

A fresh look at BW's craft licensing structure

Consultation update, 1st August 02.

1. Introduction

- 1.1. We published a consultation document on 16 May, inviting boating user groups and individual boaters to give us their views on possible reform of the craft licensing system. We made it clear in this document that no firm proposals were being tabled, but that we were seeking debate on the underlying principles that should determine differences in licence fees payable by different types of user. The examples included were purely illustrative. 31 August would mark the conclusion of the first phase of consultation on the principles. There would be a further phase of consultation on specific proposals during autumn.
- 1.2. The review was requested by user groups at the Boating Issues meeting in September 2001. Fortuitously, a decision was made by BW in Spring of 2002 to undertake a wide review of its business systems in preparation for the introduction of a new IT system in April 2003 (project Clearwater). This increased the potential of the licence review since it would open up opportunities for changes to the licensing structure that would have been prohibitively expensive without Clearwater. The prime objectives of any change are to improve the fairness, clarity and efficiency of the system.
- 1.3. The purpose of this note is to draw together the feedback received to date and to present it in a way that will help user groups conclude their internal discussions and prepare their formal responses to BW. It will form the basis of the user group meeting to be held at Hatton on 16 August. The suggestions and proposals contained in the paper do not necessarily represent the current BW official view. All final proposals will be subject to approval by Directors.

2. The consultation process so far

- 2.1. Informal discussions were held with leading members of boating user groups. These people were keen to emphasise that views expressed were personal as internal discussion within their organisations had only just begun. Notes of all these discussions were shared across all participants.
- 2.2. Written submissions, the majority via questionnaire distributed at Crick boat show and BW website (361 responses to date, of which 132 included free text comments). A summary of the response to closed questions is appended. The free text comments have helped in the development of the main body of this paper.
- 2.3. Comments from and discussions with various BW staff members, both central and local, have also informed this update.

3. Overview of feedback and issues

3.1. Charging for size

- (a) Majority view is that length should continue to feature as an element in fee differentiation. Main reasons appear to be to avoid major price disruption for individuals rather than any intellectual rationale.
- (b) The relationship between size and BW operating cost is acknowledged to be weak, apart from (now rare) lock sharing and taking up space at visitor moorings.
- (c) Many people pointed out that DVLC fee is pretty uniform, only varying by engine size for environmental reasons. And a few persuasive cases were made for a simple flat rate applicable to all except the smallest craft.
- (d) A few people suggested that it's the number of people who typically use the boat, rather than its size that should influence fee on the grounds that it's people who consume boater services (water, refuse disposal etc.)
- (e) No evidence of support for including width on grounds that wide boats are penalised through reduced geographic access – feeling that these two factors cancel each other out. Other counter arguments: unnecessary complication and no real rationale.

- (f) The jury remains out on length categories: three is probably too small if we're to stick with categories at all. Several people made valid point that modern computer systems make it simple to charge per metre – logically, if length is to be a driver this would be the fairest way to go and would have a less distortionary effect on the boat sales market.

3.2. Duration

- (a) No significant issue for 3+ month licences. No particular case for changing current 3, 6 and 12 month options, or price ratios (0.85, 0.6)
- (b) Substantial support for lower priced short term visitor licences, and more options based on Waterway Explorer principle to make this available to larger craft.

3.3. Geographic access

- (a) Very little support for increased zone options.
- (b) Rivers only licence is statutory requirement. Some suggestion that it could be extended to be a 'wide waters only' licence which would be fairer for people owning wide beamed craft. (But see point 3a (v) above)
- (c) Strong support for reduced rates for disconnected stretches:
- Monmouth & Brecon
 - Bridgwater & Taunton
 - Lancaster ??? (Ribble Link effect – is the Link sufficiently accessible to Lancaster based craft to make them feel fully connected?)
- (d) Currently Scottish licensing system is totally separate from England & Wales. Reopening of Lowlands canals has created demand from licence holders in northern England for access to Scottish waterways. Discussions underway with BW Scotland.
- (e) Very strong demand for maximum inclusiveness of national licence. Gold licence popular, and requests that a short term version should be available (for benefit of people on non-BW/EA navigations). On same principle, separate charges for newly opened waterways and structures should not be introduced for annual licence holders, but the marginal increase in revenue required to sustain these navigations should be spread across all licence holders.
- (f) IWAAC and BW recently discussed the additional charges levied for particular access/structures, and BW tabled the criteria currently applied for these. We are taking a fresh look at these as part of this review. There is a case for removing ad hoc charges where they do not provide a useful local management tool.

