3	INSUFFICIENT INCOME TO MAINTAIN CHANNELS	Loss of navigable depth and deterioration of safety	HM/TR	M	M	M	Review charges annually and explore new possibilities for commercial and leisure trade activities	
	<i>FAILURE OF INFRASTRUCTURE LEADING TO GRAVEL DEPOSITS BLOCKING MAIN CHANNEL</i>	Loss of navigable depth and deterioration of safety. Cessation of commercial shipping operations.	<i>HM</i>	<i>H</i>	<i>H</i>	<i>H</i>	MMO consulted on LHB's power to dredge and sell gravel deposits in river. Annual effort to do the same in partnership with EA now in place (incl liaison with EA and NE on disposal options for gravel). Consideration given to additional removal using a commercial partner and sale of gravel to fund extraction (Dudmans, Tarmac). Normal Situation to conduct this activity co-operatively with stakeholders as part of conservancy duty.	

Risk Probability %
High (H) > 70%
Medium (M) > 30%
Low (L) < 30%

Risk Probability %
High (H) >70%
Medium (M) >30%
Low (L) <30%

BUSINESS RISK REGISTER						OBJECTIVE	P1.0	Provide an uninterrupted and cost effective Pilotage Service
RISK NO.	Risk	Consequence	Risk owner	Probability	Impact	Severity	Mitigation measures	
P1.1	LOSS OF PILOT	Statutory duty may not be met	HM	H	H	H	Pilotage requirements under constant review. The Board employs three in house authorised pilots.	
		Safety may be prejudiced	HM	L	L	L	Training pipeline for in-house pilots now in place.	
		Loss of expertise and inability to grant Pilotage Exemption Certificates	HM	L	M	L	The Board employs 3 authorised in-house pilots.	
P1.2	LOSS OF BOARDING & LANDING SERVICE	Statutory duty may not be met	HM	L	H	H	Back up to the Board's Pilot Launch can be provided by Shoreham Port in extremis. Ports Pilot Boat is a dual coded workboat to spread costs of its operation.	
P1.3	COST OF BOARDING & LANDING SERVICE	Higher charges passed on to commercial vessels are a disincentive to use of harbour.	HM/TR	L	L	L	Charges for Boarding and Landing facilities are negotiated in the context of other Pilotage costs, market rates and other income derived from commercial vessels. <i>Consideration to be given to extra charges for training to maintain competency in light of reduced numbers of commercial calls.</i>	
P1.4	LOSS OF ADMIN SUPPORT	Delay in issuing PECs, invoices etc	HM	L	L	L	IT records are backed up and held off-site. 30 days notice is required for renewal of PECs Pilotage certificates re-validated annually	

Risk Probability %
High (H) > 70%
Medium (M) > 30%
Low (L) < 30%

BUSINESS RISK REGISTER						OBJECTIVE	R1.0	Maintain records & accounts to demonstrate good stewardship & meet statutory requirements
RISK NO.	Risk	Consequence	Risk Owner	Probability	Impact	Severity	Mitigation Measures	
R1.1	ABSENCE OF CONTEMPORANEOUS POLICY GUIDANCE	Non-compliance with statutory obligations	HM/CL	L	H	M	Membership of Trade Association (British Ports Association)	
R1.2	LACK OF APPROPRIATE IT CAPABILITY	Inability to maintain records and demonstrate good stewardship	HM	L	H	M	Review IT capability annually and budget for change where necessary	
R1.3	ABSENCE OF EXTERNAL AUDIT PROGRAMME	Loss of objectivity	TR	L	M	L	Approved audit programme, frequent system checks carried out by the Treasurer Audit Committee established PMSC Audit by DP Annually, Trinity House and MCA Oil Spill	
R1.4	LACK OF EVIDENCE OF COMPLIANCE WITH ASBESTOS REGULATIONS	Non - compliance with statutory obligations	HM	L	M	H	Asbestos Register established 2011	

