



# **ANNUAL REPORT & ACCOUNTS**

## **FOR THE YEAR ENDED**

### **31 MARCH 2017**



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A pilot's eye view of the trip down river

Front page photo shows the Arklow Valiant entering Sharpness, © Mike Nash

# CHAIRMAN'S REPORT

I have pleasure in introducing the Gloucester Harbour Trustees' annual report and accounts for the financial year 2016-2017.

This has proved to be another quiet but successful year for GHT.

The local port operator, Sharpness Dock Ltd continues to work hard to maintain customers and attract new business to the port. There have been peaks and troughs throughout the year, but trade overall has, as predicted, been in line with previous years which means that our finances remain healthy. This has allowed us to make 'backroom' improvements to the way we work and improve our service to commercial and leisure users.

We face a period of financial uncertainty in the coming months and years, but we will not let this interfere with our main task of ensuring the safety of all navigation in the Gloucester Harbour.



**John Beevor**  
Chairman of GHT

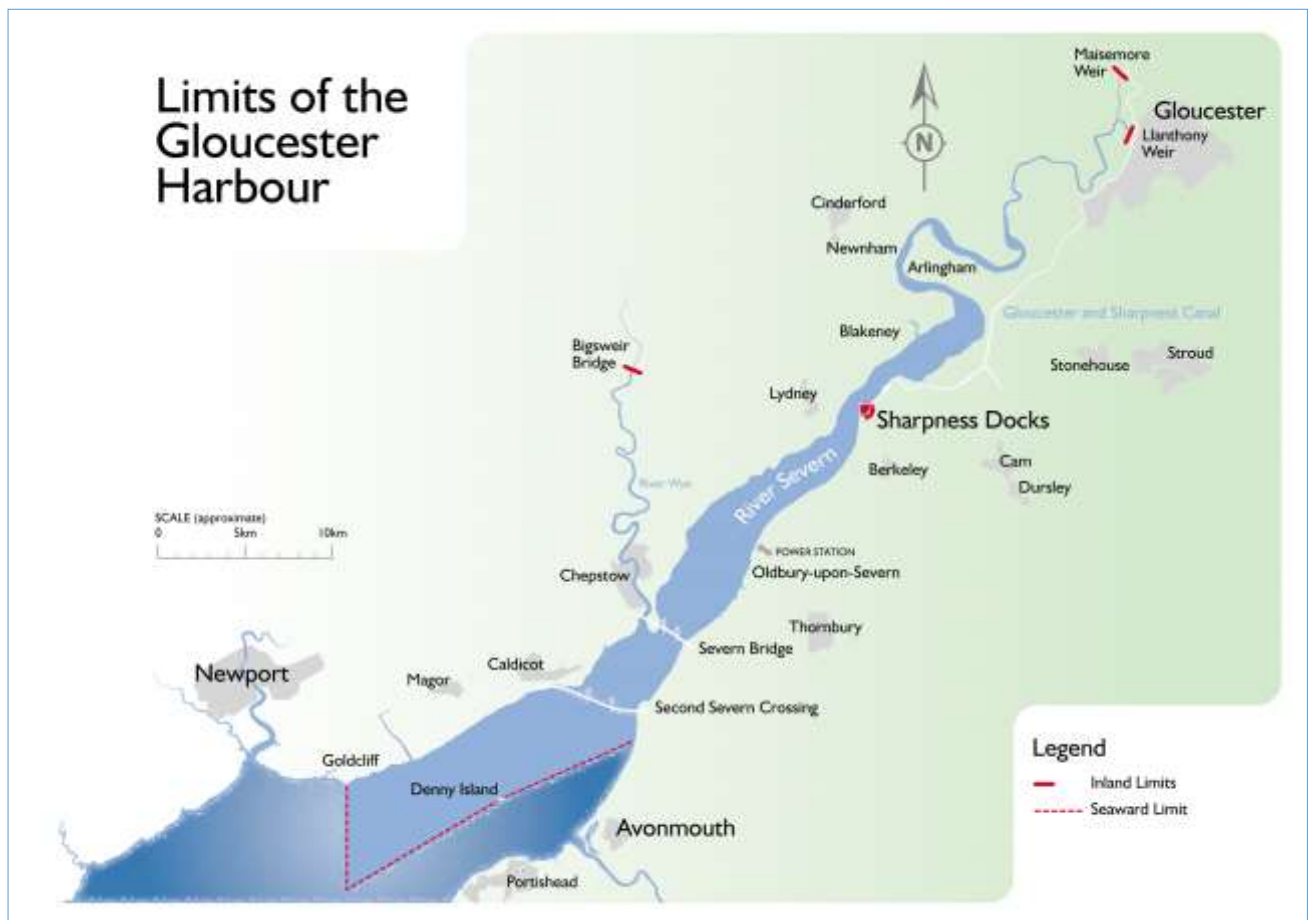


The Narwa passing under the Severn Bridge © Mike Nash

# INTRODUCTION

GHT is the statutory harbour authority for the Gloucester Harbour. It is also a competent harbour authority and is classed as a trust port. Its main duties and responsibilities are to provide a pilotage service, provide and maintain navigation aids and generally ensure the safety of navigation within the Gloucester Harbour. Its powers are derived from general legislation and local Acts and Orders.

The Gloucester Harbour covers a large area of the Severn from seawards of the Second Severn Crossing to the weirs at Llanthony and Maisemore near Gloucester. It also includes the River Wye downstream of Bigsweir Bridge.



Pilotage is compulsory for all vessels whose length overall is 30 metres or above and this service is provided by self-employed pilots licensed by GHT. There are between 350 and 400 commercial vessel movements in and out of Sharpness Dock each year. A sand dredger also operates in the Gloucester Harbour on a regular basis; leisure craft make up the remainder of the traffic.

GHT does not own or operate any docks, quays, marinas or loading/unloading facilities. The dock at Sharpness is owned by the Canal & River Trust (CRT) with whom GHT has an important working interface. However, the dock and the dry dock at Sharpness are operated by private sector companies.

In this report we have taken note of the guidelines outlined by the Department for Transport in 'Modernising Trust Ports 2' and have incorporated as much information on target setting, benchmarking and identifying a stakeholder benefit as is reasonable given the size and scope of GHT's operations.

# AIMS AND OBJECTIVES

Our primary responsibility and overriding concern is the safety of navigation within the Gloucester Harbour and to this end provide a pilotage service and aids to navigation.

We aim to run a safe, efficient, cost-effective and sustainable operation for the benefit of all harbour users and the wider community. In doing so, we have regard to the standards prescribed for trust ports and the requirements of the Port Marine Safety Code and endeavour to fulfil our statutory responsibilities whilst meeting the changing needs of all Harbour users.

We also aim to maximise the quality and value for money of GHT's services and maintain the conservancy dues and pilotage charges at a competitive level, whilst remaining financially viable. As a not-for-profit organisation, we aim to break-even each year with any surplus reinvested for the benefit of the Harbour. In addition, we maintain a small contingency fund which has built up over the years through prudent management and is kept in reserve to deal with any unforeseen emergency.

