

BOAT LICENCE CHANGES 2011

Introduction

The purpose of this note is to list a number of changes that we propose making to the licensing system in order to improve our operating efficiency. It includes detail of price increases for 2011.

If you wish to comment on any aspect of these proposals, please do so by **31st January 2011**, either by email to consultation@britishwaterways.co.uk or by post to The Consultation Team, British Waterways, 64 Clarendon Road, Watford, WD17 1DA.

Straightforward price changes will take effect from April 2011. The timing of other changes, subject to consultation feedback, will be implemented as soon as our IT systems can be amended, which will not be before April.

Licence fees from April 2011

While BW's grant settlement for 2011 is still to be announced, we have certainty that it will be at a substantially reduced level – DEFRA's reduction is c. 30% over four years and this would translate to an annual cut for BW (England & Wales) of more than £3 million for 2011/12 with further reductions in the following years. We will accommodate this primarily by cutting expenditure, but an increase in licence charges will reduce the impact on maintenance standards. The depressed state of the property market means there is little prospect of additional income from our commercial activity in the short term.

The **standard, 12 month pleasure boat licence** fee will therefore increase by 5.1% from April 2011 (before VAT is added). This represents a 2% increase above the current value of the government's consumer price index (CPI) and is expected to generate additional waterway maintenance budget of c. £0.85 million for 2011/12.

The **Gold** licence fee will increase by 2.5% (before VAT). This is the weighted average of the increases pending for normal licences on BW and EA waters.

We are often asked by boat owners for some longer term indication of increases i.e. beyond 2011. Given current uncertainty about the economic situation, it is not easy to make firm predictions. However, we can share the fact that our business plan for 2012 and 2013 projects licence price increases of 2% plus inflation in each year. We might be able to moderate these increases if our plans to introduce extended stay charges and transient mooring permits result in income significantly greater than the costs of collection from 2012, and if market conditions allow our other businesses including property to perform to plan.

3 and 6 month licences

We have observed a trend in recent years for people to purchase these shorter period licences consecutively rather than buy 12 month licences. The trend has accelerated since we introduced credit checks in 2009 for new customers applying for the direct debit instalment facility. Some customers failing a credit check choose instead to buy a shorter period licence.

We are currently unable to generate automatic renewals for these shorter period licences and this increases the likelihood of boaters failing to keep the boats licensed.

3 month licences are currently priced at 35% of the 12 month fee, and 6 month licences at 60%. These percentages were reduced in 2003 from 60% and 85% respectively with the aim of encouraging new boaters to BW waters. However, it appears to be of marginal relevance in this respect.

We propose to revert to the 60% and 85% ratios from April 2011. Customers wishing to pay in instalments but not qualifying for the direct debit facility (perhaps because of past payment default record) may request a monthly payment plan and providing they do not default on any payments, this facility will be extended for second and subsequent years. Enforcement action will be taken if payments are not maintained. The refund terms for early termination by the customer of a 12 month licence will be amended to reflect the higher prices of three and six month licences.

Prompt and late payment arrangements

The late payment charge has been very effective in reducing the number of customers leaving their licence renewal until more than a month after expiry, but one in eight of all renewals are still left until after the expiry date. We believe the time is now right to extend its application so that more customers develop the discipline of renewing on time – i.e. before the expiry of the last licence. In making this change, we will also bring forward the qualifying date for the prompt payment discount rate and change its description to ‘early payment’

The table below sets out the regime using the example of a boat with a licence expiring on 31 March. If sighted on the waterway without a licence during April, it becomes subject to enforcement.

| | 10% Prompt /early payment discount | £150 late payment charge |
|---------------|--|--|
| Current rule | Applications received up to and including 31 st March | Applications received after 31st April |
| Proposed rule | Applications received up to and including 15 th March | Applications received after 7th April |

The main effect of this change will be a reduction in workload for the enforcement team who currently make phone calls and write to several hundred licence holders each month as their boats are sighted with a recently expired licence.

The same change will apply for mooring permits, and the late payment charge implemented for permit renewals.

Index plates

We currently charge customers £15 for replacement index plates, a price which no longer reflects the full cost of the replacement service and has remained constant for over 10 years. The price will rise to £20 (inc VAT) from April 2011. The same charge will apply for supplying an index number in advance of a licence application (typically for a new boat under construction).