Risk Probability %
High (H) > 70%
Medium (M) > 30%
Low (L) < 30%

BUSINESS RISK REGISTER						OBJECTIVE	S1.0	To provide other cost effective services for the benefit of harbour users
RISK NO.	Risk	Consequence	Risk Owner	Probability	Impact	Severity	Mitigation Measures	
S1.1	SERVICES ARE TOO TIME-CONSUMING	Staff are not available for core functions	HM	L	L	L	Withdraw services that are likely to prejudice Board's core capabilities	
S1.2	SERVICES CANNOT BE PROVIDED AT COMPETITIVE RATE	Board provides services at a loss	HM	L	M	L	Do not provide service	
S1.3	SERVICES ARE NOT REQUIRED	Loss of income stream	HM	L	M	L	Do not provide service	

Risk Probability %
High (H) >70%
Medium (M) >30%
Low (L) <30%

BUSINESS RISK REGISTER						OBJECTIVE	T1.0	Ensure adequate levels of appropriately trained staff are in place to meet the goals of the organisation
RISK NO.	Risk	Consequence	Risk Owner	Probability	Impact	Severity	Mitigation Measures	
T1.1	INADEQUATE RESOURCES	Insufficient staff to fulfil obligations Legal action against Board	HM/TR	L	M	L	Review charges annually Maintain precepting arrangements Access to professional legal and HR support as required. Keep staff pay levels under review WSCC HR Policies have been adopted and are published in Standing Instructions	
T1.2	INADEQUATE TRAINING	Deterioration of safety standards Adverse impact on effective and efficient harbour operations	HM	L	M	L	Recognise Training needs in annual budget review Assistance with training available from both ADC and WSCC Recognise Training needs in annual budget review Assistance with training available from both ADC and WSCC	

Risk Probability %
 High (H) > 70%
 Medium (M) > 30%
 Low (L) < 30%

LITTLEHAMPTON HARBOUR BOARD

Agenda Item 12

Report to: Littlehampton Harbour Board

Report on: Review of Internal Control

Report by: Treasurer to the Board

For the 20th of March Board Meeting

Internal Control

The system of internal control is part of the governance framework designed to manage risk to a reasonable level and is subject to annual review. The internal control process relies heavily on the control of risk and Internal Audit. Internal control involves systematic measures such as reviews, checks and balances, methods and procedures, initiated by the Board to conduct its business in an orderly and efficient manner. It should safeguard its assets and resources, deter and detect errors, fraud and theft and ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information and ensure adherence to its policies and plans. Such a system of controls cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. Section 1 (2) of the Annual Return which the Board submits each year, (appendix 1) states “we maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption **and reviewed its effectiveness**”.

In order to warrant a positive response to this assertion the following processes need to be in place and effective.

- **Standing Orders and Financial Regulations** need to be in place approved by the Board and subject to regular review
- Safe and efficient **arrangements for the safeguard of all monies and deposits.**
- **Employment-** The remuneration payable to all employees needs to be approved in advance by the Board. In addition to having robust payroll arrangements which cover accuracy and legitimacy of payment of salaries and wages, and associated liabilities, the Board needs to ensure that it has complied with its duties under employment legislation and met its pension obligations.
- **VAT.** The Board needs to have robust arrangements in place for handling its responsibilities with regard to VAT
- **Fixed Assets and Equipment.** The Board’s assets need to be secured, properly maintained and efficiently managed. Appropriate procedures need to be followed for any asset disposal and for the use of any resulting capital receipt.
- **Loans and Long Term Liabilities.** The Board needs to ensure that any loan or similar commitment is only entered into after the authority is satisfied that it can be afforded and that relevant approvals have been obtained. Proper atonements need to be in place to ensure that funds are available to make any repayments of capital and any associated interest and other liabilities.
- **Insurance Policies** must be in place to adequately safeguard the Board’s Assets and cover all potential liabilities where possible.

