

Navigation Committee

31 October 2019

Agenda item number 8

Proposed navigation charges for 2020/21 in the navigation area and adjacent waters

Report by Chief Executive, Chief Financial Officer and Head of IT and Collector of Tolls

Purpose

This is the formal consultation with the Navigation Committee on the level of charges for the navigation area and adjacent waters for 2020/21.

The views of the Committee are sought on the following specific matters:

- i. Following contact with the Broads Hire Boat Federation and the one of the larger yards the calculations in the report make the assumption that there will be a reduction of around 10 in the number of hired cruisers with a consequential impact on income for 2020/21 of a loss of £11,500 using the average toll for these craft of £1,150.
- ii. The Tolls Review Group supported additional expenditure of £30,000 for the provision of pontoons to support access from the water at Peto's Marsh and £20,000 for an on-line safety training package for new private boaters and visitors. These will add 1.6% to the level of tolls. Does the Committee support that additional expenditure?
- iii. The Tolls Review Group also supported a differential increase in tolls such that unpowered, electric and hybrid craft have lower increases than diesel or petrol powered craft. The intention of this is to send a signal that the Authority is encouraging a move to electric power, where it is technically feasible.

The report reviews the impact of these issues on charges for 2020/21, presents three options for discussion, and seeks the views of the Committee on charges for next year.

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1. Introduction

- 1.1. This report examines three issues: The impact of the major changes made to the structure of the Broads Authority's navigation charges in April 2017; trends over the last year in boat numbers and finance; and proposals for charges for 2020/21.

2. Impact of the changes introduced in April 2017

- 2.1. In November 2016, the Authority adopted a series of changes to the calculation of navigation charges to provide for a simpler, fairer and more flexible structure. This decision, which was introduced in April 2017, was prompted in part by the declining number of small private motor boats. Table 1 shows the number of private motor boats by size from 2016-19. It indicates that the increase in small vessels following the structural changes has been maintained, with an extra 151 private motor boats under 11m² this year when compared with 2016.
- 2.2. The Table also shows that there has not been a significant change in the number of larger private motor boats.

Table 1

Number of private motor boats 2016-19

Size m ²	2016	2017	2018	2019	Δ ¹ 2018-19	Δ 2016-19
1-10	1,646	1,820	1,818	1797	-21	151
11-20	1,895	1,893	1,867	1861	-6	-34
21-30	1,604	1,609	1,603	1610	7	6
31-40	870	882	865	875	10	5

¹ change

Size m ²	2016	2017	2018	2019	Δ ¹ 2018-19	Δ 2016-19
41-50	374	370	375	370	-5	-4
51-60	67	63	63	69	6	2
61-70	16	14	18	21	3	5
71-80	2	4	6	6	0	4
81-90	3	3	2	2	0	-1
91-100	2	2	1	0	-1	-2
101-110	1	2	1	1	0	0
Total	6,480	6,662	6,619	6,612	-7	132

3. Boat numbers and financial position 2019/20

- 3.1. In April 2019, charges were increased across the board to maintain existing levels of expenditure and to fund the installation of electric charging points at the Acle Bridge moorings. This work is programmed for this winter.
- 3.2. The total number of all privately-owned boats has not changed significantly this year. While at the end of September there were 21 fewer boats, there has not been a reduction in income because of an increase in the average overall size.
- 3.3. The number and level of income provided by the hired boats continues to fall. As of the end of September, the total number of hired boats was down by 21 (motor cruisers -5). Feedback from the industry is that this trend will continue as they invest in newer larger boats and retire more than they build.
- 3.4. Navigation income in the current year to date is broadly in line with what was budgeted. The total variance has remained as a favourable variance of £80,001 or 4.59% difference from the profiled Latest Available Budget (LAB).

Table 2

Actual navigation income and expenditure by directorate to 31 August 2019

Directorate	Profiled Latest Available Budget £	Actual Income and Expenditure £	Actual Variance £
Income	(3,287,133)	(3,285,273)	-1,860
Operations	1,107,577	1,032,836	+74,740
Strategic Services	123,278	118,257	+5,021
Chief Executive	304,341	274,930	+29,411
Projects, Corporate Items and Contributions from	10,417	37,728	-27,311

Directorate	Profiled Latest Available Budget £	Actual Income and Expenditure £	Actual Variance £
Earmarked Reserves			
Net (Surplus)/Deficit	(1,741,521)	(1,821,523)	+80,001

3.5. The LAB has increased since the September meeting of the Navigation Committee, following budget transfer from the mini-restructure. These movements are set out in Table 3 This increase has been offset by: increased investment income (£8,750), salary savings following the delayed recruitment of the Waterways and Recreation Officer (£13,370), the Solicitor and Monitoring Officer vacancy (£16,972), reduction in Insurance premiums (£5,640) and increasing winter capacity within the Tolls team (£6,675).

