



REFORMING BUSINESS BOAT LICENSING 2013 CONSULTATION FEEDBACK REPORT, NOVEMBER 2013

INTRODUCTION

In June, the Business Boating team consulted with all business licence holders and organisations representing different types of traders on a set of proposals to reform the way in which business licences are issued and priced. The consultation ran for a six week period between 19 June and 31 July. A series of supplementary papers detailing elements of the proposals, such as the draft terms and conditions and a paper outlining a new set of qualifying criteria for community boat licences, was available on request.

The consultation paper was accompanied by a response form that people were encouraged to complete and return. In the event, many respondents chose to send emails or write letters instead and some did both. In addition, we held a meeting with the holiday hire sector, many of whom also operate day hire boats, to discuss their concerns.

All of the responses have been examined in detail and used to revise and amend the proposals where we felt this was justified.

COMMUNITY, EDUCATION AND CHARITY BOATS

Giving consideration to both this consultation and the wider issue of the Trust's relationship with other charitable bodies and community groups, the Trust has recognised that it should not implement any changes to boat licence fees for this sector at present, pending the outcome of a much wider review which we expect to undertake during 2014. This means that boats that currently receive the charitable discount (or other individual beneficial arrangements) will pay the same boat licence fee next year as they have this year, plus an inflationary increase of 2.8%, the same rate as is being applied to private boat licences.

New boats which fulfil the conditions for this sector coming into the system while this work is ongoing will be able to purchase a licence for their appropriate activity and to receive the existing 60% charitable discount against the cost of this licence provided that the boat is not used for public hiring, public trips or trading of any kind.

SECTOR DEFINITIONS

There was general support for our proposals and therefore the sector definitions will remain as published except for the following:

Roving Trader

The Low Risk Roving Trader and Regulated Trader sectors have been combined into one sector, called 'Roving Trader'. In addition, removing unlicensed boats from

the water under contract to CRT or its main contractor, has been moved from this sector into the definition for Maintenance Workboat. The definition for the Roving Trader sector is as follows:

A boat used for trading in multiple locations. Includes boats used for retail, services, refreshments, fuel, cargo carrying, RYA accredited boat handling courses, marine mechanics and engineers. Customers may board the vessel in order to inspect or purchase goods (subject to insurance cover and holding a non-private BSS certificate) when moored up, but the boat must never navigate with customers on board. Advertising any kind of trading or business activity on the boat is deemed to be trading. If the boat is used for a business use that is not advertised anywhere on the vessel and does not involve any deliveries to the vessel or any customers visiting the vessel (e.g. proof reading copy sent via email, writing wills) then no trading licence is required. If the boat is used as a workshop to produce goods to be sold on the internet or at land based markets, then a trading licence is required.

Exhibit Boat

Our proposed definition was greeted with a lot of enthusiasm and many requests to use this licence much more widely than we had intended. We also received warnings from a number of respondents that we really needed to differentiate clearly between static exhibits and navigating educational/heritage vessels if we were to avoid creating a 'new' loophole ripe for exploitation. So, we have decided to limit the use of this licence with the following tighter definition:

*An exhibit boat is one that is on permanent display at a museum or visitor attraction approved by the Trust.¹ It **never** navigates and there is no admission charge to look over the vessel (although an overall admission charge to the museum or attraction is permissible). Boats owned by canal societies or museums and used for educational and display purposes that navigate, either to attend rallies or festivals or to keep them in working order, may be eligible for a charitable discount of 60% against the cost of the appropriate kind of licence.*

Maintenance Workboat

This definition will be revised to include boats used for the removal of unlicensed boats from the waterway under contract to CRT or its main contractor, as noted above.

BUSINESS LICENCE TERMS AND CONDITIONS

The consultation has produced a number of very useful suggestions that will be incorporated into the next draft of these.

A revised document is being produced. We will consult on this revised draft with everyone who responded to the original consultation and more widely if needed.

Recreational Craft Directive – Boat Safety Scheme Certificate with Part 10

The responses to our proposal to require a BSS with Part 10 from the date on which a boat (let out for self-drive hire, used as a Small Passenger Boat or a trading boat where customers are permitted to board), is put into service were largely favourable.

¹ A list is being produced by our heritage advisors. It will be possible to apply to have new and additional attractions and museums added to the list.