Internal Control Measurement Tools

The measurement of how effective the Board are in maintaining the Internal Control System effectively come primarily through the measurement of risk (Business Risk Register) and Internal Audit

Business Risk Register

The Business Risk Register was last reviewed and updated in March 2016, and is therefore due for its annual review. The outcome of this review is presented to the Board at this meeting under separate report.

Internal Audit

Internal Audits are carried out at least twice a year, (interim and final), and the results are reported to the Board. Any issues highlighted during the audits are addressed and reported back to the Board. Section 4 of the Annual Return specifies the controls that require close attention by the Auditor and a copy is attached to this report, (appendix 2), this is supported by a detailed list of areas of test at Appendix 3, (the current Audit Plan). The last Internal Audit was carried out in November 2016 and the outcome reported to the Board at its February 2017 meeting.

Conclusion

Whilst the best of internal control systems cannot eliminate all risk, it can provide reasonable assurance of effectiveness. The process of internal audit and risk management are the main supports to such a system and are given due consideration by the Board.

Recommendation

That the Board minute that they have reviewed this matter and are:

- (a) Satisfied with the internal control arrangements**
- (b) Satisfied that the Board have a proper system of Internal Audit in place**
- (c) That the process is adequate to aid the Board in its decision as to whether it is able to approve item 2, Schedule 2 of the Annual Return Governance Statement**

Background papers

Section 1 of the 2015/16 Annual Return (2016/17 still awaited) (Appendix 1)
Section 4 of the Annual Return (Appendix 2)
Current Audit Plan (Appendix 3)

Chris Braby Treasurer to the Board

27th February 2017

Section 1 – Annual governance statement 2015/16

We acknowledge as the members of:

Enter name of
smaller authority here:

LITTLEHAMPTON HARBOUR BOARD

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2016, that:

	Agreed		'Yes' means that this smaller authority:	
	Yes	No*		
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.	
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.	
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.	
5. We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.	
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.	
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.	
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.	
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	NA	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

This annual governance statement is approved by this smaller authority and recorded as minute reference:

16
dated 23/05/16

Signed by:

Chair

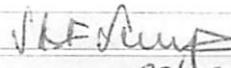


dated

23/05/16

Signed by:

Clerk


dated 23/05/16

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how this smaller authority will address the weaknesses identified.

Annual internal audit report 2015/16 to

Enter name of smaller authority here:

LITTLEHAMPTON HARBOUR BOARD

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.	✓		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

Name of person who carried out the internal audit Rachel Hall (ACA)

Signature of person who carried out the internal audit Rachel Hall Date 26/04/2016

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).
 **Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

AUDIT PLAN – LITTLEHAMPTON HARBOUR BOARD

Internal audit is a key component of the system of internal financial and management control.

The purpose of internal audit is to review whether the systems of financial and other controls over the Harbour Board's activities and operating procedures are effective.

It would be incorrect to view internal audit as a detailed inspection of all records and transactions of the Harbour Board in order to detect error or fraud. It is the periodic independent review of internal controls, resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Harbour Board's control.

The internal auditor will have the opportunity to freely choose any areas of the Harbour Board's activities and / or operating procedures to test appropriateness, effectiveness and efficiencies, and to freely access any information from the Harbour Board that is deemed to be required by her for that purpose.

Areas of Test

The following areas are addressed as part of the internal audit process:-

- Proper Bookkeeping

Checks may include:-

- 1) To ensure that bookkeeping is carried out by a competent , and appropriately qualified / experienced person
- 2) To confirm that bank reconciliations are carried out regularly
- 3) To confirm that invoices for Harbour income and rents are raised in a timely manner, and that adequate controls are in place to ensure outstanding debts are collected promptly
- 4) To confirm that controls are in place to ensure that income is received and banked promptly
- 5) To confirm the systems in place over the recording of petty cash expenditure
- 6) To confirm that correct procedures are followed with regards to recording VAT and preparation of VAT returns
- 7) To confirm that the Harbour Board has reviewed and updated its Standing Orders and Financial Regulations as appropriate
- 8) To confirm that correct procedures are followed with regards to purchase orders
- 9) To confirm that there is supporting documentation for purchase payments that have been approved and authorised for payment
- 10) To confirm that the payroll function is operating correctly, and that correct procedures are followed with regards to employment of temporary or casual workers.
- 11) To confirm that the year -end accounts have been correctly prepared using an appropriate accounting basis, and that correct adjustments have been made for creditors/accruals and debtors/prepayments. To also confirm that the accounts agree to the underlying records