We continue to modernise the navigation aids whenever the opportunity arises, especially where this reduces the costs of on-going maintenance and improves performance and reliability and/or has environmental benefits.

# THE TRUSTEES

We are responsible for the overall strategy and performance of GHT and manage it in an open and transparent way and in accordance with the guidance issued by the Department for Transport.

Trustees are appointed for terms of three years under the Gloucester Harbour Revision (Constitution) Order 2002. Part of the Board retires each year and applications are invited in successive years from those with an interest or expertise in a variety of areas including maritime, community, environmental or maritime commercial matters. GHT's Harbour Master as the Principal Operational Officer is also a Trustee ex officio.

Trustees are appointed as individuals with the appropriate skills and knowledge to support GHT's work and are not representatives of any organisation or interest. Apart from the Chairman, we receive no remuneration other than occasional expenses incurred in carrying out our duties and functions.

## TRUSTEES' ATTENDANCE RECORD

Trustee	Possible Attendances	Actual Attendances
John Beevor	6	6
John Christie	6	5
Gordon Craig	6	6
Derek Hughes	6	4
Mike Johnson	6	6
Barry Leat	6	6
Carl Merry	6	5
Anthony Potts	6	6
Garry Strickland	6	5
Nigel Vaughan	2	2

The day-to-day running of the Authority is carried out by a small team based at Sharpness who report to the formal meetings of the Trustees which are held every two months. The full-time Marine Officer acts as GHT's Harbour Master and is responsible for maintaining the pilot watch radar system and supervising the maintenance of the other navigation aids including lights, buoys, beacons and daymarks. He is also responsible for environmental management issues. Financial and administrative support is provided by two experienced part-time members of staff.



# TRUSTEES AND OFFICERS - MARCH 2017



**John Beevor**  
Chairman

John has enjoyed a career as a corporate lawyer working for a variety of national and international institutions. Now retired from legal practice he has provided support to the office of the Police and Crime Commissioner, been an Honorary Consul to Estonia and has led the Trustees since 2012



**Derek Hughes**  
Vice Chairman

Derek is an experienced shipping agent, broker and ship manager for a fleet of dry cargo vessels. He has been involved in the establishment and operation of port facilities and the introduction of new trading routes between the west of Scotland, Ireland and England.



**John Christie**

John is retired after a career in river pollution control. He is on the Board for Young Enterprise, Gloucestershire, has worked with schools as a YE Business Advisor and is involved with Toastmasters International. A long-standing member of Lydney Yacht Club, John sails regularly in the Severn Estuary and Bristol Channel.



**Gordon Craig**

Gordon is a retired management consultant. He is currently a Stroud District Councillor and sits on a variety of local trusts and committees. He is a keen sailor and an active member of Thornbury Sailing Club. He is chairman of the Bristol Channel Yachting Association and is also a RYA south west committee member.



**Barry Leat**

A retired metallurgist, Barry is a well-known figure in the area having been dinghy and yacht sailing in the estuary and much further beyond for over fifty years. Barry is a long-standing RYA member and Yachtmaster, and remains an active member of Thornbury Sailing Club where he is a former Commodore.



**Carl Merry**

Carl is a Master Mariner and a Gloucester Pilot with command experience in the short and middle sea trade. He has also served as a pilot on the East coast. As a keen yachtsman he enjoys sailing the waters of the Bristol Channel and also supports the Willow Trust as a volunteer skipper.



**Anthony Potts**

Anthony is a retired accountant and has enjoyed an extensive business and professional career, having served on four local authorities, many local charities and trusts, and has been a JP since 1984. A keen narrow-boater, he is a past Chairman of the Gloucestershire branch of the Inland Waterways Association and brings a wealth of financial expertise to the Board.



**Garry Strickland**

Garry is the Director and General Manager of Sharpness Dock Ltd, the port operator at Sharpness. He is Chairman of the Merchant Navy Welfare Board Bristol Port Welfare Committee and a member of the GFirst Local Enterprise Board Transport and Logistics Group. Garry is also GHT's Designated Person.



**Nigel Vaughan**

Appointed in 2016, Nigel is the most recent person to join the board. A chartered electrical and systems engineer and former owner of a medium-sized engineering science consultancy, Nigel also enjoys sailing and recreational flying, having sailed and flown over the Severn estuary for over 30 years.



**Mike Johnson  
Harbour Master**

With a Merchant Navy background aboard a range of vessels world-wide, and subsequent years working as a skipper and engineer aboard large yachts, Mike joined the Trustees in 1997 and has fulfilled the role of harbour master for a number of years. He is responsible for maintaining the pilot watch radar system and supervising the maintenance of the other navigation aids including lights, buoys, beacons and daymarks as well as advising Trustees on environmental management issues. He is a Trustee ex officio as their Principal Operating Officer.



**Rosie Elsey  
Administrative  
Officer**

Rosie has worked for the Trustees since 1997 and took on the role as Administrative Officer and Clerk in 2005. Her in-depth knowledge of the work of the Trustees has enabled her to keep GHT's paperwork under control and give guidance to the Trustees when needed.



**Susan Hill  
Finance Officer**

Susan, our Finance Officer, is an experienced AAT who works for a number of local clients and joined GHT in January 2015. When not at work, Susan is a leading light in the Gloucestershire Guiding movement and also enjoys exploring the canal network with friends.

# SAFETY

## PORT MARINE SAFETY CODE

Like all harbour authorities, we have a duty to comply with the nationally agreed standards for safe marine operations within our waters set out in the Port Marine Safety Code and its associated Guide to Good Practice.

Our Safety Management Plan, which is regularly reviewed and updated to take account of any changes to activities within the harbour, sets out the procedures which must be followed in order to comply with these criteria. We have recently introduced a new hazard assessment system which has enabled us to assess and rank risks more effectively and monitor the actions taken to mitigate them. The latest edition of GHT's Safety Management Plan is published on our website.

We are pleased to report that there have been no incidents or emergencies in the Gloucester Harbour in the last twelve months.

Safety is of paramount importance to us and, as Duty Holder, we operate in compliance with the Port Marine Safety Code (PMSC). We, therefore, adopt practices and put in place controls to ensure that, wherever possible, the Harbour is operated safely and efficiently so as to safeguard the Harbour, its users and stakeholders and that these measures protect the environment of the Harbour. We are committed to undertaking these duties and responsibilities in a safe and efficient manner.

All procedures and policies are subject to an external independent audit each year to ensure that compliance with the PMSC is maintained. The results of this review are reported to the Board by GHT's Designated Person. Any comments and updates are incorporated into GHT's Safety Management Plan (SMP).

As Duty Holder, we are required by the Maritime and Coastguard Agency to formally certify our continuing compliance with the standards required by the Port Marine Safety Code at three yearly intervals. Our last triennial Statement of Compliance was signed at our meeting on 16 January 2015.

