

## **Lobby the Department of Transport to audit the financial affairs of Bembridge Harbour**

It may not seem like it, but the villages of Bembridge and St Helens are in trouble. Today they are still vibrant, flourishing villages with an outstanding range of leisure, social and retail activities, but they are facing an inexorable slide into the impoverished decay that has blighted so many other once thriving British seaside towns.

The simple reason for this is that a mainstay of Bembridge and St Helens is the harbour, which brings in the tourism revenue and property investment which sustains the villages. As it is currently being run, within 20 years Bembridge Harbour may silt up to the point where it has become little more than a tidal river serving marinas with very limited access. Long before that however, it is likely that the various leisure users of the harbour will have started to go elsewhere. Without the revenue and investment from those leisure activities, the future is bleak for Bembridge and St Helens.

With proper maintenance however, the harbour could remain viable for many, many more years. The good news is that this is entirely possible, simply from the cash that the harbour itself generates, and which by law the owners should be spending on its maintenance. The bad news is, much of that money is not being spent on the projects that could keep the harbour going, such as repairing the groyne at the mouth of the harbour, dredging the channels or improving facilities. As the owners of the harbour refuse to disclose its financial situation, we don't know exactly why that is, but many specific concerns have been raised and remain unanswered. The only way we are going to find out is if the Department of Transport orders an audit of their financial affairs. For that to happen we need informed, persuasive and persistent people to keep on bringing the case of Bembridge Harbour to the attention of the Department of Transport until they take action.

This document sets out the key facts you need to do that. If you care about the future of Bembridge, please do what you can to help bring this about.

The harbour is owned by Bembridge Harbour Improvements Company Ltd (BHIC). BHIC was appointed as a Statutory Harbour Authority (SHA) under the *Pier and Harbour Order (Bembridge Harbour) Act 1963*, and is therefore also known as the Bembridge Harbour Authority. As these entities are to some extent interchangeable, to avoid confusion, we refer to these bodies collectively as "the harbour authority" in this document.

The sole shareholders and directors of the harbour authority are Malcolm and Fiona Thorpe. Under Section 31 of the 1963 Act, all income generated by the harbour **MUST** be spent on the harbour, after allowing the shareholders to take "a reasonable return on the paid up share capital of the undertaking" (which in the case of BHIC is £4,000). Because they only publish "micro-accounts" we have no way of knowing what return the Thorpes are making, and by what mechanism, let alone whether it is "reasonable".

Mr and Mrs Thorpe also own a number of other companies, mainly in property development, including Hawk Property Development Company Ltd (HAWK), Bembridge Investments Limited (BIL) and Bembridge Boat Storage Ltd (BBS), which are **not** part of the Statutory Harbour Authority and therefore are **not** subject to the terms of the 1963 Act. BIL in particular owns all the land surrounding the harbour, and rents facilities on that land to BHIC to run the harbour.

Very limited financial information is available for any of these companies, because they are small companies under the Companies Act so have no legal obligation to produce more than "micro" or "abridged" accounts.

Government Guidance for Statutory Harbour Authorities state that they should, notwithstanding the size of the enterprise, make their financial dealings open to public scrutiny. Mr Thorpe has stated unequivocally that as this is guidance, not law, he will not do this.

We therefore do not know how much money the harbour is in fact generating. In 2005 (the last year for which accounts to any level of detail are available) the harbour had, under its previous owners, turnover of £435,000 and made a profit of £127,000. In 2017 Mr Thorpe reported that mooring incomes (the vast majority of income from normal activities) had risen by over 70% since he acquired it in 2011. If it is still enjoying the same profit margins as the 2005 business, the harbour would now be making well over £200,000 – but we simply don't know.

Concerns have been raised by a number of transactions since 2011 involving movements of money between the harbour authority and other Thorpe-owned companies. No clarification has been provided for any of these, and it is therefore impossible to tell if these transactions are about prudent and lawful financial management or if money is being moved out of the harbour authority into other companies, which do not have to comply with the 1963 Act.

Taken together, the sums involved could cumulatively run into millions of pounds – or could be zero, but we simply don't know. Some striking examples (among many) are:

- In 2011 the harbour authority was loaned £1,200,000 by HAWK. In a planning application, Mr Thorpe stated that the rate of interest on the loan was 7% - £84,000 pa. In 2018 the accounts of the harbour authority show a payment to HAWK of £205,000, but no reduction in the loan amount outstanding.
- In 2014 the harbour authority sold a houseboat mooring to Bembridge Boat Storage for £1 which then sold it outside the Thorpe group for £87,500 on the same day. Despite some claimed offsetting of inter-company debt, the harbour authority seems to have been left worse off as a result by at least this amount.
- Directors remuneration, expenses and dividends (which may be a legitimate source or a fair return to the shareholders) are not disclosed, and therefore we cannot tell if they are “reasonable” under the terms of the 63 Act.

The only way of we can be sure that our harbour and our villages are getting the investment they are legally entitled to is by a proper official, external audit of accounts; the only authority with the powers to do this is the Ministry For Transport. You can help resolve this issue before it is too late by lobbying the MfT to carry out an audit of the affairs of the harbour authority and other related companies.

The person with ultimate responsibility for this matter is the Minister for Transport, **Chris Grayling**. **Chris.grayling.mp@parliament.uk**. The minister with direct responsibility for ports is **Nus Ghani** (MP for Wealden in East Sussex and Parliamentary Under-Secretary of State at the Department for Transport) - **nusrat.ghani.mp@parliament.uk**. **Dean Muir** (Policy Adviser, Ports Governance and Trust Ports) is the senior civil servant responsible for Bembridge Harbour: dean.muir@dft.gov.uk , mobile 07977 431081. When Lord Whitty of the GMB union raised a [question in the House of Lords](#) about inspecting Bembridge Harbour, the government response came from [Baroness Sugg](#).

Bembridge Harbour Trust  
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