



LICENSING FUTURES – FINAL DECISION REPORT

6 March 2018

1. INTRODUCTION AND BACKGROUND

- 1.1 The Trust raises approximately £20m per annum from boat licensing from around 33,000 boating customers who pay an average of just over £600 for an annual licence to navigate on the Trust's waterways. This amount varies by boat length (categorised in 18 bands from 5.5m up to 22.5m), a range of discretionary discounts available for specific categories of boat, a statutory river-only discount of 40%, and a discount for early full payment of the licence fee.

Summary of the process

- 1.2 The Boat Licence Review was launched in early 2017 with the aim of combining the long-term sustainability of the Trust's waterways with a fairer system for boaters. After various boating organisations and individuals had observed that they felt the current approach to boat licensing wasn't fair to some categories of boater the Trust decided to conduct a thorough review of the structure for licence fees, the first detailed examination for at least 20 years.
- 1.3 The Trust launched a three-stage consultation in February 2017. The overall aim was to help the Trust identify an approach to boat licensing that would make sure that the financial contribution made by boaters is spread fairly across the boating community – both now and for the future. The model should be simpler and administratively less burdensome than the current system, whilst also being robust and workable, balance the need to raise revenue for the Trust with affordability, and achieve greater perceived fairness. The consultation was deliberately not to consider the level of fees and whether boaters should pay more or less overall; in that sense, the consultation was to be 'revenue neutral' so that the merits of different structure options could be considered independent of the overall level at which fees would be set.
- 1.4 The consultation was structured into three phases, led by an external consultation expert and supported in the final stage by a survey expert. Phase 1 was a series of interviews with boating organisations to gain their input into the approach the review would take, and the main issues to be covered. Phase 2 invited boaters to attend one of a series of focus groups across the country to discuss views about licensing: around 80 boaters discussed the issues in small representative groups with an independent facilitator. Phase 3 – which launched in early October – was for an open public response to a range of options drawn from the earlier phases. This completed just before Christmas 2017.
- 1.5 11,085 responses were received to phase 3 of the consultation, from a range of different boater 'types'. Typically, the quantitative (or "closed") questions received between 6,200 and 7,500 responses, with the qualitative (or "open") questions receiving between 700 and 1,800

responses. (Around 4,000 people sent only a very limited response, perhaps just to a single question).

- 1.6 Quantitative and qualitative responses to the consultation have been analysed to understand what support there is for the different options set out. A summary of the consultation findings is set out in the stage three report (see Appendix 1) and the full consultation report is set out in Appendix 2.
- 1.7 Section 2 of this report sets out the Trust's final proposals for boat licensing.

2. BOAT LICENCE PROPOSALS

This section should be read in conjunction with the consultation report.

Licence fees calculated by length and width

- 2.1 The consultation indicated a majority in support of introducing an increased licence fee for wider boats (i.e. those wider than a standard narrowboat width) in addition to the existing length-based bands.
- 2.2 The Trust has accepted that the boat licence fee should take width as well as length into consideration, given the advantages of the greater on-board space that this provides. However, moving to a precise length x width area-based charging system would be more complicated to administer and would, in our view, be disproportionate to the level of benefit derived from owning a wider boat.
- 2.3 Based on these considerations, the Trust has decided to combine the current length based bands with new width bands so that craft wider than 2.16m (7'1ft) will pay slightly more on top of the length-based charge. Three width bands will be introduced from April 2020:
 - Band 1: 2.16m (7ft 1") and below
 - Band 2: over 2.16m (7ft 1") up to and including 3.24M (10ft 7.5")
 - Band 3: over 3.24M (10ft 7.5")

We envisage that ultimately the % surcharge for wider craft will rise to 10% for Band 2 and 20% for Band 3, but it would be introduced in phases over several years (see proposed phasing until 2023 in section 3 below).

