

NOTE ON FINANCIAL BACKGROUND AND PROS AND CONS OF PROPOSED SCHEME FOR 13 HOUSES, OFFICES AND REPLACEMENT FACILITIES AT BEMBRIDGE HARBOUR .

Bembridge Harbour Trust 11.06.2020.

BACKGROUND

- All Statutory Harbour Authority (BHIC) incomes are legally required to be used in the proper “expenses of the undertaking”.¹
- The SHA also advise an average turnover of approx.£572K pa or £4.58M from start of 2012 to the end of 2019. (Not known if this includes houseboat plot sales).²
- The current owners of BHIC advise that they have “invested £1.34 m” since buying in late 2011 mostly listing items of maintenance, repairs and renewals. It appears to largely be simply the re-deployment of some of the SHA’s incomes.³
- By contrast, the “Tangible assets” of the SHA’s in the accounts have only increased by £107k over the same period.⁴
- Whilst maintenance, repairs, renewals along with management costs, insurance, staff, rent, light heat power and bank costs etc. are legitimate expenses they would not be expected to absorb the remaining £3.24m, when compared to earlier SHA accounts.⁵
- BHT have particular unanswered concerns over the allocation of around £1.5M. This sum is very relevant when considering the affordability of improvements and a sustainability of the SHA as a business.⁶
- In 2014 a property company (not the SHA) submitted plans for various buildings, ultimately including 13 houses on the basis (the only legally sustainable basis) that the profits were needed so as to fund improvements for the SHA and that no other funding solution would be practical.
- As part of that process the Government’s valuation office were consulted and proposed that 20% was a reasonable profit. BHT do not dispute the principle that developers take risk and profits are an appropriate reward.
- However, there is a principle that the SHA must benefit from the development. On analysis BHT do not accept that the new premise (at full market rent) and the lack of any predicted money for the SHA meet this test of adequate benefit. At the same time the SHA is exposed harm (loss of available land) and potential environmental harms.^{7,8}

This is the context for the analysis set out below:

¹ Pier and Harbour Order (Bembridge Harbour) Confirmation Act 1963 Clause 31

² Mr Thorpe email to IWC 6th July 2017 states average “ operating trading turnover” four years to March 2016 was £571,824 pa

³ Mr Thorpe states in letter to IWCP June 5th2020 “our ongoing investment since buying the harbour of £1.34m-inclusive of the above [houseboat plot sales] figure”.

⁴ ‘Tangible Assets’ BHIC accounts at Companies House March 2012 (first set for period of new ownership) £2,737,681 and at March 2019 £2,844,561

⁵ Accounts of BHIC Ltd published at Companies house e.g. 2005 when additions to tangible assets were £57,997 and retained profits £189,440 off a turnover of £435,241

⁶ BHT brief for independent review <https://documentcloud.adobe.com/link/track?uri=urn:aaid:scds:US:f917fe55-2b10-435a-8bd>

⁷ See public planning file and Natural England <https://bembridgeharbourtrust.org/wp-content/uploads/2020/05/A3-AA-formal-response-for-development-at-Bembridge-and-Duver-Marin...pdf>

⁸ QC opinion <https://bembridgeharbourtrust.org/wp-content/uploads/2020/05/D-BHT-Opinion-of-Richard-Kimblin-QC-and-Nina-Pindham-24.5.18.pdf>

NET IMPACTS ON HARBOUR FACILITIES OF APPLICATION FOR 13 HOUSES

Considering the appeal to users, effect on SHA business, the local economy, and the environment. (original 2015 report updated to reflect current s106 draft October 2019 and Natural England's comments November 2019) rev 06.06.2020.

EXECUTIVE SUMMARY

When compared to existing provision: **27 issues are analysed: 2 are positive and 2 potentially positive, 18 negative and 5 neutral, potentially negative or uncertain .**

There are extra costs for the SHA with no quantified overriding benefits for its income .The scheme is chronically inefficient as a means of delivery of the shower/wc and office facility and of very limited (if any) overall benefit to the SHA or through the SHA the community.

