

Scottish Canals' response

Pricing Consultation

14th February 2017

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1. Context

Scottish Canals (formerly British Waterways) manages and operates the canals and associated waterways of Scotland on behalf of the Scottish Government.

The costs of operating and maintaining the canals far outweigh the income that can be generated from traditional canal uses, e.g. freight and more modern leisure boating activities.

This evidently requires the need for a public subsidy, which comes in the form of Grant-in-Aid. In recent years, Grant-in-Aid has been stable at £10 million per annum, which in real terms has meant a reduction in subsidy against the real costs of operating and maintaining the canals.

The total income from boating activity is less than £1 million. In addition to Grant-in-Aid, Scottish Canals generates a further £7 million from a portfolio of tourism, property and utility provision. Added together, total income falls considerably short of the true cost of maintaining the canal system and, as a consequence, a backlog of essential maintenance has increased to over £50 million. Consequently, income needs to grow by £3-5 million each year for Scottish Canals to become financially sustainable in the long term.

The range and scale of price increases proposed in this paper will, at the maximum, generate an additional £20,000 per year (less than the cost of one canal bank operative).

This increase is insignificant in relation to the economics of operating our canal assets.

Therefore, we can be clear that this Pricing Review and subsequent Consultation is not about boaters paying disproportionately for the canal systems to the benefit of non-paying users, such as cyclists, walkers, anglers etc. It is about paying a contribution to the public services that are used and consumed by boaters in a fair, consistent and transparent way.

2. Background

In 2014, Scottish Canals attempted to carry out a quick and relatively cheap review. Timescales were impacted for many reasons and communications and engagement were insufficient to take boating customers with us. As a consequence, the review backfired and caused tensions between Scottish Canals and our boating customer base, with some political unease flowing from boater complaints to Ministers placing a huge burden on the administration costs and energy of Scottish Canals. This was a negative experience and the organisation has since learned from it.

Part of boaters' unease may be the terminology which Scottish Canals has adopted, referring to 'market rates' and 'commerciality'. While Scottish Canals acknowledges that this may be unusual language for a public body to use, it is part of Scottish Canals' drive to earn enough income in order to make the nation's canals financially sustainable. Tension between Scottish Canals and boating customers has been compounded by differing views of who pays for access to the towpaths and the waters of Scotland's canals and who should pay.

However, the fact remains that every user contributes to their upkeep through general taxation, including boaters, yet boaters require far more services, such as opening lock gates and bridges, dredging, weed cutting and repairing of pontoons or mooring rings for their use. This forms the foundation of Scottish Canals' belief that it is fair to ask boaters to pay a reasonable contribution towards these costs, thereby ensuring that the majority of its

spend benefits all of Scotland's people, as well as the few who choose to live or enjoy leisure time on the water.

Following customer feedback to price changes in April 2015, Scottish Canals stepped back and spent more time and made greater investment in getting its approach to pricing right. In October 2015 an independent Pricing Review was commissioned on how and what to charge boating customers. This consultation response is the outcome of that process.

Respected property consultants Gerald Eve and Bilfinger GVA were appointed via the public appointments website and they worked with British Marine and the Royal Yachting Association Scotland to ensure they had appropriate understanding of marine and boating issues. The terms of reference for the Pricing Review was to:

- identify a robust, transparent and fair methodology for setting the price of residential and leisure moorings as well as navigational and transit licences
- identify a clear methodology for future price reviews of all moorings and licences
- make clear recommendations on how this methodology should be implemented

This was no simple task and is one that many other canal authorities are wrestling with. Canals are not all the same; they offer different attractions and challenges, both in themselves and where they are situated in Scotland, they attract very different users and over the years, historic agreements with customers have led to significant inconsistencies in pricing.

