

Craft Licence Fee Structure

Provisional conclusions from 1st phase of consultation, 12 September, 2002

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1. Introduction

1.1. Consultation and timetable

- (a) This report brings together the main threads raised during the past 4 months' deliberations. Many formal and informal meetings, letters, emails and telephone conversations involving BW staff, user group representatives and individual boaters have informed its content. Although some individuals have complained that the scale of consultation was inadequate – ie we didn't mail every licence holder – we did publicise via the waterways press and our website. We believe the results reflect an accurate picture of the cross section of boaters' views. Evidence for this is that the 400 or so emails from individuals tended to raise very similar issues to those put forward by user groups. To mail all 25,000 customers and process potentially thousands of individual responses would, we believe, have been disproportionately expensive to the added value achieved.
- (b) This is the third consultation paper that we have published (others were May 16th and August 1st). We started in May with a wide and imprecise canvass: we discussed radical proposals for changing the whole basis of charging. We are now in the narrowing phase. Following broad

consensus amongst most users, we defined a limited range of options for closer study, and these are developed in this paper.

- (c) Consultation with users is still ongoing. User groups representing private boaters have been invited to continue feeding through comments until **16th October**, which means that the total consultation period was 5 months. Consultation with commercial customers has only recently started and will continue through autumn. Subject to feedback, some further development of the fee options beyond those presented in this report will be carried out within this period and discussed with user group representatives.
- (d) We aim to publish the new licence details and fee levels by early December, for introduction on 1st April 2003. 2002 fees will remain in force until 31 March 2003, for new customers and licence renewals due during the first three months of the year only.
- (e) Proposals for licensing of freight vessels are also being developed as part of this review, and details will be issued separately.
- (f) Proposals covering fees for boaters wishing to use only our Scottish waterways will also be issued separately. However this paper does cover Scotland as far as licence holders in England and Wales are concerned.

1.2. Reminder of objectives

To design a fee structure which is fair, efficient and simple.

We wish to encourage growth and participation in boating on our waterways.

1.3. Status of this report

Like its predecessors, it is a consultation document. The proposals and recommendations do not necessarily represent the BW official view. Final decisions will be taken by BW Directors.

2. Licence types

- 2.1. The backbone of our current system is a set of 8 different licence categories. The different categories are defined according to a mixture of factors, e.g. boat usage, customer type, boat type. Fees payable do not vary across all categories as the following summary illustrates:

Sheet no.	Licence type	12 month full price for 14m boat	14m price as % of PBL type	Scope	Customer type	Approx no. craft licensed 2001/2
1	PBL	£478.08		Canals and rivers	Private owners	18,500
2	RPR	£286.86	60%	Rivers only	Private owners	3500
3	HSB	£478.08	100%	Houseboats	Private owners	360
4	STC	£170.00	36%	1 month	Private owners	1500
5	CCV	£478.08	100%	Cargo or workboat	Business	500
6	MUL	£1,195.21	250%	Multi user	Business/accommodation	incl in HIR
6	MUC	£478.08	100%	Multi user	Charities	130
7	LIT	£528.99	111%	Low intensity trader	Business	80
8	HIR	£1,180.22	247%	Hireboats etc	Business/accommodation	1700
Other licences						
	GOLD			Includes EA water	Private	1060
	TPL			Trade Plates	Business	300

- 2.2. Businesses often pay via two routes: their premium priced boat licences and, in many instances, through a separate estates agreement, negotiated locally. APCO representatives have asked BW to see if future arrangements could offer greater clarity, simplicity and certainty. They have particularly requested tariff-based structures to replace negotiated trading agreements which they say often take an excessive amount of time to conclude. This work has started but will not be finished in time to incorporate into the first phase of our new systems to be implemented in April '03.
- 2.3. The Gold licence was introduced as a trial in 2000. It has proved popular for certain groups of boaters. The price structure is very complicated, linked as it is to EA Thames square metre-based charging system. Administratively it would always be inefficient without closer integration of BW and EA systems. We have met with EA and agreed in principle to a simpler structure which should prove more popular to customers. It involves replacing the Gold *licence type* with a 'Gold Upgrade' option for boaters with a 12 month licence or registration. Boaters would purchase this from their home licensing authority, which would issue the upgrade disk, at a price set by the other authority. The start date of the annual upgrade would not need to coincide with the normal renewal date. It will only be available to 12 month licence/registration holders. Further details are included in the Fee Structure section below. This is a newly developed idea which EA staff are working to validate by the end of September 2002.