A detailed performance review of compliance with the PMSC is attached as Appendix A (pp18-19).

## TRAINING

GHT has a duty under the Port Marine Safety Code to ensure that its staff and contractors are properly qualified for the roles they fulfil and provides additional training as appropriate. For instance, the Harbour Master and Senior Pilot have recently attended refresher courses to maintain their MCA 5p qualification.

## OTHER SAFETY MATTERS

GHT's Harbour Master continues to provide advice to the Canal & River Trust on navigational issues at Sharpness and has regular meetings with CRT staff, in particular CRT's recently appointed supervisor at Sharpness. This liaison enables good communication between the two organisations and ensures that safety issues are dealt with more effectively.

# RECREATION

The Gloucester Harbour provides a large area for recreational sailing, boating, angling and, in the upper reaches of the Severn when tides are large, surfing or canoeing the famous Severn Bore. Although our waters carry a fearsome reputation for sailors and boaters unfamiliar with them, there is a huge area of safe water available two hours either side of high water, and with proper prior research and passage planning, they provide interesting and attractive environs to be enjoyed but treated with respect.





Passage planning is as important for leisure sailors as for larger commercial vessels. Leisure boaters can find much useful information on our website and, in particular, two documents entitled: ‘Safety Guidance for Small Craft and Other Users of the Harbour’ and ‘Guidance Notes for Small Boat Passage of the River Severn’. These give useful information on passage planning and safe navigation in the potentially hazardous waters of the Harbour. In addition, we continue to liaise with national and local organisations in order to ensure that the information published to help boaters navigating in the Harbour area is correct.

We hope that the recent redesign of website will make information more readily available to leisure sailors in a format compatible with mobile phones as well as computers.

## AIDS TO NAVIGATION

Each year Trinity House inspects the local aids to navigation and conducts an audit of availability together with a check on compliance. Everything was found to be in good order on both occasions this year and we were pleased that the availability of all the aids was well within the targets set by Trinity House. The small number of minor outages during the year were quickly rectified.

Category	No. of A to Ns	Availability	GLA Requirement
1	2	100%	99.80%
2	42	99.98%	99.00%
3	56	99.80%	97.00%

GHT has a standard programme of routine maintenance to ensure that all aids are kept working properly. This is supplemented by a rolling programme of planned improvements which is regularly reviewed to ensure that the aids are effective, efficient and conform to current health and safety standards.

### NARLWOOD BEACONS

The remedial work undertaken last year to stabilise the Narlwood Beacons has not proved as effective as had been hoped. A proposal to replace the current structures with new towers, which would be more stable and require less routine maintenance, is being considered.

## PILOT WATCH RADAR SYSTEM

The future of the PWR has been discussed with Highways England which will be taking responsibility for the Second Severn Crossing at the end of the Concession Period towards the end of 2017. Improvements in the navigation equipment available on board ships and the availability of small portable units which can access up-to-date charts and AIS/GPS information have led to ongoing discussions on the best way forward to ensure the continued safety of ships navigating in the vicinity of the Second Severn Crossing.

## PILOTAGE

The Pilotage Directions are reviewed regularly and updated as necessary to reflect the changing nature of the ships coming to Sharpness – which are gradually becoming larger with deeper drafts - and ensure that the measures in place remain appropriate to ensure their safe passage. The latest edition is available on GHT's website together with a list of the current dues and charges.

The pilotage service is provided by the self-employed pilots, authorised by GHT as the competent harbour authority, who make up the Gloucester Pilots Partnership LLP (GPP).

GPP organises pilotage on a day-to-day basis on behalf of GHT in consultation with the Harbour Master. It also provides relief harbour master services when GHT's Harbour Master is unavailable.

Traffic levels are carefully monitored to ensure that the appropriate number of pilots are authorised to manage these safely. There are currently four first class pilots, but this will change in the near future with the retirement of a long serving pilot, Bill Payne, at the end of June 2017. In his place, we are delighted to welcome Brendan Richardson who began training on 1 April with a view to receiving his first licence by the beginning of July. Brendan comes to us having gained a wealth of experience as a pilot on the Tees and we hope that he will quickly become familiar with the Severn Estuary. We wish Bill all the best in his retirement after eighteen years' service as a Gloucester pilot.

Pilot Exemption Certificates have been issued to the two masters of a dredger working in the Gloucester Harbour and these are reviewed annually. A PEC has also been issued to an experienced local boat operator to enable him to bring his vessel to a berth further up the river on a regular basis.

During the year the 'Monika Muller' and the 'Eva Maria Muller' which have been bringing cement to Sharpness several times a month since 1999 sailed from the port for the last time. The contract has now passed to another company and we are seeing regular visits from ships such as the 'Reggedijk', the 'Isseldijk' and the 'Voornedijk' which are all considerably larger than those which have visited Sharpness in the past. Working practices are regularly reviewed to ensure that these larger ships can enter and leave the dock safely.



Nighttime arrival for the 'Voornedijk'

## TRADE

Sharpness is a major national importer of cement and a significant regional importer of animal feed and fertiliser for the agricultural industry which is distributed throughout Gloucestershire and beyond. In addition, it provides a regional facility for the import and export of grain and has facilities for receiving and exporting scrap metal from the region. The port is thus a key asset to the economy of the local and wider community and supports a considerable number of jobs, both directly and indirectly. The port operator, Sharpness Dock Ltd, works hard in conjunction with its major clients to ensure that Sharpness continues to thrive.

To put this into context, Dragon Alfa Cement Ltd, based in Sharpness and a wholly owned subsidiary of the Cementos Portland Valderrivas group of companies, imported more cement into Sharpness than any other port in the country in the calendar year 2016. Fertiliser is imported by Bunn Fertiliser Ltd, a subsidiary of Koch Fertilizer LLC and one of the UK's longest established and largest fertiliser producers. It services the Midlands and South West through its Sharpness terminal.



Our role in supporting Sharpness and the wider Harbour area is to enable the safe passage of the vessels sailing to and from the port through the provision of the pilotage service and aids to navigation. In the last twelve months, there has been a total of 310 piloted commercial ship movements (excluding dredger activity) through the Harbour carrying a variety of cargoes including cement, fertiliser, minerals and animal feed. In addition, about 500 leisure vessels transit the Gloucester Harbour via Sharpness Docks each year.