- Risk management

Checks may include:-

1) Arrangements

- a) Review of the minutes to identify any unusual financial activity
- b) To confirm that the Harbour Board carries out risk assessments and risk management. This will be achieved by reviewing minutes and insurance policies
- c) To ensure that insurance cover is adequate
- d) To confirm that internal financial controls are documented and regularly reviewed

2) Budgetary Controls

- a) To confirm that budgetary controls are in place to support the precept requirement
- b) Regular variance analysis is carried out to compare actual income and expenditure to budgeted expectations
- c) To confirm that significant variances are explained to the Board

3) Income Controls

- a) Is income properly recorded and promptly banked
- b) Are security controls over cash adequate and effective

4) Petty cash controls

- a) Is all petty cash recorded and supported by VAT invoices / receipts
- b) Is petty cash expenditure reported regularly to the Board
- c) Is petty cash reimbursement carried out regularly

5) Assets controls

- a) To confirm that an up to date and accurate asset register is maintained
- b) To confirm that insurance valuations agree with those in the asset register

6) Bank reconciliation

- a) To confirm bank reconciliations are carried out for each account
- b) To confirm that bank reconciliations are carried out regularly and in a timely fashion
- c) To confirm there are no unexplained balancing entries in any reconciliation

7) Year End Procedures

- a) To confirm that the year end accounts are prepared on the correct accounting basis
- b) To confirm that the accounts agree to the Trial Balance and nominal edger
- c) To confirm that there is an audit trail from the underlying records to the accounts
- d) To confirm that debtors and creditors are correctly recorded

The Internal Auditor will test those areas that are considered appropriate at the time of the audit

The Clerk and / or Board will have the opportunity to request tests be made in specific areas for review purposes at the time of the audit, or otherwise as required and agreed with the internal auditor.

**LITTLEHAMPTON HARBOUR BOARD Agenda Item 13
MEETINGS AND AGENDA PREPARATION TIMETABLE - 2017/18**

Agenda Items to Clerk	Reports to Clerk	Agenda Preparation Meeting 1000 hrs	Despatch Date by 1600 hrs	Board Meeting Date 1000 hrs
Thu 18 May 17	Mon 22 May 17	Fri 26 May 17	Thu 1 June 17	*Mon 12 June 2017
Thu 29 June 17	Mon 3 July 17	Fri 7 July 17	Thu 13 July 17	Mon 24 July 2017
Thu 24 Aug 17	Mon 28 Aug 17**	Fri 1 Sept 17	Thu 7 Sept 17	Mon 18 Sept 2017
Thu 9 Nov 17	Mon 13 Nov 17	Fri 17 Nov 17	Thu 23 Nov 17	Mon 4 Dec 2017
Thurs 11 Jan 18	Mon 15 Jan 18	Fri 19 Jan 18	Thu 25 Jan 18	Mon 5 Feb 2018
Thu 22 Feb 18	Mon 26 Feb 18	Fri 2 March 18	Thu 8 March 18	Mon 19 March 2018

*Annual Meeting ** Bank Holiday so reports would be due the previous Friday.

Personnel Sub-Committee and Audit Sub-Committee and other Meetings are arranged separately

Stakeholder Meetings - Tuesday 4th April 2017; Tuesday 4th July 2017 (Annual Stakeholder meeting); Tuesday 3rd October 2017 and Tuesday 9th January 2018