

Whitstable Harbour

Business Development Plan

2014-2019



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1. INTRODUCTION

This Business Development Plan sets out the board's plans for the short to medium term development of the harbour. It also includes projections for income and revenue expenditure for the period 2014-2019, together with projections on capital expenditure on quay maintenance and other developments for the period 2014-2019.

Whitstable Harbour is a municipal harbour, owned by Canterbury City Council which is also the Harbour Authority. It is directed by the Whitstable Harbour Board which was established in 2003, following a Best Value Review, to oversee the management, the maintenance and the development of the harbour.

The harbour is identified in the Council's current Local Plan as an Action Area, and it is safeguarded for a mixture of business and leisure uses. Developments within the harbour area will only be approved and granted planning permission if they conform to the principles laid out in the 'Whitstable Harbour Strategic Plan' which was drawn up in 2010, in close consultation with interested representative groups within Whitstable and with the general public.

The Strategic Plan has been endorsed by the Executive and by the Council. It recognises that the harbour is the focal point of the town, and that the nature and extent of future developments need to be determined in a manner which is sensitive to the town's character and to the harbour's existing stakeholders as well as the wider Whitstable community.

The Department of Transport published in 2007 the 'Municipal Ports Review' which gave guidance on the management of council-owned ports. The governance of Whitstable Harbour is quoted in the review as one of the only two role models in the country. Included in the recommendations are that there should be independent board members, that the accounts should be 'ring-fenced' and that local communities should be consulted on major decisions.

In 2007, Whitstable Harbour was the first harbour in the country to be awarded 'Leading Lights' status in recognition of their success in implementing the recommendations of the 'Municipal Ports Review'.

The 'Organisational Handbook of the Whitstable Harbour Board' was drawn up by the Council in 2011 to explain the board's powers, terms of reference and administrative arrangements as set out in the Council's Constitution. The requirements include an annual report, an annual public meeting and the drawing up of a five year Business Development Plan which should be reviewed annually.

2. STRATEGIC OBJECTIVES

The objectives of the board are detailed in the Whitstable Harbour Strategic Plan, and these are summarised below:

- **To meet the ambitions of the local community.** The maintaining of a working harbour with active shipping is seen as a key ambition
- **To maintain and develop the harbour's environs.** The board will maintain and develop these for the long-term use of current and future stakeholders. The highest environmental standards will be sought
- **To support the local community.** The board recognises the importance of the harbour to the local economy in terms of both direct and indirect employment, as well as the total level of economic activity in the town. The board will support the activities of the harbour to enhance these economic benefits.

The constraints under which the board operates are:

- **To be financially self-sufficient.** The board has agreed with the Council that the harbour's accounts are 'ring-fenced'. The surpluses from the harbour's operations have to be sufficient to enable the board to access long-term borrowing for capital works on the quays and for other developments
- **To comply with applicable legal and regulatory requirements.** The nature and extent of these requirements continues to expand
- **To adhere to the best practice of open and transparent governance.** These principles are set out in the government's 'Municipal Ports Review'.

3. THE HARBOUR ESTATE

A map of the harbour estate, together with uses of each area, is shown on the opposite page.

4. EXISTING ACTIVITIES

Under the guidance of the board, the range of activities carried out in the harbour over the last ten years has considerably expanded, which has been the major factor in the transformation of the harbour's finances. The activities of the harbour now cover a wide range of businesses as follows:

East Quay

Brett Aggregates import aggregates and have an asphalt plant on the East Quay. They have a long lease. There has however been a steady decline over recent years in the level of shipping activity as volumes of imported aggregates have reduced due to the lack of road building and other major construction projects. The East Quay is zoned in the Kent Minerals Framework Plan for the importing of aggregates.

West Quay

The major tenant on the West Quay, since 2006, is Vestas who operate and maintain the Kentish Flats wind-farm base. Wind-farm support vessels use the harbour, and in 2014 work will start on the construction of the Kentish Flats extension of 15 additional turbines. They have two berths on the West Quay.

The harbour also provides support services for other new wind-farm developments in the Thames Estuary. However, it does not have the water depth or heavy lifting equipment for supporting a land-side construction site.

The seaward end of the West Quay is a suspended deck and has a limited load bearing capacity which limits its development potential. There is a short term arrangement with the Whitstable Yacht Club for dinghy parking on this part of the West Quay.