Gerald Eve/GVA's methodology for carrying out the Pricing Review consisted of:

- Holding meetings with Scottish Canals to gather information and analyse existing mooring charges
- Holding public meetings with boaters so they had a forum for their views to be raised and to identify constructive points that would be considered during the Review
- Creating a Gerald Eve/GVA inbox for boaters to email written contributions if they could not attend meetings - mooringsreview@geraldeve.com
- Appraising Blue Sea Consulting's February 2014 'Leisure Moorings – Pricing Strategy' report. Gerald Eve/GVA were granted permission by Blue Sea Consulting to paraphrase the factual content of their Report and include it in their Review as an appendix
- Holding consultations with British Marine in order to understand what lessons could be learned from the pricing approach to mooring fees and navigation / transit charges undertaken by other bodies responsible for inland UK waterway networks
- Consulting the Canal & River Trust and Waterways Ireland to get an insight into how their pricing strategy had been established
- Reviewing current mooring charges across the wider UK inland waterways and identify a clear rationale/proposal for the appropriate Scottish Canals' charges

Following customer feedback, Gerald Eve/GVA's remit was expanded to include pre-consultation meetings with boaters in Falkirk, Ardrishaig and Inverness in February 2016 and site visits to all residential mooring locations in April 2016 to better understand the strengths and weaknesses of each area as well as boater concerns. Scottish Canals was not present at the meetings or site visits.

Scottish Canals wrote to all 453 mooring customers (348 leisure and 105 residential) at various times throughout the process to explain what was happening and how they could get involved. A Pricing Consultation page was created on the Scottish Canals website www.scottishcanals.co.uk/corporate/meetings-consultations/pricing-consultation-

[review/](#) and updated regularly. To engage transit customers, information was given to RYA Scotland, British Marine and SailScotland who shared it with their members. Scottish Canals also wrote to 38 harbours, marinas and boating businesses in Scotland.

Gerald Eve/GVA evaluated all the data they had collated and published their report, 'Scottish Canals – Pricing Strategy', on 21st July 2016. It detailed their methodology for setting and reviewing mooring and licence prices and made a number of recommendations about how this methodology should be implemented.

Scottish Canals spent a week preparing a consultation document inviting boaters and boating organisations to feedback their views on these recommendations and this was published online on 29th July 2017. Scottish Canals publicised the consultation via its website, wrote to all leisure and residential customers, 14 riparian MSPs and 38 harbours/marinas. A press release was also issued to the media and updates posted on social media promoting the opportunity for boaters, boating organisations and businesses to have their say.

The consultation closed 12 weeks later at midnight on 21st October 2016 with 78 respondents making 88 responses. Those responses which customers permitted Scottish Canals to publicise were uploaded onto www.scottishcanals.co.uk/corporate/meetings-consultations/pricing-consultation-review/ on 10th November 2016. Those respondents who did not expressly give permission for their responses to be made public were not uploaded to the website.

Feedback from a handful of customers, both in writing and at a public meeting which was held in Falkirk on 22nd October 2016, led to Scottish Canals agreeing to accept a late submission (deadline 31st October 2016) from the Scotland Canals Boater Group on the following two issues:

- What safety net should Scottish Canals adopt in order to provide a fair way of evaluating customers' circumstances in the event they can't afford to pay their mooring fees?
- Evidence that Gerald Eve/GVA had not used comparable marinas in England and Wales on which to benchmark their recommended mooring prices in Scotland

These late submissions were evaluated with all additional issues that were raised via email. As this was an independent review which boaters had the opportunity to contribute to and Scottish Canals had stated at the outset that all parties would need to adhere to the methodology proposed by Gerald Eve/GVA, the consultation did not formally ask for respondents' views on the methodology itself and only on how it should be implemented.

However, in a bid to be fair and transparent, prior to preparing the formal consultation response, Scottish Canals shared specific concerns which had been raised by respondents about inaccuracy in the methodology and benchmarking figures with Gerald Eve/GVA. They double-checked their assessments and approach and both Gerald Eve/GVA and Scottish Canals are confident that the methodology and data used is robust, fair and transparent. As a result, both parties uphold the recommended prices. Details of these specific issues and Gerald Eve/GVA's responses are listed later in this document.

The Review cost approximately £19,000 and required in excess of 250 staff hours to administer, publicise and deliver.

3. Boating on Scotland's canals

There are currently 453 boaters on Scotland's canals - 105 residential and 348 leisure - with an average of 2580 transit customers per year across the canal system (1100 on the Caledonian, 1400 on the Crinan and 80 on the Lowlands).