A couple of customers questioned the legality of this, but we have taken advice and it seems that there is no barrier to us proceeding with this proposal. However, in recognition that this is a significant change from current practice that will increase costs for some operators, this will not be implemented until 1 April 2018. From that date, the Recreational Craft Directive will no longer be accepted in place of a BSS with Part 10 for boats requiring the Part 10 inspection.

Cargo Carrying Policy

The policy on this will be amended to allow for the possibility of freight activity on cruising and remainder waterways, but this will be at the discretion of the Trust, rather than the operator. This will enable the Trust to support, and benefit from, future freight proposals on non-commercial waterways, whilst not being obliged to enter into complex toll charging systems for occasional or minor contracts.

Refunds

We intend to retain the proposed refund structure. The existing refunds system is based on the assumption that 100% of the value of all business licences lies between 1 April and 31 October. At present, if you buy a business licence on 1 April and try to surrender it on 31 October, the refund you receive is 0%. This reflects the fact that many business boats have their main trading season between these dates. But if, for example, you are a coal boat, your main trading season is likely to be outside these dates. This new proposal recognises that not everyone's season is the same, but retains the principle that the boat is not always used for trading all year round. We do not offer 'seasonal' licences as the administration around this would be extensive and, in the vast majority of cases, even if a boat is not used for trading all year round, it is usually kept on the water all year round and so must have a licence.

Trade Plates

There was a lot of support for tightening up on the issuing of these and carrying out checks that they are being used correctly. However, a number of people felt our proposal to require operators to apply to us each time they wanted to keep a trade plate on an individual craft for more than 6 months would be burdensome and unworkable. So, instead, we will be asking the holders of Trade Plates to submit a record of the dates and boats that each plate has been used on throughout the year before it is renewed.

APPLICATION PROCESS

There has been a great deal of support for assessing new applications to ensure compliance with published terms and conditions. It seems that we did not make it clear enough that we will work with applicants throughout the process to try to resolve difficulties and remove barriers, so that their application may proceed. We have also been asked to produce some general assessment criteria, which we are happy to do. Some people wanted to see some kind of appeal process brought in if applications are turned down, but we feel that our existing complaints procedure is sufficient for these purposes.

The process included a document called the 'Business Authorisation Form'. We have been asked to include the words 'boat licence' in this so that it is clear that it relates purely to the use of the boat and not to any other business activity and to be clearer about what the purpose of the form is. So, we will replace this with a document which

will set out what the boat is authorised to do, all of the factual information that is required in order to set up the boat licence contract (e.g. index no., length, customer details) and a declaration on the part of the customer that they will abide by the Terms and Conditions for Business Boat Licences.

To provide clarity to our existing customers, we will need to complete one of these forms for each of our existing customers in order to transfer them over to the new system, but we do not intend to carry out assessments on existing activity where there is no cause for concern. Existing customers, will, however, be required to provide the same level of evidence of compliance with regulations as new customers.

PRICING PROPOSALS

We have reviewed all of the comments and feedback carefully. The prices for the different sectors that will apply from 1 April 2014 are as set out below. Please remember that these are the full rates excluding VAT and that the following remaining discounts can be applied:

River Only	40%
Disconnected Waterway	Declining value over 4 years as described in the discount section below
Day hire without locks	Declining value over 4 years as described in the discount section below
Prompt payment	10%
Electric motor	25%
Historic boat	10%
Unpowered butty	50%

Self-Drive Holiday Hire

As a consequence of the consultation, we have revised our proposals substantially. The existing fee structure remains as currently, but the part of the fee that is equivalent to the length based standard licence fee has been inflated by 2.8%, with the remainder frozen. This means that the fees for these boats will increase, on average, by 1.5% depending on the length of the boat.

Boat Length (Metric)	Boat length (Imperial)	Fee for 2014/15 (excl. VAT)
Up to 5.49m	Up to 18'0"	£1106.79
5.5 – 6.49m	18'01" – 21'03"	£1135.49
6.5 – 7.49m	21'04" – 24'07"	£1164.19
7.5 – 8.49m	24'08" – 27'10"	£1192.88
8.5 – 9.49m	27'11" – 31'01"	£1222.89
9.5 – 10.49m	31'02" – 34'05"	£1250.31
10.5 – 11.49m	34'06" – 37'08"	£1280.29
11.5 – 12.49m	37'09" – 40'11"	£1307.70
12.5 – 13.49m	41'00" – 44'03"	£1337.72
13.5 – 14.49m	44'04" – 47'06"	£1366.44
14.5 – 15.49m	47'07" – 50'10"	£1395.12
15.5 – 16.49m	50'11" – 54'01"	£1423.83