- The 9 changes to Harbour Facilities all involved the removal of existing facilities to accommodate housing.
- Potential benefits include an overall increase in (smaller sized) wc/shw units and a replaced sewage treatment plant. A total of an extra 6wcs & 3Showers (within a combined cost of £595,000 or £100,000 per additional wc/shw).⁹
- Whilst the application promises new for old, refurbishment and extension can produce equal quality and appeal at radically lower cost and impact on character and harbour's operational capability i.e.without loss of operation land or a reduction in carparking.¹⁰
- There is a reduction in overall parking. There is reduction in harbour side parking . There is a reduction in space to expand the business of the harbour. There is a reduction in space to entertain visitors.
- There are no predicted profits beyond the £1.2m, (the 20%) and that stays with the developer, so no funds for SHA improvements.¹¹
- There are extra rental costs for the SHA with no quantified overriding benefits to its income.

See full analysis below.

⁹ Public planning files , in particular costs of construction Orbell Associates and as proposed plans by Manser Architects

¹⁰ Public planning files , see BHT alternative development <https://documentcloud.adobe.com/link/review?uri=urn:aaid:scds:US:467bb2da-d3f2-416c-beba-62ea1b23d23c>

¹¹VOA viability appraisal <https://www.iow.gov.uk/planning/ViewDocument3.aspx?bGicIWAPF5r4mhnJLYBAoahJ1dcHgZm+gkA8sBlgf8%24>

EFFECT OF DEVELOPEMNT VIABILTY OF THE SHA

impacts on income/profit	now	future	Change
Rent costs	Currently £18.000	Some £50,000? (see HRD valuation reports, add carpark, land etc.) <i>July 2018 rents of 10% of gross costs proposed by the applicant i.e. +/- £100,000 pa¹²</i>	Additional £32,000? NEGATIVE
[If instead the SHA funded facilities] ref alt dev doc]	[Status quo]	[£50K Rent level would go a long way fund equivalent improvement without houses or loss of operational land. (£100K fully fund). Especially if SHA funds used in line with '63 Act.]	NEUTRAL (as proposed before BHT intervention. NEGATIVE)
Visitor income	6,500 boat nights	Claimed increase is unquantified (Note:no additional berths funded) Speculate: say + 15% on stated 6,500 annual boat nights at say ave. < £40 p.b.n (£32 net of vat) = £31,200	Additional £31,200 POSITIVE (potential)
Loss of existing berthing incomes	2 berths at location of proposed floating wc facilities	Loss of berths two berths say £4,000 pa lost SHA income	NEGATIVE
Contribution to SHA funds for in harbour improvements	None	None predicted	NEUTRAL
		Overall effect on T/O (at BHT reasoned prediction)	NEUTRAL (Potentially NEGATIVE)

Summary: 1 positive, 2 negative, 3 neutral or potentially negative

¹² 10% costs >100k as rent

IMPACT ON WIDER ECONOMY

Areas of impact	Now	Future	Change
Wider economic community benefits	At £35 per visitor night, 3.25 visitors per boat 60% spend outside marina fees (PULSE economic effects of recreation boating report) total at Applicants figures £443,625 (or £739,300 inc funds to SHA (inc. VAT?))	If increase at 15% = £110,906 gross or £92,442 net of VAT. Amount spent outside marina some £66,543 or £55,453 net of VAT	Additional introduced into local economy (beyond the SHA) some £92,500. Inc £55,500 outs the SHA. Potentially POSITIVE (if achieved, no applicant figures available)
Loss of appeal	Environmentally and visually attractive Harbour serves tourism industry. Local economies driven by usability and appeal of harbour, commercial fisheries etc and for non-boaters both in and around the harbour	Lack of evidence in application to quantify impacts to weigh net benefits	UNCERTAIN

Summary: 1 potentially positive ,1 uncertain

FACILITY GAINS AND LOSSES (OVER ALL)