Scottish Canals' purpose and vision

Scottish Canals is a standalone public corporation with the power to "act as if they were a company engaged in a commercial enterprise" (Transport Act 1968 s.134 (2))

With statutory duties set out in legislation to operate and maintain the waterways in Scotland, Scottish Canals is legally required to "provide services and facilities on the inland waterway and port facilities owned or managed by them with due regard to efficiency, economy and safety". Scottish Canals also has a responsibility to comply with a range of other statutory duties and legal requirements in areas such as heritage, water quality, health and safety, human resources and asset management.

The vision for Scotland's canals is to maximise their contemporary value to all of Scotland's people and do so in a financially sustainable way that ensures these valuable heritage assets can be enjoyed by the people of Scotland and its visitors for the next 250 years and beyond.

Cyclists, walkers, paddlers, anglers and boaters currently enjoy 22 million visits a year on and along the water. Furthermore, these historic linear parks are ribbons of opportunity which benefit scores of local community groups, over one million residents who live within three kilometres of a canal, multiple schools, thousands of commuters and tens of thousands of local and international tourists each year. They also support hundreds of businesses, over 5000 jobs in rural and urban communities across Scotland and attracted £878 million of investment in the last 12 years. As such, Scotland's canals are important to the nation's economic, social and environmental prosperity.

4. Aim of the Pricing Review and Consultation

The objective of this consultation was to eradicate price anomalies which had emerged in mooring and licence charges over the past 15 years. These discrepancies were the result of different market maturity between Scotland and England, Scottish Canals' (formerly British Waterways) eagerness to accommodate individual boaters' needs/financial limitations, a sector-wide difficulty in identifying a robust pricing methodology and a concern that any change would be challenging given the length of time some boaters have been customers.

The Pricing Review and this Consultation set out to address these issues. Scottish Canals embarked on this process in the full knowledge that it would not be easy; price corrections could mean increases as well as decreases and Scottish Canals was aware that customers would welcome the latter but not the former. However, where there are increases, Scottish Canals is committed to introducing them over time so it does not create financial hardship or displace anyone from the canal because they cannot afford to pay. Scottish Canals' ambition is to retain and grow the number of leisure, residential and transit customers using Scotland's canals, not drive them off the water but do so in a fair, consistent and effective way.

Having said that, the wider economic context, coupled with customers consistently wanting greater levels of investment in maintenance, repairs and customer service, means that

Scottish Canals needs to start asking boaters to make reasonable financial contributions for the products and services that they use.

5. Consultation approach

The consultation took the form of an online questionnaire which was accessed via Survey Monkey. Respondents were asked if they were answering as an individual or on behalf of a group; for their name, contact details and whether they could be contacted again; if their response could be published; whether they were a boater and if so, were they residential, leisure or transit; which canal they use and how many years had they done so?

It then presented Gerald Eve/GVA's recommendations with 'yes', 'no', 'don't know' boxes and additional space to comment.

6. Consultation outcomes

- 68 survey monkey & 20 email responses
- Total of 78 individuals or groups responded (10 respondents replied via email and the formal consultation)
- Responses split - 32% residential, 40% leisure, 14% transit, 8% groups, 4% commercial, 2% other
- Respondents answered 17 questions in the formal consultation
- 721 individual issues or specific points raised (332 via comment boxes in online poll & 389 via email)
- The issues were grouped into 16 categories comprising of a total of 420 issues
- Consultation respondents accounted for 17% of mooring customers and 3% of total boating customers in any given year

7. Formal consultation responses

A breakdown of answers to the online questions are set out below:

Question	Answer					Additional comments
Can your response be published?	52.2% - Yes	44.8% - No	3% - Don't know			
Can we contact your again in relation to this consultation?	97% - Yes	3% - No				
What type of customer are you?	1.6% - Not a boater	46.8% - Leisure	27.4% - Residential	17.8% - Transit	6.4% - Commercial	
What canal do you mostly use?	31.8% - Caledonian	15.2% - Crinan	22.7% - Union	30.3% - Forth & Clyde		
Average length of time using Scotland's canals	14 years					
Do you think any annual price increase for existing customers should be set in line with the Retail Price	29.4% Yes	50% No	20.6% Don't know			25% of comments (10 out of 42) want increases in line with CPI not RPI.