2.4. Recommendation

There is substantial scope for simplifying our existing licence structure as follows:

- (a) "Universal canal and river licence" (other name suggestions welcomed)
- Required by **all** craft using the waterways for 3 months or more
 - Fee equivalent to the existing private pleasure craft licence.
 - 3, 6 or 12 month licence gives access to all BW waterways, including Scotland
 - Suitable for all houseboat owners. Security of tenure contained within the current certificate will be provided through individual mooring contracts. Details will be included in the current update of mooring terms and conditions.
- (b) River Registration
- Required by all craft wishing to confine cruising to our river navigations
 - Fee = 60% of universal licence (set by statute).
- (c) Customers who use their craft for any type of business are required to have a supplementary business licence.
- Our objective should be to develop a simple tariff based system that captures relevant elements of existing estates agreements as well as the difference between the current PBL licence and HIR, LIT etc. business licence types.
 - Pending conclusion of this work, the price of the supplementary licence will be the difference between the new Universal Licence (or River Registration) and the existing business licence type.
 - Arrangements for commercial carrying craft and workboats to be reviewed in the context of the new freight licensing arrangements.
- (d) A 'Gold Upgrade' disk should be offered to 12 month licence and registration holders to enable free access to EA waterways.
- (e) Fees should be expressible as a simple formula for easy comprehension. They should only include round pound figures. We would not wish to continue publishing fee tables. People wanting 'ready reckoners' would find an automatic fee calculator on the website or be able to request this service from the Customer Service Centre. Fee tables will be available on request.

3. Boats without permanent moorings

- 3.1. The 1st August consultation paper contained detailed discussion of this issue. It centred on the fact that of the 1,000 or so people claiming to be continuous cruisers (and therefore not requiring

a permanent mooring under the 1995 Act) a significant proportion normally stayed in the same place or area for residential or employment purposes. Since the introduction of the legislation, we have not been able to agree a practical implementation method acceptable to user groups.

- 3.2. The 1st August document included a proposal for a 'district mooring fee' payable by this group of boat owners. Subsequently we discussed briefly at the user group meeting on 16th August a development of this concept which would reduce the 'enforcement' emphasis and vest more initiative with boaters themselves. Under the revised proposal, all boaters without an acceptable permanent mooring (BW or privately managed) would purchase a District Mooring Fee, with a price fixed locally by waterway managers. Boat owners would re-claim the fee on production of evidence that they had in fact cruised continuously. The evidence could be in the form of a cruising log endorsed from time to time by local BW staff, and/or use of patrol officer sightings data. User group representatives at the meeting expressed interest in this proposal and agreed to join us in exploring it further. This work will start before the end of the year with a view to implementing a suitable scheme from 1st April 2003.

4. Fee structure for long term access (12, 6 or 3 months)

This section summarises results of the analysis of alternative fee options debated with user groups. In calculating the figures, we set an objective of revenue neutrality. The financial models are relatively complex, and the prices for the preferred options will need to be validated before they can be confirmed. The models were created using the full dataset of licence sales completed for year ending 31/3/02. Unless stated otherwise, prices indicated are the full fee (before prompt payment discount) for 12 months, including VAT.