Type of facility	Existing provision	Proposed provision	Change
Bembridge Marina			
Employment space	60 m sq offices, plus 24.1 m sq stores, wash, wcs and laundry, Angling trip office and its parking	None	Loss of 84.1 m sq employment and operational store space and Angling trip offices. (areas from HRD reports in application) NEGATIVE
Car parking spaces available to harbour users	37 spaces (retaining office/wash building) or some 45 if demolished	40 remote spaces, across road involving incursion into countryside.	Max +3 spaces; less convenient /safe spaces in countryside. NEGATIVE
WC facilities etc.	8 wcs 4 urinals, 8 showers plus disabled facility and laundry (facility retains flexibility of visitor use at this marina)	6 wcs 6 shw plus inc accessible wc no laundry	Loss of 2 wc's ,4 urinals and 2 showers and reduced flexibility to use as visitor marina. Increased pollution risk (EA) cost £220,000. NEGATIVE
Berthing	Marina includes 1 or 2 spaces (currently let) that would be lost to floating wc block.	Floating wc block (high maintenance)	Loss of marina capacity and income and additional cost burden on Harbour Co. NEGATIVE
Operational land	Existing access to warfage unrestricted, without conflict with residential users	Residential introduced	Loss of flexibility and maintenance practicality NEGATIVE
Duver Marina			
Employment space	137.3 m sq offices/ operational stores (plus external offices and stores of nontraditional construction)	77.9 m sq office space, no stores provided.	Reduction of 59.4 m sq office and loss of stores, and nontraditional buildings. (HRD areas as quoted in application) NEGATIVE

Car parking spaces available to harbour users, visitor entertainment space.	30 + spaces and staff space and entertainment space 1350 m sq	8 + 6 staff spaces and gross entertainment space 820	Reduction of 22+ user spaces and overall reduction and 550 m sq entertainment space NEGATIVE
Wc and wash facilities	8wc's and 9 showers as per TCP/11822/V-P00067/08 housed in building extended, refurbished post 2008 (80 M sq i.e. 4.7m per set)	16 wc's and 14 showers (120 m sq i.e. 3.7m per set)	Increase of 8 wc's and 5 showers in additional 40 m sq, but less spacious at a cost of £395,000. including offices (increase of 3 showers and + 6 wc's across both sites) POSITIVE
Slipway	One 10-meter-wide slipway	Sheer wall to replace some space lost to development	Loss of one slipway NEGATIVE

Summary 1 positive, 8 negative

ENVIRONMENTAL ISSUES (see NE 14th Nov 2019)

Impacts on Environment	now	future	Change
Houses	Status quo	See Natural England 14/11/2020	NEGATIVE (subject to possible mitigation) at some cost to SHA £10,000 pa years 2 and 3 alone
Carpark	Green field	See Natural England 14/11/2020	NEGATIVE (subject to possible mitigation) at some cost to SHA £10,000pa years 2 and 3 alone
Effluent discharge DUVER	Currently badly maintained/defunct system at Duver costly to operate	New efficient plant, but increased discharge from 5 houses	POSITIVE (assuming correctly achieved standards)
Effluent discharge boats (untreated)	6500 boat nights,	assumed increase 15% extra 975 .no pump out facilities proposed or funded	NEGATIVE
Effluent discharge BEMBRIDGE	Currently facilities discharge to St Helens treatment plant then to Yar, Harbour and Solent	Extra 8 houses discharge to St Helens treatment plant then to Yar, Harbour and Solent	NEGATIVE
Contamination risk at old silt lagoon	Broadly naturalised, but with alien species (e.g. pampas grass) Advised contaminated	Major works, previously no development (manage vegetation) (recently introduce March 2020) proposed as part mitigation for environmental harms.	POTENTIALLY NEUTRAL, being in mitigation (but subject to contamination investigations) and as above potential on costs for SHA)

Summary 1 Positive, 4 negative 1 potentially neutral

IMPACT ON SHA's LAND ESTATE

Impact on the SHA's land estate	Now	Future	Change
Loss of 500 square meters of Harbour Land	Owned by SHA	As proposed (05.06.2020) BIL to benefit from profits of development of this land, charge rent to SHA for use of its own land and	NEGATIVE (for SHA)

		not compensate SHA	
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Summary 1 negative

PLANNING POLICY IMPACTS

Planning	Now	Future	Change
Land use	Compliant with policy	Residential uses in breach	NEGATIVE
Flood risk	Compliant with policy Zone 3	Residential uses in breach, carpark in breach	NEGATIVE
Planning Gain (so as to balance harms)	Status quo and improvements deliverable without houses	“Enabling Development” Houses must be needed as only way to produce profits to deliver benefits and benefits must be delivered as a public benefit	NEGATIVE (tests not met)

Summary 3 negative

OVERALL

Of 27 areas analysed: 2 are positive and 2 potentially positive, 18 negative and 5 neutral, potentially negative or uncertain .