Index, subject to a minimum and maximum increase of between 2% and 5% until the next formal review?						28% (12 out of 42) want lower/no min & lower maximum
Should price changes (subject to Retail Price Index increases with a minimum and maximum of between 2% and 5%?) for existing customers be:	6.06% - implement in full at next renewal 10.61%	13.64% - split over 3 years from renewal date 18.18%	24.24% - split evenly over 5 years from renewal date 28.79%	21.21% - don't know	34.8% - other	When additional comments considered see revised figures in red
Should the methodology for reviewing mooring and licence prices be reviewed every:	9.09% - every year 9.09%	18.18% every 3 years 18.18%	36.36% - every 5 years 39.39%	36.36% - other	No view 10.61%	When views in additional comments considered, see revised figures in red
Do you think all customers should be bound by the same legal agreement and terms and conditions?	53.8% - Yes	35.4% - No	10.8% - Don't know			20% (13/65) of additional comments say T&Cs should be tailored to give residential security of tenure, for leisure & others 6% (44) say they should be the same for all or uniform across each sector
Should customers have the opportunity to pay their mooring fees in one transaction or over 12 monthly instalments via direct debit with a surcharge for the latter?	42.2% - Yes	43.7% - No	14.1% - Don't know			29% (19/64) of comments want instalments but no surcharge 6.25% (4/64) want upfront payment option with discount 3.12% (2/64) want upfront

						payment option with no charge
What would be a reasonable surcharge? 3% or 5%?	81.2% said 3%	18.8% said 5%				
Rather than charge a fee for selling a boat with a mooring, should Scottish Canals revert to the rule that customers cannot sell their boat with their mooring?	14.8% - Yes	54.1% - No	31.2% - Don't know			Of those who answered the question, 4.7% (2/42) don't want moorings – especially leisure – transferred during boat sales 21.4% (9/42) believe mooring should be transferred with boat sale for small admin fee 30% 13/42) want option of transferring mooring with boat during sale 21.4% don't believe any fee should apply to transferring mooring during boat sale
Are there any recommendations that you don't agree with? (in 500 words or less)	Answers to this question have been collated in the Issues Matrix					
Is there anything further you would like to add? (in 500 words or less)	Answers to this question have been collated in the Issues Matrix					

8. Additional issues raised

In addition to responses to the formal online consultation, a further 721 issues were raised via the comment boxes of the formal consultation and via email. Scottish Canals ranked the 420 broader issues and weighted them by the number of people who raised that issue.

Some 96% of the issues (402 out of 420) raised throughout the consultation were generated by a single respondent and a large number were operational or immaterial to the remit of the consultation.

Scottish Canals tabulated all issues which were raised by multiple respondents or which proposed a specific course of action. Some issues are common to all customers, while others are only relevant to leisure, residential or transit customers only. A summary of the issues in each category has been set out below:

Gerald Eve/GVA approach

This category attracted the largest volume of feedback and therefore Scottish Canals raised each issue with Gerald Eve/GVA. To ensure full transparency, these issues were presented to Gerald Eve/GVA and the responses below subsequently drafted.

1. Scotland not comparable with England/Wales and comparable marinas used by reviewers to benchmark leisure prices in Scotland were not similar and therefore skewed recommended prices (28 individuals and groups)

As stated in Section 8.2 of the Pricing Review document, GVA believed it was more relevant to focus on Scottish comparables when benchmarking marina prices and therefore focused on locations close to Scottish Canals' sites. No comparison was made with any English 'Gold Standard' moorings within the report. They were included within the earlier Blue Sea Consulting report and although GVA evaluated Blue Sea Consulting's report during their desk research, it did not influence their final assessment. GVA accepts that direct comparisons were not always possible as several marinas had immediate sea access and were run by commercial entities with full facilities while others did not. As a result, GVA arrived at leisure figures by basing the prices on what they believed to be 'standard' charges, representing what a full service marina, with high berthing occupancy in each of the locations could achieve.

These rates were then discounted for each mooring based on the matrix of location and facilities, as shown in Section 8.4 of the report. This ranged from a top grade mooring with direct access to the sea located in a marina that has full facilities and a boatyard, to those located in the lowest criteria sites which are disadvantaged, yet to be regenerated, where issues such as traffic or industrial impact are relevant or is bankside with no services.