South Quay

There are a number of businesses on the South Quay including shell-fish processing, fish sales, restaurants, the Harbour Village, the Angling Club, the Harbour Garden Cafe and the Harbour Master's offices.

Fishing Fleet

The fishing fleet is an integral part of Whitstable Harbour. Seventeen fishing boats have berths in the harbour which is at full capacity.

Vessel dues and storage charges are levied, and a fuel supply service is provided.

Fisherman's Huts

There are twenty-four fisherman's huts which are rented out to the fishermen. They are currently all occupied.

Vessel Lay-by

Vessel lay-by facilities are provided on the west side of the West Quay. The harbour has a tidal range of five metres and has a suitable seabed to allow the safe grounding for vessels of up to 95 metres for maintenance and repair work.

RNLI Lifeboat Station

The Whitstable RNLI lifeboat station was one of the first ten inshore stations in the UK. Its activities are both harbour-dependent and harbour-beneficial.

Pilotage

The harbour provides pilotage services under the terms of the Pilotage Act 1987. The harbour has a modern pilot boat, Speedwell, which is also used to support wind-farm and other activities.

Beach Huts

The board has built thirty-one beach huts on land adjacent to Long Beach. These are rented by members of the public, and there is a high occupancy rate.

Water Based Leisure Activities

The estuarial waters off Whitstable provide an attractive range of water based leisure activities. The Sea Scouts have their hut and boats on the Long Beach, and there is a local kite surfing club.

A series of national and international yachting events have taken place in recent years.

Tourism

The harbour has, over recent years, become a major tourist and visitor destination. Over a summer weekend, it is estimated that in excess of 10,000 people visit the harbour.

Events

The harbour hosts a wide range of events including the Oyster Festival, Harbour Day, the Biennale, the annual barge race, water ski events and sailing regattas.

The deck at Dead Man's Corner is used for numerous community events throughout the year. The deck was built as a joint venture by the harbour board and Whitstable Improvement Trust (WIT).

The harbour also continues to receive high profile media coverage locally and nationally. It has been the location for a number of film and TV shoots, and has had visits from cabinet ministers and royalty.

Whitstable Oyster Fishery Company

The Whitstable Oyster Fishery Company leases premises at the end of the East Quay from where it operates a number of businesses including a restaurant.

Oyster Indoor Bowls Club

The Oyster Indoor Bowls Club which occupies a converted warehouse has a membership of some 900 people. Their lease extends to 2038. It is most active during the winter months. Its activities are neither harbour-dependant nor harbour-beneficial.

Car Dealership

The Harbour Garage which fronts on to Harbour Street/Tower Parade has a long lease which expires in 2060. The garage is the main Kia dealership in Kent and provides both sales and after-sales services. It is currently being extended with an enlarged showroom. The car dealership is neither harbour-dependant nor harbour-beneficial.

Other

Ancillary activities include the provision of parking, storage facilities, and the supply of water and utilities to harbour tenants.

Comments

No single activity listed above satisfies all the objectives of the harbour. These existing uses mostly satisfy a range of objectives, and those that fail to satisfy the financial self-sufficiency objective do so on grounds which are acceptable to the board.

5. STRENGTHS AND WEAKNESSES, OPPORTUNITIES AND THREATS

The strengths and weaknesses attributable to the harbour, and the opportunities and threats that it faces are outlined below.

5.1 Strengths and weaknesses

The core strength of the harbour is its history and tradition. It is the focal point of Whitstable, and its fishing and seafood character are a key element of its attractiveness. As a working port, it has one long-term customer and an established fishing fleet. However, as a tidally restricted berth and with limited cargo hinterland markets, it has limited industrial uses.

More specifically, the harbour's strengths and weaknesses can be summarised as follows:

Strengths

- Character and history of the town of Whitstable
- Major visitor attraction
- Long term industrial customer
- Available land and harbour facilities
- Fishing and seafood centre
- Centre for sailing and other water sports
- Financial backing from Canterbury City Council

Weaknesses

- Limited hinterland for cargo markets
- Lack of cargo handling facilities
- Limited storage facilities
- High quay maintenance costs
- Unsuitable road access for heavy vehicles
- Tidally restricted berthing
- Limited parking
- Poor embarkation facilities
- Lack of visitor facilities.