16.5 – 17.49m	54'02" – 57'04"	£1453.83
17.5 – 18.49m	57'05" – 60'08"	£1481.23
18.5 – 19.49m	60'09" – 63'11"	£1511.25
19.5 – 20.49m	64'00" – 67'02"	£1538.62
20.5 – 21.49m	67'03" – 70'06"	£1568.64
21.5 – 22.49m	70'07" – 73'09"	£1598.67
Over length =	+ 3% per band	

Self-Drive Day Hire

These boats are widely seen as the 'entry level' to encouraging new audiences to the waterways. In recognition of this, we are replacing the seating capacity model which we consulted on with a length-based fee priced at just over the cost of a private licence. There is a flat fee for unpowered day hire boats up to 5.49m in length.

Boat Length (Metric)	Boat length (Imperial)	Fee for 2014/15 (excl. VAT)
Up to 5.49m	Up to 18'0"	£431.85
5.5 – 6.49m	18'01" – 21'03"	£461.85
6.5 – 7.49m	21'04" – 24'07"	£491.03
7.5 – 8.49m	24'08" – 27'10"	£520.62
8.5 – 9.49m	27'11" – 31'01"	£551.56
9.5 – 10.49m	31'02" – 34'05"	£579.84
10.5 – 11.49m	34'06" – 37'08"	£610.75
11.5 – 12.49m	37'09" – 40'11"	£639.02
12.5 – 13.49m	41'00" – 44'03"	£669.97
13.5 – 14.49m	44'04" – 47'06"	£699.58
14.5 – 15.49m	47'07" – 50'10"	£729.16
15.5 – 16.49m	50'11" – 54'01"	£758.76
16.5 – 17.49m	54'02" – 57'04"	£789.70
17.5 – 18.49m	57'05" – 60'08"	£817.94
18.5 – 19.49m	60'09" – 63'11"	£848.90
19.5 – 20.49m	64'00" – 67'02"	£877.13
20.5 – 21.49m	67'03" – 70'06"	£908.07
21.5 – 22.49m	70'07" – 73'09"	£939.05
Unpowered up to 5.49m in length	Unpowered over 5.49m in length, as for powered	£147

Residential Lettings

This will remain as per the consultation paper – the same as Self-Drive Holiday Hire.

Skipped Passenger Boats

Although not all respondents approved of the shift to passenger carrying capacity, we believe that it produces a much fairer pricing system than boat length. There is a very wide range of boats in this sector, ranging from small, unpowered craft that carry fewer than 12 passengers up to large river boats carrying 300 or more passengers and carrying capacity better reflects this variation.

A number of people commented that the way of calculating the fee was too complicated, so we have modified it and produced a clear table to cover the main capacity bands which makes it much easier to understand. Individual calculations will only be required for boats carrying fewer than 12 and more than 100. The fee for each band is based on the lower mid-point in each band (e.g. 25, 35, 45 etc.).

The proposed system does lead to increases for some boats with larger carrying capacities. In order to reduce the initial impact on operators, we will phase the increase over 4 years to reach the amounts (at today's prices) quoted in the consultation paper. The table below shows the price for 2014. We will step up the 'per passenger' prices in even increments, keeping pace with annual increases as appropriate.

Carrying capacity	Fee for 2014/15 (excl. VAT)
Up to 12	£125 per pax
12	£1500
13 – 20 (16)	£1524
21 – 30 (25)	£1578
31 – 40 (35)	£1638
41 – 50 (45)	£1698
51 – 60 (55)	£1758
61 – 70 (65)	£1818
71 – 80 (75)	£1878
81 – 90 (85)	£1938
91 – 99 (95)	£1998
100 +	£1998 + £1 per pax for 100+

Skipped Hotel Boats

These will be charged as for the Self-Drive Holiday Hire boats.

Roving Traders

These will all be charged the same rate as per the table below.