2. Using two-bedroom flats to benchmark residential mooring prices was not appropriate as they are not comparable (22 individuals)

The cost of renting two bedroom flats was used solely as a benchmarking mechanism in each area as it shows what people are prepared to pay to live in a certain location for a particular type of property. By looking at how rental rates south of the border relate to mooring rates nearby, Gerald Eve/GVA were able to determine a ratio that they then applied discounts or additions to for a range of factors, including facilities, access to the sea etc. They maintain that this methodology provides a good tool for benchmarking mooring fees at any Scottish Canals' mooring location as information about rental properties is available everywhere and therefore the methodology can be applied consistently.

3. Questioned where Gerald Eve sourced the rental rates on which to base their residential mooring prices (13 respondents)

Gerald Eve reviewed Rightmove and Zoopla and if they could not find sufficient properties to ascertain average rental rates for two bedroom properties, they spoke to local estate agents. Mooring prices were obtained from the websites of that particular marina or mooring site.

4. While Scottish Canals operates seasonal restrictions, Gerald Eve/GVA's methodologies did not take into account out of season restrictions (13 respondents)

In their pricing matrix Gerald Eve applied relevant discounts at various residential locations to reflect canal restrictions while GVA focused on price, which included restriction in locations/provision of facilities.

5. Proposed leisure/residential prices were not appropriately discounted to account for varying facilities, security levels, popularity etc?

Residential customers - Gerald Eve recognised that the locations they reviewed did not have equal facilities or services to the comparator locations. From their research they identified factors which were important and scored them out of 10 following the site inspections. These scores were then converted into deductions from the initial rates they had identified, effectively discounting locations accordingly. Further deductions or additions were made to reflect the popularity of a location. As a result, the rates proposed for non-marina locations equated to between 23%-39% of the 2 bed rental rates for each area (with an average of 34%) whilst the average for the marina locations is 41% ranging from 31%-48% of the cost of renting a 2-bedroom property nearby. Gerald Eve took an average rating of 40% of a 2 bedroom rental rate. This approach was applied as consistently as possible across the canals system but will always have an element of subjectivity. The mooring rates that Scottish Canals has been achieving over the past 12 months generally support the figures proposed by Gerald Eve/GVA.

Leisure moorings – GVA carried out a price review rather than a facilities or qualitative review. However, this is supported by their research which found that marinas with enhanced facilities were able to charge higher prices.

6. Gerald Eve/GVA has not taken into account canal length which gives boaters 2000 miles of cruising waters in England compared with 135 miles in Scotland (13 respondents)

Residential moorings – Gerald Eve's discounts on the rates achieved south of the border reflect restrictions such as length of cruising water, as seen in their pricing matrix.

Leisure moorings – GVA reflected this in their pricing matrix by applying relevant discounts. For example, the most advantageously located moorings are graded A as they have direct access to the sea, less than 45 minutes sailing etc. Relevant discounts are then applied throughout the matrix for 'lower graded' marinas which would include those which have cruising restrictions. For example, an A1 graded mooring on the Caledonian Canal with direct access to the sea and a full service marina with boatyard may be able to charge £300 per metre. At the other end of the scale, a mooring graded E8 in a disadvantaged location that is bankside and has no services would only be able to charge £60 per metre. A full description of the location

and category criteria used is set out in Gerald Eve/GVA's Pricing Review document. Proximity to the sea and cruising distance were key elements of the facilities matrix which GVA developed ahead of their site inspections and these in turn influenced the way they assessed how each mooring ranked on the pricing matrix.

- No additional charges are levied on English marinas, such as the Boat Safety Certificate, therefore not comparing like with like (10 respondents)

Examining whether fees such as boat safety certificates should be included within mooring fees on the Scottish Canals' network fell outwith the scope of Gerald Eve/GVA's review. However, it is important to note that all vessels are required to have Boat Safety Certificates on all UK inland waterways, with the exception of some unpowered craft. The costs of these vary regionally and are an additional cost to the boater on top of mooring fees across the country.

- Gerald Eve should have focused on social rental rates when determining the price of two be properties and not the private rental sector (seven respondents)

Scottish Canals is not and has never set out to be a social housing provider. As the aim of the Pricing Review was to identify market rates for moorings, Gerald Eve was instructed to look at the market - this meant private sector housing.