3.4. Intensity of use

- (a) Although 40% of people completing the questionnaire agreed that "people who make a lot of use of the waterway network should pay more than those who cruise less frequently", free text comments and feedback from user group representatives so far suggest very strong opposition to this idea. Frequent comment that many who boat extensively do so both slowly and carefully in contrast to those who chase madly round the system trying to get as many miles/locks as possible under their belt in either a weekend or a two week holiday. There would clearly be difficulties in selecting and applying a suitable measure of use. The broad consensus would seem to be that the basic licence should cover unlimited use, as is the case for road licence.
- (b) Supplements for hire and timeshare etc. Traditionally the rationale for the higher prices for these licences has been expressed in terms of added use of the network. But if we accept this principle, it would run counter to the above discussion: if it's usage we're charging for, then there are other groups that should pay more.

It is however reasonable that those who run businesses whose profit depends on the waterway should make a contribution that is proportionate to the value of the business. Historically this contribution has been levied through the fixed hire licence,

plus in some cases, a proportion of turnover, where a property agreement is in place. BW has a long term interest in encouraging the hire trade, and the current higher licence fee represents a business tax that may be restricting supply. There is a strong case for moving the additional element from the flat rate craft licence fee into a trading agreement, which would allow finer tuning of the charge to the circumstances of the particular business. We need to undertake more research and consultation with the trade before developing this theme further. As a first step, we would propose retaining the overall size of the existing payment, but moving it from the craft-level navigation licence to a business-level trading licence.

3.5. “Fairness” – people who pay nothing (to anyone) to moor long term

This issue accounted for the great majority of feedback from individual users, and is also of great concern to user group representatives. In the light of this feedback we wish to table the following additional thoughts.

(a) Who are these boaters?

We identified four main groups.

- a) ‘Genuine’ continuously cruising – tend to move over a wide area; often cruise all summer and lay up at winter moorings for rest of year. Not a problem to BW operationally. Amount of actual cruising they do may be relatively small – they don’t rush from place to place
- b) ‘Bridge hoppers’ or short range cruisers: these people tend to stay in a relatively small geographic area, their boat may be their home, but they either don’t want or can’t find a mooring. Not always a problem operationally although they may not comply with the 1995 Act definition of continuous cruiser (i.e. staying in same place for less than 14 days)
- c) Static boats, often in poor state of repair, “live aboards”, may be unlicensed.
- d) Boats on the waterways waiting for a long term mooring because of supply shortages.

(b) How big is the problem?

We have no data that reliably identify the relative sizes of the four groups. It seems reasonable to assume however that the majority of bridge hoppers and static live aboards are located in urban areas. The table below shows growth in continuous cruising by waterway over the past five years. 56% of all continuous cruisers are currently recorded as being linked to GU South, Kennet and Avon, Coventry and Ashby or Oxford and Grand Union, and it is likely that a sizeable proportion of these boaters fall into b), c) or d). Certainly there is evidence that shortage of moorings explains much of the growth in craft without permanent moorings on the K&A and GU south. Across the country as a whole, perhaps 500 – 600 boaters are on continuous cruising licences not because they wish to genuinely cruise the network, but because they cannot find a mooring or are unable/unwilling to take one.