Table 3

Adjustments to Navigation LAB

Item	Authorisation reference	Amount £
Original Navigation budget 2019/20 (deficit)	Broads Authority 01/02/19 Agenda item number 12	16,830
Approved carry-forwards from 2018/19	Broads Authority 17/05/19 Agenda item number 12	6,189
Transfer from Strategy and Projects Salaries to Construction and Maintenance Salaries	Broads Authority 27/09/19 Agenda item number 9	3,098
Transfer from Strategy and Project Salaries to Governance Salaries	Broads Authority 27/09/19 Agenda item number 9	8,552
Transfer from Strategy and Projects to Development Management	Broads Authority 27/09/19 Agenda item number 9	(2,380)
LAB as at 31 August 2019	n/a	32,289

3.6. The forecast outturn for 2019/20 is shown in Table 4, being £38,057 less than the LAB.

Table 4

Budget compared to Forecast Outturn for 2019/20

Category	Latest Available Budget 2019/20 £	Forecast Outturn 2019/20 £
Income	(3,440,000)	(3,448,750)
Expenditure	3,472,289	3,442,982
(Surplus) / Deficit	32,289	(5,768)

Category	Latest Available Budget 2019/20 £	Forecast Outturn 2019/20 £
Transfer of accrued interest to earmarked reserves	7,500	11,875
Opening Reserves	(425,985)	(425,985)
Closing Reserves	(386,196)	(419,878)
Reserves as % of Expenditure	11.1%	12.2%

4. Pressures on 2020/21 Navigation expenditure

4.1. On 4 October 2019 the Tolls Review Group considered the level of charges for next year, and reviewed a number of pressures on navigation expenditure including:

- Unknown pay increase for staff as negotiated by the National Joint Council (NJC) for Local Authorities. Trade Unions have opened negotiations asking for 10%, draft budget is currently 2%.
- Uncertainty around pension costs. The draft results of the triennial valuation will not be known until late November/early December.
- Responsibility for moorings and the cost of dredging.

An increase in income of £45,000 (1.3% increase in tolls across the fleet) is required to maintain the existing level of services.

- **On-going reduction in the hire fleet (estimated loss of income at £11,500)**
It is difficult to predict changes in the hire boat fleet. However, the Authority is aware that there will be a further decline next year which has a significant impact on the calculation of next year's charges. The loss of these craft has in the past been partly offset by ex-hire craft entering the private fleet, with a lower contribution to the maintenance of the waterway, and the fact that the newer craft have tended to be larger and pay an increased toll. At this stage it is proposed that an allowance for the loss of 10 hire boats at an average loss of income of £1,150 per vessel is made.

An increase of 1.8% in tolls across the fleet is required to maintain the existing level of services and account for the loss of income.

And the potential for the following additional expenditure:

- **Pontoons to provide access for boats at Peto's Marsh (£30,000)**
The Suffolk Wildlife Trust, supported by the Broads Authority with dredged material from Oulton Broad is landscaping Peto's Marsh and developing through recent acquisition one of the largest nature reserves in the Broads together with a new visitor centre. The provision of pontoons will provide access to a marvellous new site for visitors and private boat owners.

- **Online safety training for boat users (£20,000)**

Development of an on-line tool for boat users but especially hirers to complete an on-line course giving them a basic understanding of some of the key features of boating in the Broads – such as the necessity to wear a life jacket, the importance of taking care when getting on and off a boat, the dangers posed by low bridges and awareness of tidal conditions. It is hoped that this will lead to an increased understanding of the risks involved with boating on the Broads and thereby a lower level of accidents.

- **Sample survey of private boat owners' views (£30,000)**

In January 2015 the Authority had: “supported the ambition to repeat the exercise in five years’ time as part of the strategic approach in formulating its Broads Plan and its priorities, provided finances allowed”. In discussion with Members of the Review Group they supported the funding of the pontoons and the online safety training but felt that the survey was not a priority.

4.2. Following the decision by the Broads Authority to recognise the climate emergency, the Review Group also recommended that electric and hybrid powered vessels, and also unpowered craft, should be given further encouragement through a lower increase in their charges than the rest of the fleet. This proposal is mostly for the purposes of sending a message about the desirability of a switch to electric. There's no realistic prospect of tolls being able to fund a proper network of charging points and it will need significant external funding for the infrastructure to support them. One option might be for the Authority to fund a review of the costs of installing charging points at each of its 24 hour mooring sites to identify those which are economically feasible. The Group recommended that motorised sailing craft with an electric engine should be charged the same as sailing boats to similarly encourage a switch to electric propulsion. This change is included in all three options set out below.

4.3. If the existing standard of service is to be maintained and the £11,500 for the projected loss of 10 hired motor cruisers accounted for then the annual toll income will need to increase from £3,364,000 to £3,463,000, an extra £99,000. (Note: This does not include interest, short visits and other toll income in total navigation income). Taking these pressures and the change to the charges for electric auxiliary yachts into account would require a 3.4% increase across the board.