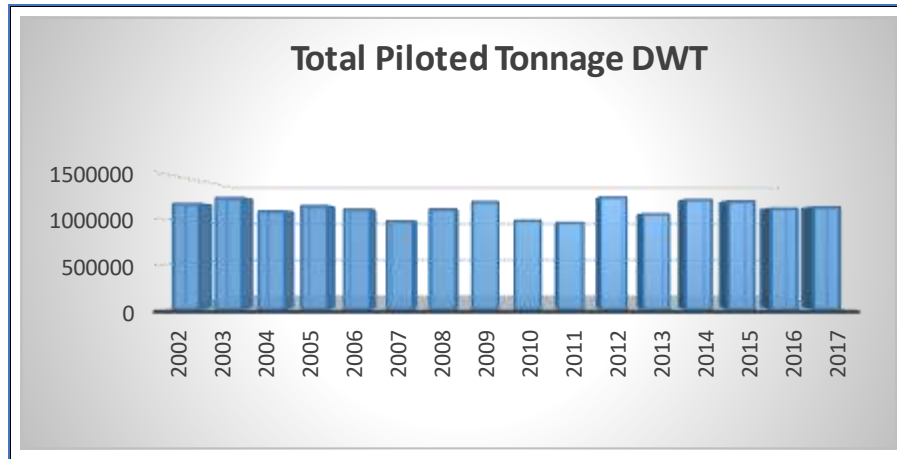
## THE ENVIRONMENT

The Severn Estuary and River Wye are protected by extensive national, European and international legislation which place environmental duties on public and private bodies. In particular, this requires GHT to have regard to the environmental impact of any proposed works or activities in the Harbour. However, whilst we recognise the importance of preserving and enhancing the natural habitat and its flora and fauna as part of our environmental responsibilities as a public body, we are conscious that GHT is primarily a navigation authority and we must, therefore, manage and maintain the delicate balance between conservation and the statutory right of navigation within the Gloucester Harbour for vessels of all types.

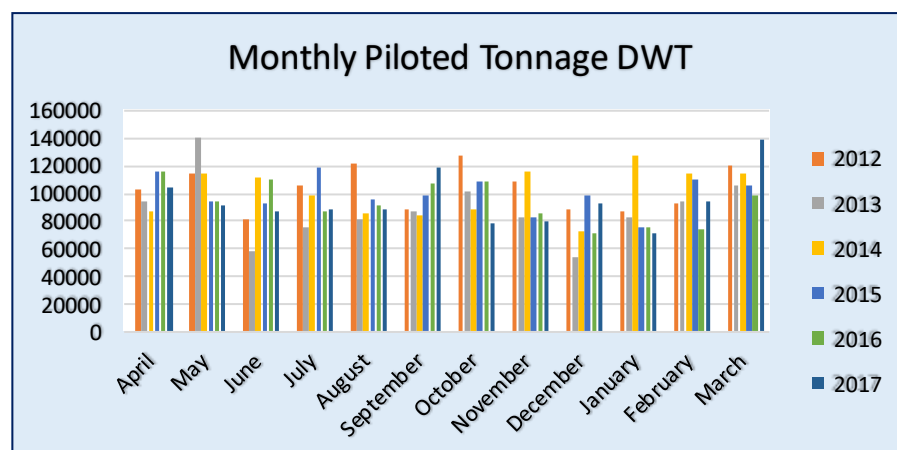
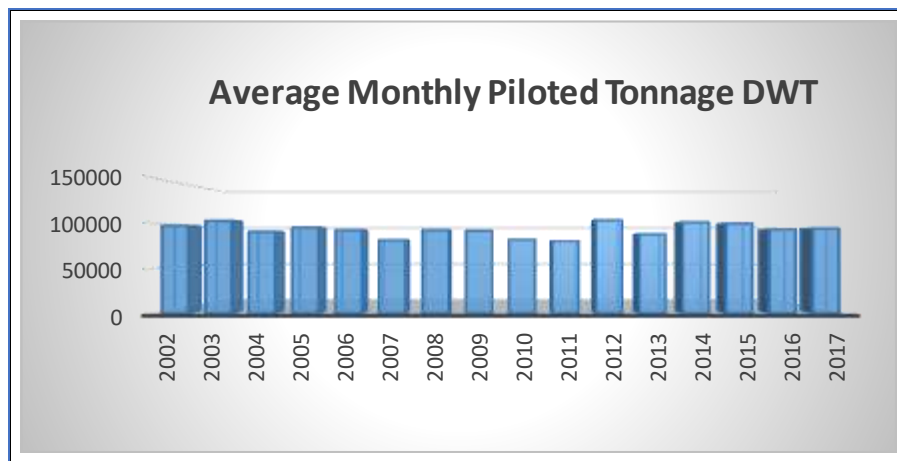
We maintain close links with the bodies responsible for the management of the River Wye (Marine) Special Area of Conservation (SAC), and the Severn Estuary SAC and continue to consult Natural England, Natural Resources Wales and the Environment Agency on matters of mutual interest in relation to the Severn Estuary and the River Wye and provide advice on navigational matters when appropriate.

# FINANCE

GHT is a conservancy body and does not own any land or own/operate any docks or quays, so we are not in a position to generate income from cargo handling, leisure boat use, or other commercial activities. Most of our income is derived from the charges levied on ships sailing to or from the port of Sharpness. Our financial stability is, therefore, dependent on the level of traffic using the port, which is operated by a private sector company. In recent years, the total annual piloted tonnage of the ships using Sharpness has been in the region of 900,000 to 1,200,000 dwt.

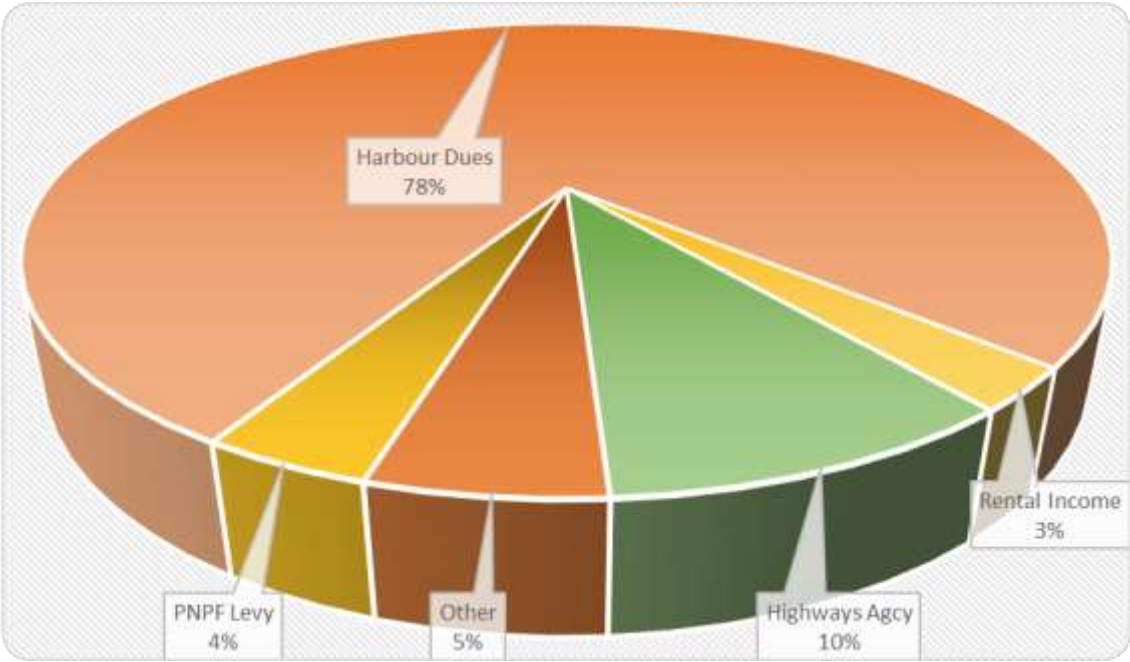


At the beginning of the financial year we took the view the level of shipping would again achieve at least a monthly average of 90,000 piloted dwt over the year and calculated that we could continue to cover our costs by maintaining the harbour dues at the same rate for a further year. In the event, the lower level of trade experienced at the end of the last financial year continued for much of the year, but a surge in shipping during March led to the the average monthly piloted dwt for the year being just over 94,000 dwt.