Boat Length (Metric)	Boat length (Imperial)	Fee for 2014/15 (excl. VAT)
Up to 5.49m	Up to 18'0"	£424.84
5.5 – 6.49m	18'01" – 21'03"	£482.61
6.5 – 7.49m	21'04" – 24'07"	£513.21
7.5 – 8.49m	24'08" – 27'10"	£543.80
8.5 – 9.49m	27'11" – 31'01"	£574.39
9.5 – 10.49m	31'02" – 34'05"	£604.40
10.5 – 11.49m	34'06" – 37'08"	£635.56
11.5 – 12.49m	37'09" – 40'11"	£665.58
12.5 – 13.49m	41'00" – 44'03"	£696.17
13.5 – 14.49m	44'04" – 47'06"	£726.20
14.5 – 15.49m	47'07" – 50'10"	£757.35
15.5 – 16.49m	50'11" – 54'01"	£787.37
16.5 – 17.49m	54'02" – 57'04"	£817.96
17.5 – 18.49m	57'05" – 60'08"	£848.55

Boat Length (Metric)	Boat length (Imperial)	Fee for 2014/15 (excl. VAT)
18.5 – 19.49m	60'09" – 63'11"	£879.14
19.5 – 20.49m	64'00" – 67'02"	£909.16
20.5 – 21.49m	67'03" – 70'06"	£939.75
21.5 – 22.49m	70'07" – 73'09"	£970.34
Overlength =	+ 3% per band	

Fixed Location Trading Boats

These will be priced in accordance with the proposal in the consultation paper.

Exhibit Boats

This licence will be free, but the criteria has been tightened up so that it applies only to boats that **never** navigate (see above).

Community Boats

New boats wishing to licence in this sector will pay the fee according to their use (e.g. holiday hire or skippered passenger boat) but will still receive the charitable discount of 60% if the boat is not used for public hiring or trips or trading.

Maintenance Workboat

The charge for 2014/15 will be as per the published proposal at £64.21(excl. VAT), but subject to a 2.8% inflationary increase.

Safety Boat

These licences will be free, as per the published proposal, but only where the boat is nominated by the emergency services to perform a formal rescue function. It will not be available to animal welfare boat services.

Trade Plates

The charge for 2014/15 will be as per the published proposal at £92.98 (excl VAT), but subject to a 2.8% inflationary increase.

DISCOUNTS

The Consultation Paper proposed the removal of the following discounts:

- Day Hire 50%
- Day Hire without locks 75%
- Unpowered day hire 90%
- Charitable discount 60%
- Low turnover trading 55%
- Disconnected waterway 25%

The outcomes of the consultation are that these discounts are being amended or removed as follows:

Day Hire 50%

This is being removed as there is now a bespoke day hire rate, priced at less than 50% of the old business licence fee.

Day Hire without locks 75%

We recognise that the removal of this discount will mean significant increases for some operators and so we will be phasing it out over 4 years. As the 75% discount was applied to a full leisure business licence fee which is being replaced with a bespoke day hire fee (which is less than 50% of the old full fee), the value of the discount applied to the new fee, but declining over a 4 year period, works out as:

April 2014 – 20%

April 2015 – 15%

April 2016 – 10%

April 2017 – 5%

From April 2018, the full day hire fee will be payable.

Unpowered day hire 90%

This has been replaced with a flat fee for unpowered day hire craft of £147 (excluding VAT) for 2014/15.

Charitable discount 60%

This will be retained in its current format pending further work.

Low turnover trading 55%

This only applied to trading craft and will be removed as the fees in the consultation paper for Roving Traders are based on the 'low turnover' rates.

Disconnected waterway discount 25%

We recognise that the removal of this discount will mean significant increases for some operators and so we will be phasing it out over 4 years by reducing the value of the discount as follows:

April 2014 – 20%

April 2015 – 15%

April 2016 – 10%

April 2017 – 5%

From April 2018 the full fee will be payable.

Transitional Discount Offer

In view of the fact that the issues that gave rise to large increases, such as the withdrawal of the disconnected waterway and 'day hire without locks' discounts and introduction of the seating capacity pricing for skippered passenger boats have all been adjusted to phase the increases in gradually over time, there is no longer any need for a general cap on increases.

Next steps

We will now complete the task of preparing a new draft of the Terms and Conditions for Business Boat Licences and the preparation of a complete Business Boat Licence Manual that will include all of the documents, guidance notes and policies that have been referred to in this consultation. We will also begin the work of contacting individual customers to migrate them onto the new system

We would like to thank everyone who has given their time and their expertise to help us to refine and improve our original proposals and to those who have offered to do further work with us to resolve the outstanding matters.

If you have any queries or concerns, please contact:

Susie Mercer
Senior Business Boating Manager
Canal & River Trust
Email: susie.mercer@canalrivertrust.org.uk
Mobile: 0779 502 7366

21.11.13 SM