5.2 Opportunities and threats

From a development perspective, the key opportunities relate to better utilisation of both the South Quay and the West Quay. The scope for additional cargo handling opportunities is limited, as cargoes such as timber are 'foot-loose' and not profitable. Opportunities for the development of fishery related businesses, wind-farm related activities and tourist recreational activities are more promising.

More specifically, the opportunities and threats that the harbour faces are as follows:

Opportunities

- Developments on the South Quay
- Developments on the West Quay
- Fishery related activities
- Tourism support
- Water sport related activities

- Other water related recreational activities
- External grant funding
- Availability of prudential borrowing

Threats

- Vulnerability of the fishing and shellfish industries
- Increasing regulatory requirements
- Diverse views within the local community
- Potentially conflicting harbour users
- Rising sea levels.

5.3 Conclusions

The character and history of Whitstable differentiate it from other towns on the Kent coastline. Whilst there are some clear opportunities to develop currently under-utilised land and facilities, the nature and extent of any proposed developments need to be determined in a manner that is sensitive to the town's character, to the harbour's existing stakeholders and to the wider community as a whole.

6 DEVELOPMENT OPPORTUNITIES

Whitstable is unique. It is an unspoilt coastal town with a significant heritage and an important fishing and shell-fish community. It is a gastronomic centre of excellence and has a thriving artists' community. The harbour is an intrinsic component of Whitstable and encapsulates much of the character of the town. It is industrious rather than pretty. It is varied, quirky and somewhat ramshackle. It is these characteristics which make the town unique.

6.1 Development Criteria

The Strategic Plan sets out general guidelines. These include:

- Any developments should either be harbour-dependent or harbour-beneficial
- Housing, hotel or holiday lets will not be permitted, as these may compromise the harbour's ability to continue as a working harbour
- The harbour board will not dispose long leasehold interests (25 years plus), so that it retains control over harbour land
- New buildings should conform to the guidelines set out in the 'Whitstable Harbour, South Quay Design Code'. The design code recommends that no buildings on the South Quay should exceed three storeys
- There is a need to improve the Harbour Street frontage as part of any South Quay development.

6.2 Short-term potential development opportunities

The board have identified a number of short to medium term projects, not all of which are income generating.

These include:

- Several vacant sites on the South Quay
- Part of the West Quay is under-utilised
- There is scope to extend the Angling Club building
- The possibility of a 'container village' at the end of the West Quay for artists and other creative enterprises
- Additional toilet facilities in the harbour
- Improving embarkation facilities for pleasure craft (as part of South Quay replacement works)
- Attracting operators for water-based recreational activities.

Expressions of interest are currently being sought for developments on the South Quay. However, various studies which have been commissioned by the board over recent years indicate that, without housing or long leases (at least 100 years), major developments are unlikely to be viable.

This Business Development Plan has been drawn up on the assumption that there will only be incremental developments on the South Quay, and limited developments on the West Quay over the next five years.

6.3 Longer-term potential development opportunities

Longer-term projects may include:

- The relocation of the Whitstable Museum to the harbour
- The relocation of the Harbour Garage from the harbour to release harbour land

- The relocation of the Oyster Indoor Bowls Club from the harbour to release Harbour land and to open up the Long Beach area which has development potential for recreational and leisure activities
- A heritage and interpretation centre, if the Whitstable Museum is not relocated
- To make provision for rising sea levels and flood defences. The harbour forms part of the sea defences for Whitstable and the Kent coast.

6.4 Financing of Development Projects

It is the intention of the board that future development projects will be financed through direct funding by the board of the development, with annual rental arrangements for the tenants over a defined period.

These arrangements will allow the board to retain control over harbour land which would otherwise be relinquished through any disposal of long-term leasehold interests. It would also enable the board to retain the profitability of the project which would otherwise be ceded to a developer. The board is also able, through prudential borrowing, to access funds at a significantly lower cost than potential developers. The availability of funding will be subject to (a) ongoing access to Council prudential borrowing facilities, (b) detailed project appraisals including assessment of risks and returns, (c) the approval of the Council and (d) business case to prove affordability of loan repayments.