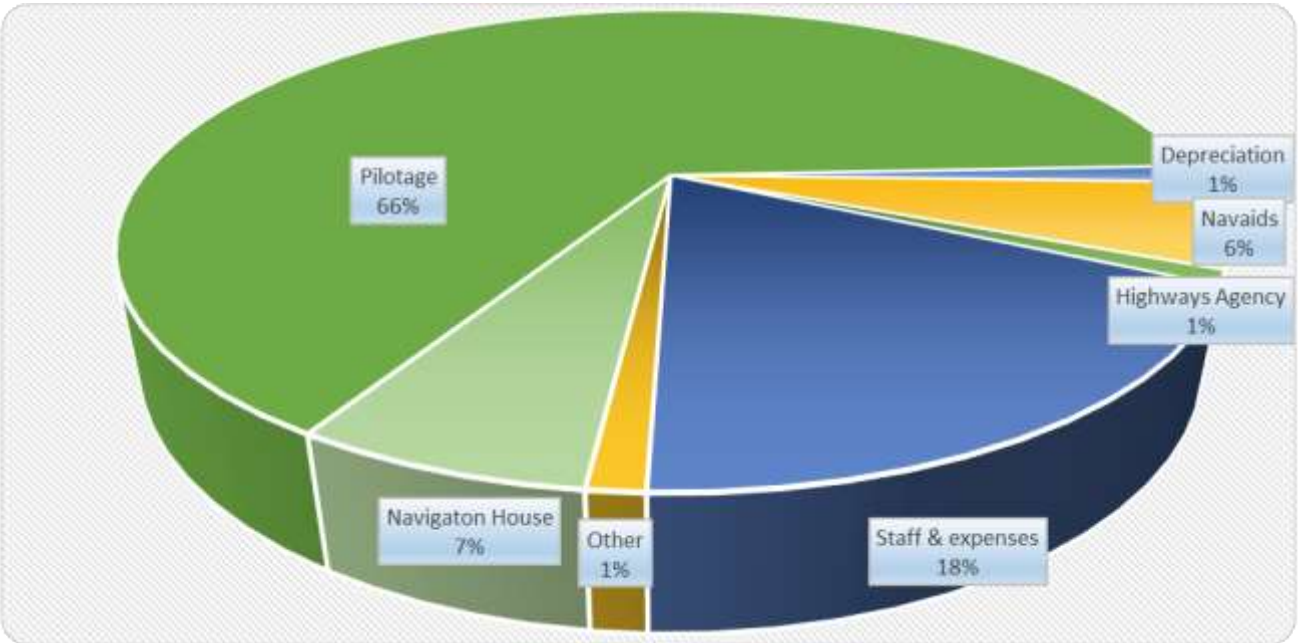


Nevertheless, because of the impact of gradually rising expenses, this outcome has led to a small operating loss in 2016/17 of £1,159 before depreciation, taxation and investments are taken into account. However, our investment portfolio has done well again and when this is taken into account there was an overall surplus of £9.553 before tax.

### Income – Total £577k



### Expenditure – Total £571k





Most of the key performance indicators identified by the DfT for benchmarking are difficult to apply to GHT as it is solely a conservancy body responsible for pilotage and navigation and has no conventional port infrastructure to operate and maintain. We have, therefore, chosen to measure our performance using profitability, defined as deficit / surplus before interest and taxation divided by turnover, as our benchmark.

Using this formula, profitability for the year ended 31 March 2017 was -0.2%. The table below shows how this compares with the previous five years. The peaks and troughs correlate to a dip in trade followed by an increase in harbour dues with profitability reducing again as the effects of inflation are felt.



We continue to maintain a reserve fund to be used for major modernisation projects and to deal with operational emergencies.

**PILOTS’ NATIONAL PENSION FUND (PNPF)**

GHT continues to make an affordable contribution to the deficit in the PNPF. This is funded by an additional 2p per dwt on our harbour dues, with any shortfall made up from reserve funds. The total contributed during 2016/17 was £30,000.



## STAKEHOLDER BENEFIT

The Department for Transport's guidance to trust ports, which, unlike public companies, have no shareholders, recommends that they identify their stakeholders and offer a 'benefit' as if they were shareholders. We are in the fortunate position of having generated modest surpluses in recent years and regularly consider the best way of using these funds for the benefit of our stakeholders – all users of the Harbour.

Recently, we have concentrated on some of our 'behind the scenes' activities to improve the quality of the information we make available. For instance, a lot of effort has gone into updating the tidal information at Sharpness so that trends can be identified and specific tide heights predicted to manage passages on particular tides more safely.

Another project to improve communication with stakeholders has been a revamp of our website to give it a new look and, hopefully, make it easier for readers to navigate around the pages. It contains a wide range of information for leisure sailors and commercial vessels, as well as people with a more general interest in the Harbour. We would encourage people to sign-up to receive email news and updates.

### STAKEHOLDER SUMMARY

- **Investment in Hazman software to improve risk assessment**
- **Investment in software associated with the tide gauge to improve tidal prediction**
- **Improvements to the website to make it easier for users to access relevant information**

## STAKEHOLDER ENGAGEMENT

GHT is a purely conservancy body with no responsibility for port facilities, so we have fewer opportunities for involving our stakeholders than more conventional harbour authorities. On the whole, local people find it hard to identify with the management of a body of water rather than a port area they can visit, though we are aware of a number of keen ship spotters who like to track vessel movements in our area. We aim to make as much information as possible about our activities available on our website and are happy to deal with queries and concerns. Interest in the Advisory Body has waned in recent years with sparsely attended meetings, but it continues to exist as a forum for organisations and individuals with an interest in our work to exchange views and question us on any matters of concern.

We host a buffet lunch each May to which we invite our stakeholders, representing commercial, environmental, leisure and community interests, to join us informally and discuss issues of mutual interest and concern.

In addition, we have a small number of major stakeholders – for example our core customers, suppliers and relevant statutory bodies – with whom we have a more intimate relationship and meet on a regular basis.