4.1. Charges for length

- (a) Consensus from all consultation channels was that length should continue to be the driver for fee payable. A minority view was that length is not relevant and that we should work towards phasing it out from the fee structure by moving to three broad length bands (up to 8.5m, 8.5-15.5m, over 15.5m). We undertook to examine this option.
- (b) Currently our length bands break at the half metre, not round metre. We believe that this reduces speed of comprehension and clarity of presentation, so are presenting options for changing to round metres.
- (c) The consensus is that the relative price of small boats is too high, so options address this aspect too.
- (d) Specific proposals illustrated in the appendices are as follows:
 - (i) Changing to round metre intervals. Base reduces to £286 for first 5m, formula for longer craft is £286 + £20/m (ie very similar to current fees – adjustments are only for band changes). With this option, fees for 42% of craft would fall (reductions between –1.9% and –3.9%). The remainder would rise with increases of between 1.2% and 2.8% for a total of 58% of craft.
 - (ii) Changing to round metres and reducing price for smaller craft. Base reduces to £240 for first 5m, formula for longer craft is £240 + £25/m. With this option, fees for 53% of craft would fall (reductions between –0.6% and –19.3%). The increases for the remaining 47% would be between 0.3% and 8.1%.
 - (iii) Reduction to three length bands. No overall change to make smaller boats cheaper as this option only makes sense in context of a longer term plan to phase out length altogether.
 - (iv) The status quo is also an option

Appended tables show for each of options 1-3, the new and old fee schedules for the proposed Universal Canal and River Licence, percentage price changes and proportions of craft that would be affected in each length band.

We would recommend Option 2.

4.2. Adjustments for wide boats

We were asked to consider effect on general licence fees of applying a 40% discount to wide craft limited to cruising wide waterways. In practice this would mean extending the river registration fee to an estimated 1600 craft currently paying PBL licences with gross value of £636,906, equivalent to 3.13% on the PBL fee. We would not recommend this.

4.3. Disconnected stretches

In recognition of the smaller cruising area available, we propose reducing the fee for long term licence holders on the Monmouthshire and Brecon, Bridgwater & Taunton and Montgomery Canals by 25%. To maintain revenue neutrality, the full fee would need to rise by 0.36%, equivalent to £1.58 on the average PBL fee. We would recommend this adjustment. It would be additional to the rates described for the various options in section 4.1.

4.4. Additional charges

User groups asked us to consider removing the recently introduced charges for use of Anderton, Standedge and the Ribble Link. This would cost an estimated £75,000 p.a. in foregone revenue, equivalent to 0.63% on the PBL fee, equivalent to £2.79 p.a. for the average boaters. Advance booking for Standedge and Ribble would still be required for operational purposes. As a service to boaters wishing to guarantee passage on a particular date, we would consider offering a pre-booking fee.

Under this proposal, BW would also remove ad hoc navigation charges as detailed in Appendix 2. We would reserve the right to make charges (a) where there is a clearly identifiable marginal cost to BW at the specific boat/customer level – eg passage through West India Dock Entrance lock at low tide, or (b) where pricing is needed as a means of managing a scarce resource – eg visitor moorings at Llangollen.

We would recommend this proposal. The 0.63% would be additional to the rates described for the various options in section 4.1.

4.5. Licence periods

We propose no change to the current options for 12, 6 and 3 month periods, with 6 and 3 month fees at 85% and 60% respectively of the 12 month rate.

4.6. Discounts and extras

(a) Historic boats

Users requested that we show effect of 100% discounts for qualifying historic boats in place of the current 10%. The result of 100% discount would be an additional 1.34% on all other licence holders with the current size of historic fleet.

Our proposal would be to maintain the current 10% discount until such time as a more effective scheme for supporting historic craft can be developed.

(b) Boats with permanently fitted inboard electric engines

Just 48 boats claim the current 25% discount worth c. £7,000 in total. Although the scientific case is not proven on overall environmental benefit of electric engines, we would propose retaining this, but review if new evidence becomes available.

(c) Optional supplement: Gold Upgrade

As outlined in section 2.4 (d), this would enable people with full 12 month licences to purchase a supplementary disk allowing them to cruise on any EA waterway. EA would offer a mirror arrangement for their long term registrations. This option is subject to confirmation by EA, but we envisage the principles being as follows:

- only issued by the home navigation authority
- only issued if proof of home base is provided
- valid 12 months from date of issue

- only valid if displayed alongside a valid annual licence or registration
- not issued retrospectively
- no refunds
- available for commercial holiday boats at same price

The price for BW based boats with the full universal canal and river licence would be likely to be in the region of £8/m (not priced by square metre as other Thames charges).

Boats with a BW River Registration would pay an additional amount equal to the difference between canal and river registration rates.