Changes to licence terms and conditions – to be effective from 1st February 2011

| | REVISED TEXT (shown <i>bold italics</i>) | REASON FOR CHANGE |
|-----|--|--|
| | General conditions | |
| C1. | 1.2 ‘Boat length’ means the length overall of the Boat including, <i>as reasonably required to be used when the boat is moored or underway</i> , fixed fenders bowsprits, boarding ladders, davits including their loads, stern drives, out drives, rudders, anchors, pulpits, push pits and any other extensions fore and/or aft of the Boat. ‘Navigation Rules’ means any byelaws, | User feedback |
| C2. | 1.4 <i>Houseboat means a boat whose predominant use is for a purpose other than navigation and which, if required for the purpose, has planning permission, for the site where it is moored. A houseboat may be used for navigation from time to time provided it does not become its predominant use.</i> | Complaint resolved by Ombudsman. Former definition was “Houseboat” means a boat which is not used for navigation and is kept on a British Waterways long term mooring with planning consent for residential use”. The legislation is complex but our lawyers have re-visited and decided that the definition should permit navigation from time to time. |
| C3. | 2.1 The Licence allows you to use the Boat in any Waterway including mooring for short periods while cruising. ‘Short period’ means up to 14 days or less where a local restriction applies. The Licence does not permit mooring for any longer period. <i>Daily charges may be applied for staying longer than the maximum time allowed.</i> | This supports implementation of the new moorings policies published September 2010. |
| C4. | Inserted new 3.2: <i>If you do not declare a Home Mooring for the Boat, we will treat you as a Continuous Cruiser (see Condition 4 below)</i> Inserted new 3.4: <i>“You must tell us in writing if your Home Mooring changes or if you decide to no longer have a Home Mooring.</i> | This change is in line with the British Waterways Act 1995. When customers change their home mooring or decide to no longer have one, some refuse to co-operate in telling us their status. These changes will save time and expense when it is necessary to take enforcement action against customers’. |

| | REVISED TEXT (shown <i>bold italics</i>) | REASON FOR CHANGE |
|--|--|--|
| C5. | 5.2 You must have in force an insurance policy for the Boat, provided by a company that is authorised and regulated by the UK Financial Services Authority, which covers third-party liabilities of at least <i>two</i> million pounds. The insurance must be valid for the full duration of the Licence. | Increased from one million in line with most third party liability insurance policies and consistent with Broads Authority. |
| C6. | 6.1 The price of the Licence is published and revised each year from 1st April and you agree to pay the amount due (<i>including, if appropriate, any late payment and/or credit card charges</i>). | To reflect introduction of these charges |
| Schedule 2 Mooring information - legal provisions and general principles | | |
| C7. | 4. BW's policy for enforcing time limits is to use its powers under S8(5) of the 1983 BW Act that permits it to move boats that are causing an obstruction. A boat is causing an obstruction at a mooring by preventing other boaters from tying up. <i>If we do need to move the boat, you agree to repay our costs.</i> | To strengthen our capability for controlling overstaying. (Note however that our mooring policy indicates we will generally prefer to deter overstaying through the use of extended stay charges, rather than act directly by moving boats using the S8(5) powers. |
| Schedule 3 Licence descriptions | | |
| C8. | A standard licence will be issued for a boat owned collectively by a group of private individuals providing that all of the following requirements are met: <i>3 None of the share owners has any interest in the boat other than for personal, pleasure use.</i> | Additional qualification to avoid possible loophole. |
| C9. | The Rivers Only option is valid for 'River Waterways' defined in Schedule 1 of the British Waterways Act 1971, as amended. These are: As existing list PLUS <i>River Weaver (Winsford Bridge to Shrew Bridge)</i> | Previous accidental omission. |
| C10. | <i>Houseboat Certificate - England & Wales</i> <i>12 months, Canal & Rivers</i> If a boat is a houseboat (see General Licence Conditions – Definitions 1.4) you may purchase a Houseboat Certificate. <i>These are only issued for boats covered by a British Waterways long term mooring permit, and the Houseboat Certificate and BW mooring permit must run concurrently with the same expiry dates. The implications of this are that the mooring permit associated with a Houseboat Certificate may, subject to our reasonable consent, be transferred to another person when the boat is sold.</i> | This change is linked to C2 above. We have not previously been clear on the assignability point. During 2011, we intend to introduce, following consultation with those affected, clearer terms and conditions for houseboat mooring permits which will explain the consent process. |
| Schedule 4, Licence fees and payment terms, applying for a licence – payment terms | | |
| C11. | <i>Most major Credit cards :subject to a handling charge of £7.50</i> | Note that there is no charge for paying by debit card. Merchant costs for credit cards are universally very much higher than for debit cards. £7.50 is approximately half of the average fee incurred by BW for credit card handling. |
| C12. | Refund terms - percentages payable will change to reflect the change in relative price of three and six month licences. | Refunds payable after each progressive month of licence will be calculated so that it is never cheaper to buy a 12 month licence and then request a refund before expiry for the purpose of achieving a licence at lower cost. |

Sally Ash, Head of Boating
24/11/2010