# HARBOUR NEWS

## LYDNEY RING TRIP

Each year, when there is a suitable tide, Lydney Yacht Club organises a trip from Lydney up the Severn to Gloucester and then returning via the Gloucester Sharpness Canal. This year a number of Trustees joined the flotilla of small boats in GHT's workboat and thoroughly enjoyed the experience which gave them the opportunity to see the river from a completely different perspective.



Setting Out



Providing Assistance



In Gloucester Lock

## RED BULL CLIFF DIVE FROM CHEPSTOW CASTLE

In September, Red Bull organised a spectacular cliff dive from the walls of Chepstow Castle into the Wye by former Olympic diver Blake Aldridge. GHT, as the relevant navigation authority, gave advice to help ensure that this event took place safely.



## THE YEAR AHEAD

Although the financial year 2016/17 ended with a surge in shipping, the trend had been generally lower during the year. When considering the year ahead, we have again concluded that basing our forecasts on a monthly piloted dwt average of 90,000 is a realistic assumption. However, having maintained an unchanged rate for four consecutive years, the effects of inflation have finally caught up with us and this level of income is no longer sustainable. We have, therefore agreed to raise our harbour dues to 39p per dwt from 1 April 2017 to which is added the additional 2p per dwt to fund the contribution to the PNPF.

We face a period of uncertainty in the coming year. The discussions with Highways England on the future of the PWR system may have financial implications for GHT. We will have to consider carefully how best to deal with a potential loss of income which may lead to further increases in our harbour dues in the future.

In common with many other organisations which are involved in trade with the EU, we are unable to quantify yet what, if any, effect Brexit will bring. However, we hope that Sharpness will continue to flourish as now.



A peaceful view of the Harbour at low tide looking towards the Severn Bridge, the Second Severn Crossing and the former Oldbury Power Station

**GLOUCESTER HARBOUR TRUSTEES**  
**PORT MARINE SAFETY CODE**  
**ANNUAL PERFORMANCE REVIEW 2016**

### Marine Safety

The Gloucester Harbour Trustees aim to undertake and regulate marine operations in order to safeguard the harbour, its users, the public and the environment and comply with the requirements of the Port Marine Safety Code (PMSC).

GHT aims to adopt best practice and incorporates the requirements of the PMSC within its Safety Management System. It has undertaken a formal marine risk assessment, using the newly introduced Hazman system, and the methods adopted to control risk take into account relevant legislation, minimum standards and human factors. These policies and procedures are reviewed on an on-going basis and amended when appropriate.

### PMSC Audit - Statement of Compliance

- The annual independent audit undertaken by C F Spencer Ltd on behalf of GHT's Designated Person confirmed GHT's continuing compliance with the PMSC.
- The triennial Statement of Compliance was signed by the Chairman on behalf of the Trustees as Duty Holder on 16 January 2015 and submitted to the Maritime and Coastguard Agency.

The following performance review summarises the main activities of GHT's marine operations.

### Marine Reports

- There were no shipping incidents in the Gloucester Harbour area during the year.
- Notices to Mariners are issued to interested parties when required. They are emailed direct to an established list of relevant organisations and displayed on GHT's website.
- GHT continues to engage as appropriate with organisations which have an interest in marine issues, such as yacht clubs, environmental bodies and local councils.

### Vessel Movements

- During 2016 there were 504 commercial vessel movements through the harbour area, 293 of which were general cargo vessels visiting the port of Sharpness, with the remainder (211) being generated by aggregate dredging activity within the harbour area. The table below shows the number of cargo vessel movements (excluding local aggregate dredging) over last ten years and demonstrates a steady level of activity which has not required significant changes to the Trustees' safety management plans. There has been a steady increase in the average size of vessels visiting Sharpness from 2,488 dwt in 2006 to 3,680 dwt in 2016.

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
No of vessels	391	380	377	293	387	344	357	370	324	293
Average DWT	2814	2903	2721	3241	3101	3146	3311	3439	3596	3596

- The main cargoes carried were cement, fertiliser, animal feed, grain, and minerals.



- Leisure craft based at several small sailing clubs operate regularly within the harbour. In addition, approximately 500 leisure craft movements each year are undertaken by vessels transiting the harbour via Sharpness Dock.

### **Pilotage**

- Pilotage is compulsory for all vessels over 30m loa.
- The pilotage service is provided by the self-employed pilots, authorised by GHT as the competent harbour authority, who make up the Gloucester Pilots Partnership LLP (GPP). GPP organises pilotage on a day-to-day basis on behalf of GHT in consultation with the Harbour Master.
- There are currently four first class pilots. However, one of the senior pilots will be retiring soon and a trainee pilot has been appointed to commence training to take his place.
- A suitably qualified pilot has been available to deal with all booked commercial movements during the year. There were one occasion in 2016 when an off-duty pilot had to be called out to take a ship when several movements were booked for the same tide. There were two occasions when an off-duty pilot was put on standby but was subsequently not required.
- Boarding and landing services are provided by the pilot boat operated by the Bristol Port Company.
- Pilotage services are also available to recreational vessel owners if requested.
- PECs have been issued to the two masters of a sand dredger operating in the harbour. A PEC has also been issued to an experienced local boat operator to enable him to bring his vessel to a berth further up the river on a regular basis. These PRCs are reviewed annually. 211 acts of pilotage under a PEC were undertaken during 2016.
- The Harbour Master, the Pilots, CRT staff and the port operator regularly discuss navigational issues.

### **Conservancy / Aids to Navigation**

- A pilot watch radar system with three stations in the estuary and a base station in Sharpness was installed for the protection of navigation following the construction of the Second Severn Crossing. This continues to perform well.
- The base station records each vessel's track which can provide useful information in the event of an incident.
- The maintenance of the Aids to Navigation is undertaken under contract. This includes a routine maintenance programme as well as responding to emergency call-outs.
- The availability of the Aids to Navigation (lights, buoys, beacons, daymarks, fog signals), including 'third party AtoNs, for the last year has been as follows:

Category	No. of A to Ns	Availability	GLA Requirement
1	2	100%	99.80%
2	42	99.98%	99.00%
3	56	99.80%	97.00%

### **Pollution**

- There have been no reports of incidents of pollution in the harbour area during the year.
- The Harbour Master and Senior Pilot have both completed the refresher course for their MCA Oil Spill 5p qualification.
- GHT continues to contact organisations listed in its OSCP at regular intervals to ensure that details remain up to date.

## **TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Statute requires the Trustees to prepare financial statements for each financial year. Under the Harbours Act 1964, the Trustees are required to prepare the financial statements in accordance with the provisions of the Companies Act 2006. The financial statements are prepared in accordance United Kingdom Generally Accepted Accounting Practice (UK GAAP) and to give a true and fair view of the state of affairs of the company and of the profit or loss of the authority for that period. In preparing those financial statements, the Trustees are required to:

- 1) select suitable accounting policies and then apply them consistently
- 2) make judgements and estimates that are reasonable and prudent
- 3) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 4) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **STATEMENT OF DISCLOSURE TO AUDITORS**

In the case of each of the persons who are trustees at the time when the Trustees' report is approved:

- a) so far as the trustee is aware, there is no relevant audit information (information needed by the authority's auditors in connection with preparing their report) of which the auditors are unaware; and
- b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the Trustees' auditors are aware of that information.