- Appendix c Forth & Clyde canal facilities matrix is incomplete and incorrect

*This was an oversight and Gerald Eve/GVA have revised **Appendix C: Forth & Clyde Canal Facilities Matrix** below. However as the change was a typing error and not a factual error during the assessment of the site, it does not impact upon price:*

Site	Power	Water	Toilets	Showers	Fuel	Refuse	Pump out/Elsan	Laundry	Parking	Chandlery	Boat yard	Nearby shop	Nearby pub/restaurant
Bowling Lower	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
Bowling Upper	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
Bowling Helenslea	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
Applecross Street		✓	✓	✓		✓	✓		✓				
Speirs Wharf	✓	✓											
Cadder													
Southbank Marina	✓	✓	✓	✓	✓ ¹	✓	✓	✓	✓			✓	✓
Auchinstarry	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Falkirk Wheel	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
Grangemouth	✓	✓	✓	✓	✓	✓	✓	✓	✓				

Note 1 – Not in marina itself but nearby

- Appendix D Union Canal facilities matrix is incorrect

Gerald Eve/GVA ticked the wrong box indicating there were laundry facilities at Linlithgow but has now amended this to show there are no laundry facilities but there is limited parking

box. This was also a typing error and Gerald Eve/GVA's assessment of the site assumed no laundry facility existed. They also discounted the price to account for other facilities being available nearby. As with Causewayend, any further facilities not present on Scottish Canals' site have not been included in Gerald Eve/GVA's figures. A revised **Appendix D: Union Canal Facilities Matrix** is below:

Site	Power	Water	Toilets	Showers	Fuel	Refuse	Pump out/Elsan	Laundry	Limited Parking	Chandlery	Boat yard	Nearby shop	Nearby pub/restaurant
Causewayend	✓	✓											✓ ¹
Linlithgow	✓ ²	✓ ²	✓ ³						✓			✓	✓
Ratho Marina	✓	✓	✓	✓		✓	✓	✓	✓			✓	✓
Ratho Linear													
Harrison Park	✓ ⁴	✓ ⁴	✓	✓		✓			✓			✓	✓
Leamington	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓
Lochrin Basin	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓

Note 1 – Nearby restaurant only open at lunchtime.

Note 2 – These facilities are not provided on site but are available at the nearby LUCS.

Note 3 – Available at nearby seasonal tearoom.

Note 4 – Not to every berth.

11. The Crinan pricing matrix Table 8.4.9 is incorrect

Gerald Eve/GVA made a judgment based on their site visit but have since revised the table below:

Crinan Canal	Current Rates*	GVA / GE Rating	GVA / GE Suggested Price	% Change Current Rates / Suggested Rates
Crinan Basin	£155.00	D4	£156.75	1.1%
Crinan Basin Dummy Lock	£177.50	D3	£181.50	2.3%
Lock 14 Crinan	£154.00	D4	£156.75	1.8%
Crinan Rings	£121.50	RC8	£121.50	0.0%
Bellanoch Marina	£172.00	RC3	£162.00	-5.8%
Bellanoch Marina Swinging moorings	£127.00	RC8	£121.50	-4.3%
Bellanoch Bridge	£127.00	RC6	£135.00	6.3%
Cairnbaan Lock 5	£133.50	RC4	£143.10	7.2%
Oakfield Bridge	£127.00	RB6	£135.00	6.3%
Lock 4 Top	£131.50	RB7	£135.00	2.7%

Ardrishaig Basin	£150.00	C4	£150.00	0.0%
Ardrishaig Dummy Lock	£177.50	C3	£180.00	1.4%

Scottish Canals has evaluated Gerald Eve/GVA's feedback to the full range of issues which respondents raised and is confident that their methodology, the information they used to determine rates and consequently their recommended prices of leisure and residential moorings are robust, fair and transparent.

Boat sale charges

Fees charged by Scottish Canals for transferring a mooring when customers sell their boat were challenged by 19 individuals on the grounds that both parties benefit from the arrangement. They want to option of being able to transfer their mooring with the sale of their boat but believe no/minimal fees should apply.