4.4. In order to facilitate the discussion with the Committee three options are presented.

Option 1

This is based on annual toll income of £3,409,000, a 1.8% increase, required to maintain existing services and taking account of the £11,500 allowed for a reduction of 10 hired cruisers and allowing for the proposed change to electric auxiliary yachts.

Option 2

This adds the costs of the two projects, pontoons at Peto’s Marsh (£30,000) and the on-

line safety training tool (£20,000) to Option 1. (This would require a +3.4% increase across the board).

Option 3

This takes Option 2 and increases the costs for unpowered, hybrid and electric vessels at a lower rate (+1%) than those using diesel and petrol (+3.6%).

5. Draft income and expenditure for 2020/21

5.1. Based on the above proposition, a draft income and expenditure budget for all Navigation Income has been developed for 2020/21 as set out in Table 5 following a zero-based budgeting exercise. We are budgeting for a deficit to maintain reserves close to the recommended 10% figure of expenditure. Options 2 and 3 have the same overall levels of income and expenditure.

Table 5

Draft income and expenditure

Category	Draft Budget 2020/21 Option 1 (£)	Draft Budget 2020/21 Options 2 & 3 (£)
Navigation Income	3,491,600	3,546,600
Expenditure	3,544,147	3,594,147
(Surplus) / Deficit	52,547	47,547
Transfer of interest to earmarked reserves	10,250	10,250
Opening Reserves	419,878	419,878
Closing Reserves	357,081	362,081
Reserves as % of expenditure	10.1%	10.1%

6. Options for charges for 2020/21

6.1. Proposed charges for hire craft and private vessels are set out in Tables 6 and 7. The impact of the increases on the most common size of craft is shown in Table 8.

Table 6

Proposed charges for 2020/21 – Hired craft

No	Category	Current charge	Option 1	Option 2	Option 3
1.	Weekly hired motor craft	£30.60 per m ²	£31.15	£31.64	£31.70
2	Weekly hired motor craft – electric and hybrid	£21.46 per m ²	£21.85	£22.19	£21.67
3.	Day hired – petrol/diesel	£46.82 per m ²	£47.66	£48.41	£48.51

No	Category	Current charge	Option 1	Option 2	Option 3
4	Day hired Electric	£32.66 per m ²	£33.25	£33.77	£32.99
5.	MCA Passenger Boats and small passenger boats	£40.27 per m ²	£40.99	£41.64	£41.72
6.	Hired Motorised Sailing Craft – diesel	£24.84 per m ²	£25.29	£25.68	£25.73
-	Hired Motorised Sailing – electric Note: Change to same as Hired Sailing	£24.84 per m ²	£18.83	£19.13	£18.69
7.	Hired Sailing Boats	£18.50 per m ²	£18.83	£19.13	£18.69
8.	Hired Houseboats	£15.80 per m ²	£16.08	£16.34	£15.96
9.	Hired Rowing, canoes etc.	£69.44	£70.69	£71.80	£70.13

Table 7

Proposed charges for 2020/21 – Private craft

No	Category	Current charge	Option 1	Option 2	Option 3
10.	Private Motor Boats - petrol & diesel	£13.59 per m ²	£13.83	£14.05	£14.08
11.	Private Motor Boats Electric	£10.57 per m ²	£10.76	£10.93	£10.68
12	Private Motorised Sailing Craft - petrol & diesel	£10.05 per m ²	£10.23	£10.39	£10.41
-	Private Motorised Sailing Craft – electric Note: Change to same as Sailing	£10.05 per m ²	£8.61	£8.75	£8.54
13.	Private Sailing Boats	£8.46 per m ²	£8.61	£8.75	£8.54
14.	Private Houseboats	£5.45 per m ²	£5.55	£5.64	£5.50
15.	Private Rowing, canoes etc.	£34.72	£35.34	£35.90	£35.07

Table 8

Impact of proposed charges for typical sized vessels

Vessels	Number of vessels	Current charge	Option 1	Option 2	Option 3
12 m ² Day hired boats – petrol/diesel	72	£561.84	£571.92	£580.92	£582.12
38 m ² Weekly hired motor craft	60	£1,162.80	£1,183.70	£1,202.32	£1,204.60
48 m ² Weekly hired motor craft	61	£1,468.80	£1,495.20	£1,518.72	£1,521.60
5 m ² Private sailing craft	504	£42.30	£43.05	£43.75	£42.70
11 m ² Private sailing craft	143	£93.06	£94.71	£96.25	£93.94
5 m ² Private motor boats	721	£67.95	£69.15	£70.25	£70.40
15 m ² Private motor boats	256	£203.85	£207.45	£210.75	£211.20
22 m ² Private motor boats	336	£298.98	£304.26	£309.10	£309.76
38 m ² Private motor boats	108	£516.42	£525.54	£533.90	£535.04

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Background papers: [Tolls review 2016 and proposed navigation charges for 2017/18](#), [Broads Authority minutes 18 November 2016](#)

[Broads Plan](#) objectives: 4.3, 6.2