This report was approved by the Trustees on 14 July 2017 and signed on their behalf by the Chairman.

John P Beever

## **REPORT OF THE AUDITORS TO THE TRUSTEES OF THE GLOUCESTER HARBOUR TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

We have audited the financial statements of Gloucester Harbour Trustees for the year ended 31 March 2017 on pages 23 to 34. The financial reporting framework that has been applied to their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the trust's trustees, as a body, in accordance with the requirements of the appropriate elements of Statutory Harbour Undertakings Regulations 1983, Companies Act 2006, Section 42 of Harbours Act 1964 as amended by the Transport Act 1981 and as amended by the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and Auditors**

As explained more fully in the Trustees' Responsibility Statement set out on page 20, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

### **Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the appropriate elements of Statutory Harbour Undertakings Regulations 1983, Companies Act 2006, Section 42 of Harbours Act 1964 as amended by the Transport Act 1981 and as amended by the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Mr S J Humphries (Senior Statutory Auditor)  
For and on behalf of Griffiths Marshall

Chartered Accountants  
Statutory Auditor

Beaumont House  
172 Southgate Street  
Gloucester  
GL1 2EZ

## GLOUCESTER HARBOUR TRUSTEES

### Income and expenditure account for the year ended 31 March 2017

	Notes	2017	2016
		£	£
<b>Income</b>	2	577,352	577,680
<b>Expenditure</b>	3	571,713	564,718
<b>Operating surplus before depreciation, interest and taxation</b>		5,639	12,962
Provision for depreciation	8	(6,798)	(10,710)
Profit on disposal of fixed assets		-	-
<b>Surplus/(deficit) before interest and taxation</b>		<b>(1,159)</b>	<b>2,252</b>
Income from investments	11	10,867	10,676
Profit on disposal of Investments	11	(404)	11,241
<b>Net Surplus/deficit before taxation</b>	4	<b>9,553</b>	<b>24,169</b>
UK corporation tax	5		(4,767)
Deferred taxation	6		799
<b>Net Surplus/deficit for the year</b>	12		<b>20,201</b>
		=====	=====



## GLoucester Harbour Trustees

### Balance Sheet as at 31 March 2017

	Notes	2017	2016
		£	£
<b>Fixed assets</b>			
Tangible assets	8	64,402	69,700
		<hr/>	<hr/>
		64,402	69,700
		<hr/>	<hr/>
<b>Current assets</b>			
<b>Debtors:</b> due within one year	9	88,727	75,446
Bank balances		139,082	143,304
Cash		62	0
Other Investments	11	398,792	391,725
		<hr/>	<hr/>
		626,663	610,475
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	10	79,806	78,480
Cash			
		<hr/>	<hr/>
<b>Net current assets</b>		<b>546,857</b>	<b>531,995</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		611,259	601,695
<b>Long Term Liabilities</b>			
Creditors: amounts falling due after more than one year	10	16,367	16,457
		<hr/>	<hr/>
<b>Total Assets less Total Liabilities</b>		594,892	585,238
Provisions for liabilities and charges	6		216
		<hr/>	<hr/>
<b>Net assets</b>		<b>585,454</b>	<b>585,454</b>
		=====	=====
<b>Capital and reserves</b>			
Income and expenditure reserve	12	595,162	585,454
		=====	=====

Signed on behalf of the Trustees

J Beavor (Chairman)

S Hill (Finance Officer)

Dated: 14 July 2017

## **GLOUCESTER HARBOUR TRUSTEES**

### **Notes to the accounts for the year ended 31 March 2017**

#### **I Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of Accounting**

The financial statements have been prepared on the historical cost basis of accounting.

#### **Tangible fixed assets**

Tangible fixed assets are stated in the balance sheet at cost less depreciation.

Depreciation is calculated on a straight line basis so that tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following rates:

Motor vehicles	20%
Office equipment and furniture	20%
Trade and marine equipment	20%
Building	4%

#### **Turnover**

Turnover, which excludes value added tax, represents predominately the value of harbour dues and conservancy fees due for the year.

#### **Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

#### **Other Investments**

Investments are valued at historical cost less any provision made for permanent diminution in value.

#### **Pensions**

The authority operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the income and expenditure account in the year in which they are payable. GHT also pays affordable contributions towards the Pilot's National Pension Fund and these contributions are charged to the Income and Expenditure account on an accruals basis.

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2017

#### 2 Income

	2017	2016
	£	£
Harbour Dues (Pilotage & Conservancy)*	452,061	450,712
PNPF Levy	22,672	19,978
Pilotage Exemption Certificate income	60	970
Conservancy Dues income	11,838	9,536
Highways Agency – contribution to ship protection measures	56,065	55,265
Highways Agency – non-routine upgrades	0	0
Magnox Sites - contribution to repairs, maintenance and lighting	10,386	18,092
Bank interest received	552	512
Licensing fees received	0	0
Navigation House rental & service charges income	15,920	17,079
Other income	7,798	5,536
<b>Total Income</b>	<b>577,352</b>	<b>577,680</b>
	=====	=====

\* Includes charge for use of pilot boat

## GLoucester Harbour Trustees

### Notes to the accounts for the year ended 31 March 2017

#### 3 Expenditure

	2017	2016
	£	£
<b>Conservancy and Administration</b>		
Navigational aids: renewals, repairs and maintenance	14,805	12,613
Beacon and radar costs on behalf of Highways Agency	5,552	5,213
Highways Agency – non-routine work	0	0
Lighting supplies	979	96
Workshop accommodation costs	7,164	7,092
Vehicle costs	1,175	1,132
Boat costs	303	759
Lights maintenance contract	4,500	6,600
Navigation House costs	19,909	16,254
Office Costs	17,983	6,338
Salary Costs	94,353	92,711
Trustee and staff expenses	11,409	11,704
Audit fee	3,200	3,250
Subscriptions and licences	423	379
River surveys	4,574	4,176
Bathymetric Survey	0	15,875
Professional advice and expenses	0	950
Oil spill measures	0	0
Investment administration charges	3,799	3,337
	<hr/>	<hr/>
	190,128	188,479
	=====	=====
	 <b>2017</b>	 <b>2016</b>
	£	£
<b>Pilotage</b>		
Pilots' contract	308,531	301,475
Boarding and landing fee	32,830	33,371
Pilots' lodge facilities	9,300	9,207
Training	0	0
Other pilotage costs	924	2,186
PNPF	30,000	30,000
	<hr/>	<hr/>
	381,585	376,239
	=====	=====
<b>Total Expenditure</b>	 <b>571,713</b>	 <b>564,718</b>
	=====	=====