(c) Nature of the problem

600 people genuinely cruising the network, renting winter moorings when needed, are not a problem to BW. The majority of consultation responses show that boaters as a whole feel that this group should not face a higher licence fee, but they do want us to address the unfairness associated with groups b) – d).

The rest of them therefore are a problem, often caused by lack of approved moorings. Increasing licence fees for these boats will do nothing to solve it.

For group c) there are quite frequent cases of boat owners not having the basic skills to claim social security support. Waterway offices often arrange with local authorities to pay housing benefit direct to BW in respect of mooring fees for qualifying boaters.

Shortage of suitable sites is a constraint on moorings development, exacerbated by varying local authority policies relating to approval of sites for residential purposes.

Numbers of craft licensed, coded as Continuous Cruiser	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
GU South	107	176	203	231	220	309
Kennet and Avon	23	74	70	99	114	163
Coventry and Ashby	40	74	84	85	91	116
Oxford and Grand Union	40	88	100	103	106	103
Llangollen	61	111	92	102	98	88
GU North	57	48	42	41	41	55
Peak and Potteries	16	36	34	42	40	54
Leeds and Liverpool	30	56	55	54	61	53
Grand Union and Regents	6	17	20	45	50	43
Lee and Stort	6	28	25	19	26	40
Staffs and S Union	11	21	33	34	35	38
Gloucester and Sharpness	7	26	26	21	25	32
Aire and Calder	27	25	23	19	25	26
BCN	5	25	22	26	27	22
Strat/GUC/Worcs&Bham	5	25	23	24	23	21
East Midlands	63	26	18	9	15	19
Leeds and Liverpool West	3	11	12	9	9	14
North Yorks	1	7	5	7	7	12
South Yorks	3	14	14	13	15	12
Leeds and Liverpool East	0	4	7	11	8	10
South Wales	1	5	1	2	6	4
South Pennine Ring	0	0	0	1	2	2
	512	897	909	997	1044	1236

(d) Proposed actions

(i) Moorings provision

Work with private sector and local authorities where appropriate to develop waterway by-waterway moorings strategies that will deliver the necessary increase in off-line capacity to meet demand. We recognise that it may take 3-5 years for this capacity to come on stream.

In the interim, waterways will have to designate the necessary spaces on line, if necessary formalising existing status quo. Need to be clear that these are temporary arrangements only that will be withdrawn as offline capacity becomes available. There may be negative environmental impacts and we will need to work to minimise these.

Prepare national and local lobbying campaigns to persuade local government to support BW in its efforts to contribute to social housing. This should cover planning issues and possibly extension of home improvement grants to cover boats so they meet BSS requirements.

(ii) Licence and Conditions reviews

Licence conditions need to be strengthened to emphasise requirement for permanent mooring if not a genuine continuous cruiser. Mooring anywhere other than at permanent mooring site for extended period is not permissible. Something along the following lines perhaps ...

- (1) Your licence does not allow you to moor in any BW waterway except for short periods ancillary to cruising.
- (2) If you wish to stay in the same place, for example for residential or employment purposes, you must either :
 - arrange for a permanent mooring in the area in which your craft is normally kept or used, or

- pay a district mooring fee equivalent to the lowest priced BW permanent mooring in the area where your craft is normally kept or used.
- (3) Your craft will be deemed to have been normally kept or used in any particular area if it has moved less than 50 km in any three month period. If you wish to make a payment under this condition, you must contact the local Waterway office to make the necessary arrangements. Your local Waterway office will also be able to tell you what the relevant cost is. If you arrange with the waterway office to rent a winter mooring, the payment you make for this will be credited against the district mooring fee payable.
- (4) For the purpose of resolving disputes in relation to interpretation of this condition, patrol staff will record sightings of your boat over a three month period taking no less than two observations within each month. Your craft will then be deemed to be normally kept or used in the area which is defined by the limits of these sightings.
- (5) If the sightings of your craft indicate that you have moved less than a total of 50 km between the first sighting and the final sighting (the final sighting being conducted no earlier than 10 weeks and no later than 13 weeks after the first sighting), you will be deemed to be in breach of the condition .
- (6) If you are in breach of condition 1 and do not agree to make the appropriate payment under condition 2, we will terminate your licence, and you must remove your boat from British Waterways' waters within 7 days
- (7) The above conditions do not apply to craft whilst they are moored at a permanent approved mooring.
- (8) There will be no change to the normal licence condition relating to 14 day maximum stay at any place.