7 FINANCIAL EVALUATION

7.1 Assumptions

The financial projections for the next five years are based on the following assumptions:

- The nature and extent of any significant developments on the South or West Quays are not known, and have therefore not been included in these projections. Some incremental developments have been assumed
- The Whitstable Museum will not transfer to the Harbour within the timeframe of this plan
- It is anticipated there will be no changes of major tenants
- Aggregate imports will remain at around current levels
- Capital expenditure projections for the next 5 years will be as shown in Appendix B.
- The harbour will continue to have access to prudential borrowing through Canterbury City Council for quay maintenance, and these borrowings will be repaid over a 50 year period
- A toilet block will be built in 2014/15. This will be financed from reserves subject to Council approval
- There will be an investment in extending the Angling Club building of £150,000 in late 2014
- There will be no Environmental Agency grants towards the rebuilding of parts of the South Quay (although officers will continue to apply for grants)
- There will be no negative impact on the harbour's finances from the Fostering Long term Initiatives in Ports Interreg project. The claim money received as match funding for staff and project time will be held in a separate budget code which will offset any overall project expenditure
- The net surplus will be transferred to reserves each year
- Other assumptions are detailed with the projections.

7.2 Projected Outcomes

The projected financial outcomes for the next five years are shown over the next few pages for both the Profit & Loss Account and for Reserves and Borrowings.

Summary budget projections

2013/14 Budget	2013/14 Actuals		2014/15 Budget	est 2015/16 Budget	est 2016/17 Budget	est 2017/18 Budget	est 2018/19 Budget
Revenues							
(484,535)	(472,971)	Rents and concessions	(486,455)	(467,312)	(477,237)	(480,263)	(483,860)
(26,996)	(17,086)	Service charges	(27,996)	(28,836)	(29,701)	(30,592)	(31,510)
(24,000)	(30,339)	Cargo wharfage	(26,000)	(27,000)	(27,500)	(28,000)	(28,500)
(59,900)	(65,571)	Vessel fees and dues	(63,110)	(63,110)	(63,110)	(63,110)	(63,110)
(9,000)	(10,414)	Storage	(9,000)	(9,180)	(9,364)	(9,551)	(9,742)
(60,000)	(58,702)	Parking fees	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)
(18,000)	(12,626)	Net fuel sales	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)
(7,300)	(7,000)	Recharges	(7,300)	(7,446)	(7,595)	(7,747)	(7,902)
(3,000)	(1,910)	Other income (Launch hire)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
(692,731)	(676,618)		(706,861)	(689,884)	(701,506)	(706,263)	(711,623)
Direct costs							
124,400	132,939	Employee costs	131,900	133,204	134,521	135,851	137,195
72,075	55,164	Premises costs	148,881	75,787	77,376	169,011	80,695
0	0	Contribution from dredging reserves	(75,000)	0	0	(90,000)	0
18,000	25,492	General quay maintenance	20,000	20,000	20,000	20,000	20,000
15,000	21,106	General building maintenance	16,752	17,255	17,772	18,305	18,854
8,700	7,899	Transport costs	4,200	4,300	4,400	4,400	4,400
22,000	15,228	Supplies and services	30,636	30,909	31,148	31,291	31,439
29,474	30,600	Consultants fees	22,000	20,000	20,000	20,000	20,000
289,649	288,427		299,369	301,455	305,217	308,859	312,583
(403,082)	(388,191)	OPERATING SURPLUS	(407,492)	(388,429)	(396,289)	(397,404)	(399,040)
Central costs							
141,552	158,910	Central support services	128,664	128,724	128,785	128,846	128,908
(261,530)	(229,281)	NET (PROFIT)/LOSS	(278,828)	(259,705)	(267,504)	(268,558)	(270,132)
27,830	27,820	Capital charges	27,830	27,830	27,830	27,830	78,432
55,634	55,634	Depreciation	10,000	10,000	10,000	10,000	10,000
(7,926)	(2,092)	Interest on reserves	(7,926)	(9,511)	(10,938)	(12,579)	(14,465)
75,538	81,362		29,904	28,319	26,892	25,251	73,967
(185,992)	(147,919)	NET RESULT	(248,924)	(231,386)	(240,612)	(243,306)	(196,165)
30,000	30,000	Contr to dredging reserve	30,000	30,000	30,000	30,000	30,000
0	0	Contr to quay maintenance reserve	199,924	182,386	191,612	194,306	147,165
8,000	(2,717)	Contr to building maint reserve	9,000	9,000	9,000	9,000	9,000
206,514	147,992	Contr to general reserve	10,000	10,000	10,000	10,000	10,000
0	31,310	Contr to bad debt provision	0	0	0	0	0
244,514	206,585		248,924	231,386	240,612	243,306	196,165