## GLoucester Harbour Trustees

### Notes to the accounts for the year ended 31 March 2017

	2017	2016
<b>4 Surplus/Deficit before Taxation</b>	9,553	24,169
Deficit before taxation is stated after charging/(crediting)		
Depreciation charge for the year:-		
Tangible owned fixed assets	6,798	10,710
Adjustment on disposal of investments	(404)	11,241
Auditor's remuneration	3,200	3,250
<b>5 Taxation</b>	<b>2017</b>	<b>2016</b>
Domestic current year tax:-		
UK Corporation Tax at 20% (2016: 20%)		4,767
Adjustment for prior year		-
	-----	-----
Current tax charge		4,767
	=====	=====
Factors affecting the tax charge for the year:-		
Profit on ordinary activities before tax	9,553	24,169
	=====	=====
Deficit on ordinary activities before tax multiplied by standard rate of tax - 20% (2016 20%)		
	1,911	4,834
	-----	-----
Effect of :-		
Depreciation	1,360	2,142
Capital allowances		(82)
Other tax adjustments		
		(2,127)
	-----	-----
		(67)
	-----	-----
<b>Current tax charge</b>		<b>4,767</b>
	=====	=====



## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2017

#### 6 Deferred Taxation

The deferred taxation asset/(liability) can be analysed as follows:-

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Accelerated Capital Allowances	-----	216 -----
Deferred taxation liability	=====	216 =====
		<b>£</b>
Balance at 1 April 2016	216	(583)
Movement in the year		799 -----
Balance at 31 March 2017		216 =====
<b>7 Employees</b>	<b>2017</b>	<b>2016</b>
The average weekly number of persons employed during the year was	2 ==	2 ==
Staff costs (for the above persons):-		
Wages and salaries	78,529	76,594
Pension contributions	11,345	10,905
Social security costs	4,479	5,212

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2017

#### 8 Fixed Assets

	Motor Vehicles	Office Equipment	Furniture	Marine Equipment	Property	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 April 2016	20,060	37,651	5,800	55,141	157,646	276,298
Additions		1,500				1,500
Disposals						
At 31 March 2017	20,060	39,151	5,800	55,141	157,646	277,798
<b>Depreciation</b>						
At 1 April 2016	20,060	36,867	5,800	55,141	88,730	206,598
Charge for year		492	-	-	6,306	6,798
Disposals						
At 31 March 2017	20,060	37,359	5,800	55,141	95,036	213,396
<b>Net book value</b>						
At 31 March 2017	0	1,792	0	0	62,610	64,402
At 31 March 2016	0	784	0	0	68,916	69,700

## GLoucester Harbour Trustees

### Notes to the accounts for the year ended 31 March 2017

9 Debtors	2017	2016
	£	£
<b>Amounts falling due within one year</b>		
Pilotage fees	59,727	41,757
Highways Agency	17,569	19,511
Magnox Sites	0	2,478
Canal & River Trust	150	-1,203
Other debtors	11,281	12,903
	<hr/>	<hr/>
	88,727	75,446
	=====	=====
10 Creditors	2017	2016
	£	£
<b>Short Term : Amounts falling due within one year:-</b>		
Other creditors	52,731	45,877
Corporation Tax		4,769
Highways Agency	20,000	20,000
H M Revenue and Customs (VAT & PAYE)	5,225	5,984
Deferred income credit	1,850	1,850
	<hr/>	<hr/>
	79,806	78,480
	=====	=====
<b>Long Term: Amounts falling due in more than one year:-</b>		
Deferred income credit - Magnox *	16,367	16,457
- British Waterways (CRT) **		-
	<hr/>	<hr/>
	16,367	16,457
	=====	=====

The deferred income credits represent:

- \* the amount remaining from BNFL Magnox Electric's one-off payment in 2005 to buy out its obligation for the maintenance of the Haywards Rock & Bull Rock Beacons
- \*\* a contribution from British Waterways (CRT) towards the tide gauge which is credited to income at the same rate as the asset is depreciated

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2017

#### II Other Investments

	2017	2016
	£	£
Listed Investments	396,957	390,654
Cash	1,677	1,071
	-----	-----
	398,634	391,725
	=====	=====
The market value of other investments as at the balance sheet date:-		
Listed investments	568,155	491,295
Cash	1,677	1,071
	-----	-----
	569,832	492,366
	=====	=====
Acquisitions	47,048	28,144
Disposals	(40,741)	(7,455)
Movement in cash balance	606	(2,109)
	-----	-----
	6,913	18,580
	=====	=====
Income Received:-		
Dividends	8,822	8,415
Interest (net of tax)	2,294	2,261
Disposals adjustment	(404)	11,241
Administration charges	(3,799)	(3,337)
	-----	-----
	6,913	18,580
	=====	=====

## **GLOUCESTER HARBOUR TRUSTEES**

### **Notes to the accounts for the year ended 31 March 2017**

#### **12 Income and Expenditure Reserve**

	<b>£</b>
Balance at 1 April 2016	585,454
Deficit for year	9,708
	<hr/>
Balance at 31 March 2017	595,378
	=====

#### **13 Financial commitments**

At 31 March 2017 the trust had annual commitments under a non-cancellable operating lease as follows:

	<b>Land</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Within one year	-	-
Between two and five years	-	-
In over five years	1,560	1,560
	<hr/>	<hr/>
	1,560	1,560
	=====	=====

#### **14 Pension Costs**

There are no pension costs outstanding at the balance sheet date.

Defined contribution	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Contributions payable by the authority for the year	11,345	10,905

The authority pays 15% of the employees' annual salary into the pension scheme.

## **GLOUCESTER HARBOUR TRUSTEES**

### **Notes to the accounts for the year ended 31 March 2017**

#### **15 Contingent Liabilities**

The Pilots National Pension Fund (PNPF) is a defined benefit scheme, membership of which is at the discretion of individual pilots. The scheme has a significant deficit. During the year ended 31 March 2010, the Trustee of the PNPF sought guidance from the Courts on the extent of its powers to address the deficit. The eventual ruling allowed the Trustee to change the rules of the PNPF as it saw fit. The Trustee of the PNPF is now seeking to recover a proportion of the shortfall from harbour authorities whose self-employed pilots are members of the scheme, as well as from harbour authorities who are employers of pilots.

The full actuarial valuation of the PNPF at 31 March 2010 reported a deficit of £186.7m. The Trustees of the PNPF attributed a deficit share of 0.9667% (£1.8m) to GHT.

GHT has never employed pilots under contracts of employment and the self-employed pilots of Gloucester Pilots Partnership are, and have always been, responsible for making their own pension contributions. GHT has therefore strenuously resisted any suggestion that it has a liability for the PNPF's deficit but has offered to contribute a fixed sum towards it. A contribution of £30,000 has been made during the year ended 31 March 2017.

#### **16 Related Party Transactions**

£7,407 (2016-£7,316) was paid to J Beevor for his duties as Chairman of the Trustees

Michael Johnson, a trustee, is also an employee of the trust.