Our recommendation for the price for EA registered boats to visit BW waters would be 25% of the universal canal licence price. This would be simply expressed as a base fee for first 5 metres + cost per additional metre.

(d) Loyal customers

We have reluctantly concluded that a significant discount for long term customers would not be feasible. It would constitute a disincentive for boat owners to notify us of ownership changes, and increase administration associated with validity checks.

4.7. Unpowered craft

Very few individual long term unpowered craft licences/registrations are sold. Block rates are locally negotiated for rowing and other clubs. This should continue.

The 12 month fee for an unpowered boat less than 5m long is currently approx. 24% of the powered rate, with a 50% discount for under 18s and youth organisations. We believe that 24% is uncompetitive and that the fee for all customers should be approximately 12% of the powered rate, rounded to whole pounds, for craft less than 15m long.

Unpowered narrowboat butties, providing used as part of a pair, should pay 50% of the powered rate.

4.8. Portable, powered craft

Again there are very few of these. We would propose removing any differentiation from other powered craft. If the decision on fees arising from para 4.1 results in reductions for smaller craft generally, this should mean the price for these craft is not unreasonable. Failing this, we should consider setting an appropriate discount factor so the new price is not significantly different from the current £130 p.a.

The previous restriction on use of locks has already been removed, and advice to boaters will emphasise the need to consider risks to safety of remaining on board during passage through locks.

5. Fee structure for short term access

We wish to increase sales of short term licences by visiting and portable craft as a means of recruiting longer term custom. Some of our fees are relatively high compared with other navigation authorities, so we see a need to reduce some of them. We would hope to simplify the paperwork and sell online as soon as our technology permits. (This is also planned for long term licences). We will continue to sell through local agents, and indeed would like to recruit additional agents in some areas.

We would propose the following offers:

- One month, one week and one day rates for powered and unpowered craft at c. 20% and 10% and 2% respectively of the corresponding annual rate
- Weekly and daily licences would not be valid for craft based permanently on a BW waterway or in a connected private marina
- The above prices would apply only if the licence is purchased in advance of arriving on BW water. Otherwise it is double this price.

- A book of 30 day permits which the boater dates and uses as required costing 25% of the annual full rate. A craft based permanently on a BW waterway or in a connected private marina may have no more than one of these in any calendar year. This is the equivalent of the current 'Waterway Explorer'. It would only be available for advance purchase.

6. Payment terms and other conditions

6.1. Features and drawbacks of the current arrangements

Currently we charge a premium of 5% for paying licence fees by direct debit over 5 months or 8% for payment over 10 months. The reason for this is the additional work involved, particularly when payers default (this happens at a rate of approximately 100 customers per month). However, it is not seen as a consumer –friendly policy.

Our current system requires a new direct debit mandate to be processed each time a licence is renewed. This will be changed so that for long term, reliable payers who wish it, the payment due would be notified and collected and the licence issued automatically in line with practice for other regularly purchased services.

Any change to this system needs to be consistent with our aims of encouraging faster payment, reducing administration and cutting the risk of direct debit defaults.

6.2. Proposal

The payment terms should be amended so that the full fee is payable by any customer wishing to pay in instalments, or paying after the renewal date. Only customers paying in a single instalment, on time, would qualify for the 10% prompt payment discount. People paying in a single instalment by direct debit (ie annual mandate) would qualify for the discount. The handling charges for direct debits would be removed.

New direct debit customers would be required to provide a bank credit reference. If they are unable to do this, a facility for payment in instalments by cheque or cash will be offered.

The payment options and surcharges/discounts would be as follows

Payment method	Payment timing	Surcharge/discount
Single payment by cheque, cash, credit card or direct debit	Full payment in advance, received with correct documents before renewal date	10% discount
Cheque, cash, credit card	Complete application received late	0%
Direct debit	Monthly instalments	0%
Direct debit defaults		7% surcharge on balance outstanding

6.3. Proof of identity

The proposal to require formal proof of identity should not be pursued.

7. Conclusions and response

We invite your response to these proposals before 16 October 2002. If you submit early responses that include specific feedback on the fee structures proposed in section 4 that would require further statistical analysis, we will aim to circulate the results of supplementary analysis within this time period.