This remains a controversial issue, with many people wanting the option to transfer their mooring when they sell their boat with little or no payment made. As mooring locations can add significantly to the value of a boat, it would not be right for a public body to support individuals making money from a public asset and yet determining a fair fee, given the complexity of the matter, is incredibly difficult. With this in mind, Scottish Canals will adopt the approach taken by the Canal and River Trust and not allow any mooring to be transferred with the sale of a boat.

Legal agreement

In addition to the 53% of respondents of the formal consultation who want a standard contract, the general theme from additional communication supports this view, with the majority preferring relevant Terms and Conditions to be tailored for all residential customers and bespoke T&Cs applying to all leisure customers.

Price increases

- Although the majority of respondents do not want to see price increases, there was broad recognition for an annual inflationary uplift. A total of 12 respondents supported an this being set in line with the Consumer Price Index and not the Retail Price Index, with seven respondents happy to use RPI subject to no minimum. Six further respondents do not want a minimum at all.
- It is unsurprising that the majority of respondents do not want to see price increases. However, having adopted Gerald Eve/GVA's recommended charges, Scottish Canals is committed to introducing them fairly and sensitively with phased increases to minimise the impact on customers and see some customers taking up to 15/20 years to achieve Gerald Eve/GVA's recommended rates.

Navigation and licence fees

Three group respondents wanted the navigation licence fee to remain unchanged.

Facilities

The need to link the range, quality and level of facilities on the canals to prices was a theme supported by a number of respondents. Nine individuals want a discount when there is no pump out, storage or boat lift available and a request for bridges and locks to become user operated.

Mooring charges

Respondents held various views on this with no real grouping around any particular issue. Feedback ranged from the belief that affordable fees encourage boating, a flat rate residential fee discriminates against small boats to the view that price discrepancies will continue as new customers are paying market rates.

Scottish Canals has responded to each concern in the Issues Matrix on the website www.scottishcanals.co.uk.

Surcharges

Respondents generally felt that surcharges for paying mooring fees by direct debit were unfair with seven individuals raising this, eight individuals requesting a discount for paying in full upfront and one group saying that any surcharge should be the cost to Scottish Canals to administer.

Operational restrictions

Isolated issues were raised including how changes in operating hours, staffing and service levels are creating user restrictions and are believed to result in fewer transits/boat movements.

Security

While a number of individuals raised this as a concern and challenged Scottish Canals' approach to open access of public assets, only one group said the issue of security at mooring sites was an issue.

No specific recommendations were made but Scottish Canals' response to each issue is available in the Issues Matrix which is published on the website

www.scottishcanals.co.uk/corporate/meetings-consultations/pricing-consultation-review/

Miscellaneous

Format of Gerald Eve/GVA report

A number of respondents challenged the length and layout of the independent report, while individual groups raised specific concerns such as the accuracy of information used by Gerald eve/GVA, the classification of specific mooring sites and the need for all boating groups to have fair, equitable and transparent prices.

Canal revenue

The biggest issue in this category was raised by three groups and two individuals and refers to how Scottish Canals could raise money for investment in the canals from cyclists, walkers and anglers.

Scottish Canals as a monopoly

The main theme in this category was the belief that Scottish Canals is a monopoly and, as such, boaters have limited alternative.

Communications

Individuals and groups raised isolated issues including a request for the customer satisfaction survey to be published, challenging Scottish Canals' communication with customers and the promotion of the consultation.

Scottish Canals' management

Individuals and groups raised isolated issues which ranged from challenging Scottish Canals' use of market/inflated prices, the benefit of boat movements to navigation and questioning the level of maintenance and repairs carried out by Scottish Canals. Two individuals and two groups stated that the Transport Act (1968) does not specify whether Scottish Canals' statutory obligation to maintain navigation is dependent on self-generated income.

Survey Monkey

The main issue raised by respondents (five groups and 10 individuals) focused on the use of Survey Monkey to conduct the online consultation and focused on the fact that it provided limited space for feedback. However, Scottish Canals subsequently evaluated all written feedback that was submitted.

As the majority of these issues were either immaterial to the consultation or operational, no recommendations have been made. However, Scottish Canals has provided responses to all issues and these can be seen in the Issues Matrix [here](#).