(iii) Enforcement

Waterway managers need to redouble efforts to tackle the problems associated with the b) – d) groups, and indeed any licence evader. New warning stickers containing formal warnings of contravention of licence conditions/Acts are being launched in August. A few well-publicised successful enforcement actions will provide effective signal that BW is getting to grips with the problem.

3.6. Other issues

(a) Other licence types

(i) Houseboat Licence

Currently the price of the houseboat certificate and normal pleasure boat licence is the same. The main practical difference today between these two licence types is that houseboat certificates are transferable by the licensee to a third party (subject to BW permission not unreasonably withheld). Now that residency is no longer an issue to BW, there is little rationale for promoting a separate type of licence for anything other than the traditional houseboat as defined in the 1971 Act (ie a floating structure never used for navigation). The right to transfer mooring permission, should become part of the mooring agreement.

(ii) Low intensity trading

Propose that basic navigation licence should apply with any supplementary fee negotiable through a trading agreement

(iii) Cargo/workboat

A freight licence proposal is being developed by BW's Freight Manager. It may render the existing commercial carrying licence redundant.

- (b) Historic boat discount: Suggest that this is abolished and the £9k (approx) annual revenue saved re-directed to targeted funding of specific vessels. Discussions with TWT underway: aim would be to create bursary of greater than £9kpa (ie topped up by external funding) to support these grants. Condition of grant might include some type of agreement for occasional public access/viewing if other statutory funding attracted.

Reason for this proposal is that current 10% discount involves complicated qualifying criteria and associated administrative costs that seem disproportionate to the actual value of the saving. The value to the boater is quite small, and certainly insignificant in relation to the overall costs of maintaining an historic craft. Higher value targeted grants would better serve overall conservation objectives.

- (c) Boat registration/logbooks: some support from some user group representatives so far. Propose moving this topic to separate discussions with BMF which is looking to re-launch their Boatmark scheme that could deliver all the benefits envisaged.
- (d) Need for customer identification: quite strong resistance to this from individual user feedback on civil liberties grounds. We need to clarify the sole purpose: a navigation licence involves a legally binding contract with BW and therefore needs to be with a reliably identifiable individual. Without this, we cannot enforce the licence effectively – which results in unfairness to law abiding customers.
- (e) Similar individual feedback against proposal that licences should not be issued to people under 18. The reason for requiring this is the same as for identification: we could not prosecute a minor and this undermines the credibility of the system.
- (f) Policy related miscellaneous discounts:
- (i) Not much support for electric motor discount Evidence of overall environmental impact is awaited. Need to investigate incentives for low pollution propulsion systems in general
 - (ii) Some support for a loyalty discount but recognition that likely to be open to abuse.

Appendix 1

Questionnaire responses

	Agree strongly	Agree	Disagree	Disagree strongly	Don't know
1. "People who make a lot of use of the waterway network should pay more than those who cruise less frequently"	13%	27%	29%	28%	3%
2. "The licence fee should vary according to the size of boat"	33%	48%	13%	5%	1%
3. "There should be one single navigation licence covering all navigation authorities "	55%	28%	1%	14%	2%
4. "The fee should be related to the amount of the network that I <i>wish</i> to cruise"	11%	19%	38%	28%	4%
5. "The licence fee should be related to the length of waterways that my boat <i>is able</i> to access"	21%	29%	29%	18%	3%
6. "An element of the licence fee should reflect the differences in cost of providing navigation on the waterways that I wish to cruise"	6%	22%	41%	26%	5%