Depending on feedback received, we will also issue before October 16th the fee schedule that combines the preferred length option, the discount for disconnected stretches and additional navigation charges (ie sections 4.1, 4.3 and 4.4 combined).

In submitting your feedback, it would be helpful if you used the pro forma contained in Appendix 3

APPENDIX 1

Table 1: Fees for options 1 and 2 (length band changes)

Length from	To (m)	% craft	Option 1 fee	Price change	%price increase	Option 2 fee	Change from 2002	% change
lowest	5	0.6%	£286.00	£-11.58	-4%	£240.00	£-57.58	-19%
5	5.5	1.9%	£306.00	£8.42	3%	£265.00	£-32.58	-11%
5.5	6	1.7%	£306.00	£-11.61	-4%	£265.00	£-52.61	-17%
6	6.5	4.0%	£326.00	£8.39	3%	£290.00	£-27.61	-9%
6.5	7	3.0%	£326.00	£-11.70	-3%	£290.00	£-47.70	-14%
7	7.5	5.4%	£346.00	£8.30	2%	£315.00	£-22.70	-7%
7.5	8	4.8%	£346.00	£-11.75	-3%	£315.00	£-42.75	-12%
8	8.5	2.7%	£366.00	£8.25	2%	£340.00	£-17.75	-5%
8.5	9	1.3%	£366.00	£-11.80	-3%	£340.00	£-37.80	-10%
9	9.5	4.2%	£386.00	£8.20	2%	£365.00	£-12.80	-3%
9.5	10	1.9%	£386.00	£-11.87	-3%	£365.00	£-32.87	-8%
10	10.5	1.5%	£406.00	£8.13	2%	£390.00	£-7.87	-2%
10.5	11	4.4%	£406.00	£-11.91	-3%	£390.00	£-27.91	-7%
11	11.5	1.1%	£426.00	£8.09	2%	£415.00	£-2.91	-1%
11.5	12	2.1%	£426.00	£-11.97	-3%	£415.00	£-22.97	-5%
12	12.5	7.6%	£446.00	£8.03	2%	£440.00	£2.03	0%
12.5	13	2.6%	£446.00	£-12.06	-3%	£440.00	£-18.06	-4%
13	13.5	1.7%	£466.00	£7.94	2%	£465.00	£6.94	2%
13.5	14	6.0%	£466.00	£-12.08	-3%	£465.00	£-13.08	-3%
14	14.5	2.8%	£486.00	£7.92	2%	£490.00	£11.92	2%
14.5	15	2.3%	£486.00	£-12.14	-2%	£490.00	£-8.14	-2%
15	15.5	8.5%	£506.00	£7.86	2%	£515.00	£16.86	3%
15.5	16	1.6%	£506.00	£-12.20	-2%	£515.00	£-3.20	-1%
16	16.5	1.8%	£526.00	£7.80	2%	£540.00	£21.80	4%
16.5	17	4.2%	£526.00	£-12.29	-2%	£540.00	£1.71	0%
17	17.5	4.6%	£546.00	£7.71	1%	£565.00	£26.71	5%
17.5	18	2.3%	£546.00	£-12.34	-2%	£565.00	£6.66	1%
18	18.5	6.3%	£566.00	£7.66	1%	£590.00	£31.66	6%
18.5	19	1.9%	£566.00	£-12.41	-2%	£590.00	£11.59	2%
19	19.5	0.3%	£586.00	£7.59	1%	£615.00	£36.59	6%
19.5	20	0.8%	£586.00	£-12.46	-2%	£615.00	£16.54	3%
20	20.5	0.3%	£606.00	£7.54	1%	£640.00	£41.54	7%
20.5	21	0.2%	£606.00	£-12.52	-2%	£640.00	£21.48	3%
21	21.5	3.1%	£626.00	£7.48	1%	£665.00	£46.48	8%
21.5	22	0.5%	£626.00	£-12.58	-2%	£665.00	£26.42	4%
22	22.5	0.0%	£646.00	£7.42	1%	£690.00	£51.42	8%
22.5	23	0.1%	£646.00	£-12.58	-2%	£690.00	£31.42	5%