12. Consultation outcomes

Having evaluated all responses, the Scottish Canals' Board has agreed the following:

Annual inflation

Annual increases will be set in line with the Consumer Price Index (CPI) with no collar and cap. This will be calculated as an average over the previous calendar year (1st January to 31st December) as published by the Office for National Statistics.

Price increases

Annual increases of less than £100 will be implemented in full or subject to contract renewal dates (plus CPI). Annual increases of more than £101 will see annual price rises of no more than an extra £100 in any given year (plus CPI) until customers reach Gerald Eve/GVA's recommended rate. For example, assuming 2016 CPI rate of 1%, a mooring customer currently paying £2000 per year who will see their rate increase to £2750 under Gerald Eve/GVA's recommended pricing will pay £2121 in 2017/18, £2222 in 2018/19, £2323 in 2019/20, £2424 in 2020/21 and £2525 in 2021/22. Their fees will be reviewed with all other prices during 2023 as part of a five yearly review and could change as a result thereafter.

Living On Water customers whose rates are due to increase under Gerald Eve/GVA's prices will not see price changes until their lease has expired (from 1st June 2017 onwards). Gerald Eve/GVA's pricing will also be implemented for liveaboard customers from 1st June 2017 to ensure all residential customers are treated fairly and consistently. However, they will also benefit from phased increases in prices that will see them pay no more than an extra £100 per year plus CPI.

As detailed in the Gerald Eve/GVA report, recommended prices are for standard mooring sizes only and therefore may not apply to customers with boats that are larger than the standard size. However, Scottish Canals will liaise with the customer directly to agree a fair and reasonable rate for their mooring based on the size of their boat and the mooring space/services it consumes.

Mooring prices will be published on Scottish Canals' website

www.scottishcanals.co.uk/corporate/meetings-consultations/pricing-consultation-review/

Price decreases

Any leisure or residential customer whose recommended price is less than they are currently paying will see a reduction in their fees from 1st June 2017, regardless of when their contract renews.

Surcharges

Customers will be able to pay their mooring fees in instalments via direct debit or in full at the start of their contract term - either way it's the same amount with no surcharge or discount.

Boat sale charges

Scottish Canals will adopt the approach taken by the Canal and River Trust and not allow residential moorings to be transferred when a boat is sold. Leisure moorings will continue adhering to this rule.

Legal agreement

A set of standard Terms & Conditions will be developed for all residential mooring customers and for all leisure customers and included in new contracts which boaters will be required to sign upon the date of renewal.

Contracts are tied to a single user at a specific location and can't be transferred to different people or alternate locations.

Security of tenure

One year legal agreements will remain in place for leisure customers and residential customers will benefit from a minimum one year legal agreement. However, Scottish Canals is committed to meeting longer term arrangements for residential customers where requested but these will be decided on a case by case basis.

Financial hardship

Customers who face financial hardship as a result of Gerald Eve/GVA's recommended prices have the option of moving to a cheaper location on the canal, availability depending. This provides the opportunity to choose a mooring by both location and price. Residential boaters who are unable to move to a cheaper location, for example because they have children in a local school, can claim housing benefit towards the cost of their mooring fees. Scottish Canals has looked into the matter and not only are residential customers eligible for housing benefit, there are already customers on Scotland's canals who receive it.

Navigation licence fee

Scottish Canals will keep the navigational licence fee at 2016/17 prices, with annual increases set in line with CPI.

Transit licence fee

Scottish Canals will reduce the transit charge in the Lowlands by 25% (plus CPI) and increase transit charges each year on both the Crinan and Caledonian Canals by CPI.

Charity agreement

Registered charities not engaging in commercial activity will get a 25% reduction on transit fees across Scotland's canals.

Facilities

Scottish Canals will develop a Customer Facilities Charter setting out the range and volume of facilities it is reasonable for boating customers to expect by 1st September 2017.

Operational restrictions

Scottish Canals will develop a paper by 1st April 2018 setting out how user operations of locks and bridges could be introduced on the Lowland Canals.

Market review

Scottish Canals will carry out a simple market review using the methodology produced by Gerald Eve / GVA every five years to take into account market changes and investment in infrastructure. This review will set new market rates for all moorings that will prevail for a further five years and the results will be publicised on the Scottish Canals' website.