2015/16 - 2018/19 financial assumptions

Increase as per property schedule & lease agreements

Assumed annual increase 2%

Assumed annual increase 2%

Assumed annual increase 2%

Assumed constant charges with no increase

Increased by 1% per annum

Assumed increase 3%. Dredging programme included.

General day to day repairs

General day to day buildings & hut repairs

Mix of 3% increase and constant budget levels

Not anticipating recharges changing significantly

As per borrowing levels

MRP charges

Assumed interest on reserves at 1%

Trfd from premises costs

Balance of net result after other contributions to reserve subject to board approval

Trfd from premises costs

Consistent contribution with balance in quay maintenance

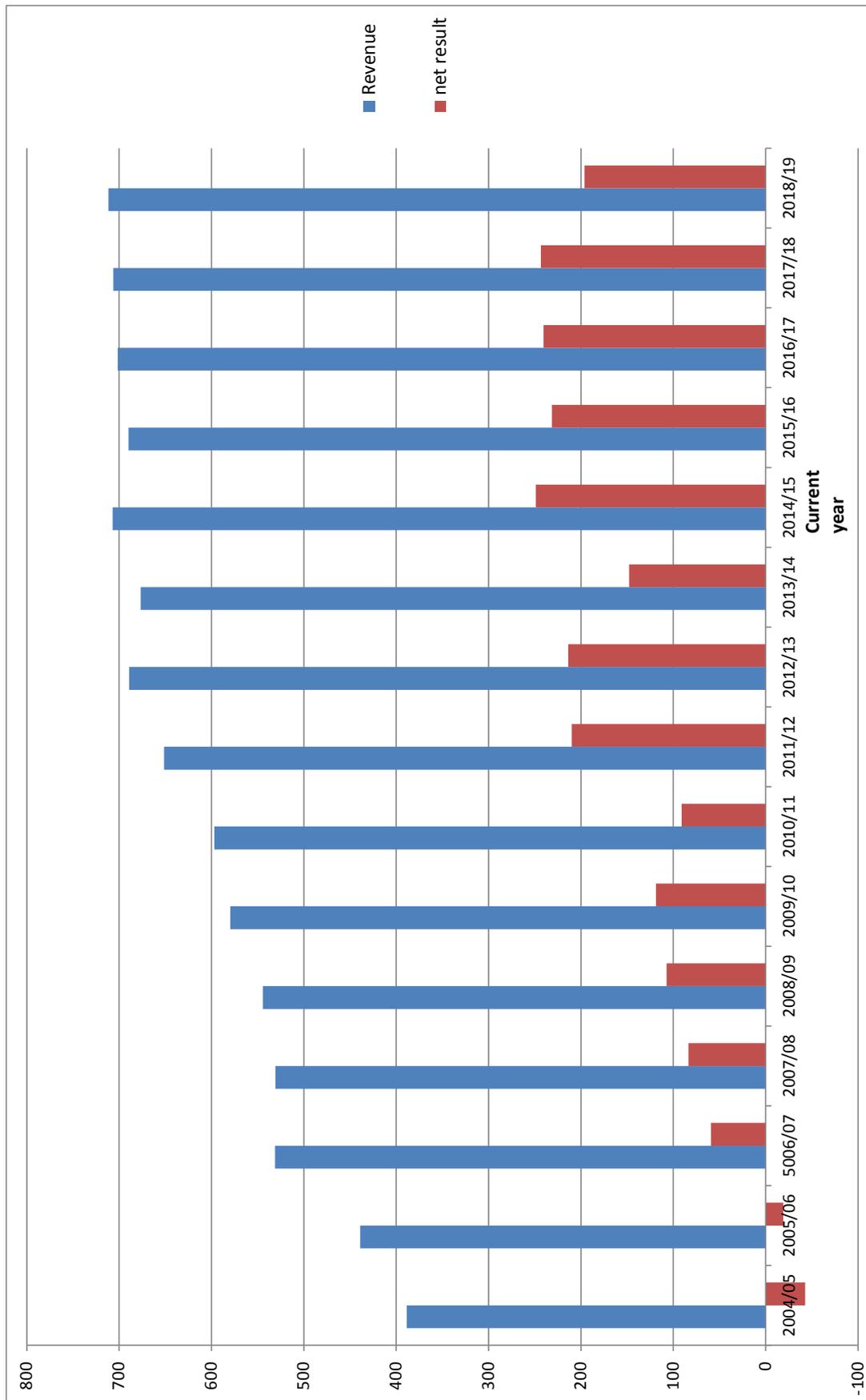
Subject to review annually

All assumptions are subject to review.

Provisions & Reserves Balances

	est 2014/15	est 2015/16	est 2016/17	est 2017/18	est 2018/19 +
Bad Debt Provision					
Balance B/F	(36,258)				
Contribution to Revenue	30,000				
	(6,258)	(6,258)	(6,258)	(6,258)	(6,258)
Dredging Reserve					
Balance B/F	(63,118)				
Contribution to Revenue	75,000			90,000	
Contribution from revenue account	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
	45,000	15,000	(15,000)	45,000	15,000
General Reserve					
Balance B/F	(283,831)				
Capital expenditure	110,000	150,000			
Contribution from revenue account	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Transfer between reserves					
	(183,831)	(43,831)	(53,831)	(63,831)	(73,831)
Repairs & Maintenance Reserve					
Balance B/F	(32,139)				
Contribution to Revenue					
Contribution from revenue account	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
	(41,139)	(50,139)	(59,139)	(68,139)	(77,139)
Quay Maintenance Reserve					
Balance B/F	(600,390)				
Capital expenditure			500,000	400,000	500,000
Transfer between reserves					
Contribution from revenue account	(199,924)	(182,386)	(191,612)	(194,306)	(147,165)
	(800,314)	(982,700)	(674,312)	(468,619)	(115,784)
Total Provision & Reserves	(986,542)	(1,067,928)	(808,540)	(561,847)	(258,012)

Past and projected outcomes are shown in bar chart format below.