Table 2: Fees for option 3

Length from	to (m)	% craft	New fee for category (£)	Change (£)	% change
0	5.49	3%	335	38	12.61%
5.5	6.5	6%	335	17	5.51%
6.5	7.5	8%	335	-3	-0.77%
7.5	8.5	8%	335	-23	-6.33%
8.5	9.5	5%	449	71	18.79%
9.5	10.5	3%	449	51	12.79%
10.5	11.5	5%	449	31	7.39%
11.5	12.5	10%	449	11	2.47%
12.5	13.5	4%	449	-9	-2.03%
13.5	14.5	9%	449	-29	-6.13%
14.5	15.5	11%	449	-49	-9.91%
15.5	16.5	4%	557	39	7.52%
16.5	17.5	9%	557	19	3.50%
17.5	18.5	9%	557	-1	-0.21%
18.5	19.5	2%	557	-21	-3.68%
19.5	20.5	1%	557	-41	-6.90%
20.5	21.5	3%	557	-61	-9.92%
21.5	upwards	1%	557	-81	-12.75%

APPENDIX 2

Location	Current charge	Remarks	Proposal
1. Dee Locks, Chester	£18 each way	De-silting required for each passage. Advance booking required and staff deployed specially.	No change
2. Marsh Locks, River Weaver	£20 per passage with reductions for multiple use. Out of hours, the charge is levied @ £12.50 per man hour	Staff go to the lock by special arrangement to allow entry to the river.	No change
3. Keadby Lock, West Stockwith Lock and Basin	£5 per day for use of these safe havens by craft on the tidal Trent.	These are 'canal' areas not covered by River Registration	This is a technical difference. We should drop these charges as a safety measure. Boats should be permitted to stay in the basin up to the normal 14 days for staying at any visitor mooring. If capacity becomes an issue, introduce a visitor mooring charge c.f. Llangollen.
4. Transit charge for boats with River Registrations wishing to use the Selby Canal	£10 per passage	This is the safer route avoiding Trent Falls	Drop the charge for safety reasons.
5. Llangollen Canal Basin and adjacent towpath	Pre-booking of guaranteed mooring, charged per night.	Boats can moor without payment beyond the first bridge and further down the canal. They can move up to the towpath adjacent to the basin for shopping/loading for up to 2 hours before 18.00.	No change
6. Anderton boat lift	£30 return for narrowboats		Drop these charge for all licence holders except short term. Consider optional charge for guaranteed time slot. Charges for regular use by commercial trip boats covered within trading agreement.
7. Standedge Tunnel	£35 per boat for one way trip including 4 passengers		
8. Ribble Link	£60 return	New waterway. Issues of VAT recovery and operational manning costs due to tidal and flood management concerns	Drop these charge for all licence holders except short term. Consider optional charge for guaranteed time slot. Charges for regular use by commercial trip boats covered within trading agreement
9. West India Dock Entrance lock	£20/night berth charge for boats visiting Poplar Marina Charge for lock use > 1 hour either side high water	Scarce resource Marginal water and electricity costs. Passage is free within 1 hour high water-	No change
10. Falkirk Wheel	Two free return passages for all Lowlands Canals licence holders, otherwise £20 return. Commercial users charged individually		Remove limit on free trips by licence holders. Introduce optional charge for guaranteed time slot. Propose charges for regular use by commercial trip boats covered within individual trading agreements

APPENDIX 3

Craft Licence Fee Structure: consultation response sheet.

Your name _____ Organisation you represent: _____

Para. no	Subject	Please tick if you broadly agree with recommendation(s)	Add your comments here or on a separate sheet. (Please include para ref if you do this)
2.4 (a)	Universal licence		
2.4 (b)	River registration		
2.4 (c)	Businesses		
2.4 (d)	Gold Upgrade		
2.4 (e)	Communication of fees		
3	Boats without permanent moorings		
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4.6 (c)	Gold Upgrade		
4.7	Unpowered craft		
4.8	Portable powered craft		
5	Short term access		
6	Payment terms		

OTHER COMMENTS

Please mail, fax or email your response to Helen.webb@britishwaterways.co.uk as soon as possible Willow Grange, Church Road, Watford WD17 4QA. Fax 01923 201381.