8 CONCLUSIONS

The financial projections for 2014/15 to 2018/19 show that the harbour is now generating sufficient funds to enable the board to finance future capital works and essential quay maintenance from a combination of reserves and prudential borrowing.

The board, however, will continue to pursue development opportunities which are sensitive to Whitstable's character and are acceptable to the harbour's existing stakeholders and the wider Whitstable community.

It will also seek to continue to increase the annual net surpluses to reduce the need for future prudential borrowing.

Reference documents

1. *'The Future of Whitstable Harbour'*, Best Value Review, February 2002
2. *'Whitstable Harbour Business Development Plan, 2006/7'*, December 2006
3. *'Municipal Ports Review'*, Department of Transport', 2007
4. *'Whitstable Harbour, South Quay, Design Code'*, December 2008
5. *'Whitstable Harbour Byelaws 2008'*
6. *'Memorandum of Understanding between the Executive of Canterbury City Council and the Whitstable Harbour Board'*, 2009
7. *'Whitstable Harbour Strategic Plan'*, January 2010
8. *'Scrutiny Review Report, Whitstable Harbour'*, December 2010
9. *'Whitstable Harbour South Quay Feasibility'* Urban Delivery, May 2011
10. *'Organisational Handbook of the Whitstable Harbour Board'*, June 2011 (revised February 2014)
11. *'Whitstable Harbour Commercial Opportunities on the South Quay'*, Canterbury City Council, 2013

Whitstable Harbour Capital Plan

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19 +
General Reserves:						
Public toilets		110,000	*			
Angling club extension			150,000	*		
Quay Reserves:						
South Quay Maint (section 4)				500,000	**	
From conditions survey 2011						
South Quay Central section						
West					400,000	**
West Quay filled section						500,000 **
Borrowing:						
West Quay filled section						1,000,000 **
	-	110,000	150,000	500,000	400,000	1,500,000

* Council approved in September 2014 to add to the Council Capital Programme

** To be approved at future star chamber meetings to be added to the Council Capital Programme

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