Prompt payment discount

- 2.4 Whilst the consultation confirmed the popularity of the prompt payment discount (PPD), the Trust has already indicated that it intends to reduce the size of the discount to align with the benefits it receives from advanced payment. The consultation indicated some support to change the criteria for the discount so that part of the PPD is applied to encourage automatic payment methods that reduce administration costs to the Trust.
- 2.5 Based on these considerations, the Trust has decided that the PPD will be reduced from 10% to 5% in 2019. From 2020, a 2.5% discount will be applied for prompt payment in full, and the remaining 2.5% will be applied for payment by 'self-serve'/automated payment

methods. The table below sets out how the changes to PPD would affect different payment methods when fully implemented in 2020:

How you pay	Discount for Prompt Payment in full	Discount for self-serve (online web licensing) and/or Direct Debit	Total discount
Pay in full or by Direct Debit, credit or debit card using customer self-serve (online web licensing)	Yes	Yes	Full discount (5%)
Pay in monthly instalments by Direct Debit	No	Yes	Part discount (2.5%)
Pay in full using cash or cheque in person	Yes	No	Part discount (2.5%)

- 2.6 As a result of this change in 2019, which will affect the majority of boaters (as around 75% receive the Prompt Payment Discount), the Trust intends to freeze the basic licence fees in 2019, subject to confirmation of underlying inflation later in the year.

Licence considerations in respect of mooring status

- 2.7 A majority indicated they would support a change to take mooring status into account as part of the licensing system. However, there were heavily polarised views with a significant number arguing strongly against this, stating that any such distinction would be highly divisive. This issue was also linked by respondents to the growing congestion on the Trust's busiest waterways in London and around Bath where the growing numbers of liveboard boaters without a home mooring reflects the availability and economics of housing in such costly cities.
- 2.8 Notwithstanding the majority in favour of a change, the Trust does not propose to introduce a different licence fee for boats without a home mooring. Our intention is to take forward a further stage of work to look at options that would address the growing use of canals in London and other areas by boats without a home mooring and how to develop a fair means of reflecting the significant benefit gained by such use.

Other discounts

- 2.9 The consultation showed that a majority supported retention of the existing range of discounts which – given the small number of boaters who directly benefit from these discounts – is assumed not simply to reflect the direct self-interest of the affected groups. The one area where consultation responses were not clearly supportive is Electric Boat discounts where many felt that the boats benefitting would rarely meet a more holistic measure of environmental impact.
- 2.10 Based on these considerations the Trust has decided to retain most of the current discounts unchanged. These discounts are:

- Disconnected Waterway, 25% discount
- Historic Boats, 10% discount
- Unpowered 'Buttys' (in a pair), 50% discount
- Charity Boat, c.60% discount (variable)

2.11 The 20% Electric Boat discount will be retained pending the Trust undertaking a swift review of options to consider how to apply any future discount in a way that would more effectively recognise, and encourage, more environmentally-friendly boating. It is intended that this will be completed, and any changes to the Electric Boat discount will be announced, by April 2019.

2.12 The consultation supported the retention of eligibility for multiple discounts and, as the number of boats that receive multiple discounts is very low, the Trust does not intend to make any change to the current multiple discount policy.

Short-term licences

2.13 Nearly eight in ten of those responding to this question felt it was fair to withdraw one-day licences, but retain one week, one month, or thirty-day flexible 'explorer' licences, and price these proportionately higher than a full licence to reflect the greater administrative costs.

2.14 As a result, the Trust has decided to withdraw one-day licences but retain all other short-term licences.

3. PHASING OF PROPOSED CHANGES

- 3.1 The Trust has already committed to making no changes to the licensing structure before April 2019. We asked for views on phasing in the consultation and the majority felt that changes should be phased over at least three years.
- 3.2 Given the impact of some of the changes, especially the increase in licence fees for wide beam owners, the Trust intends to introduce them over the period 2019-2023. The changes will be made at the time of the annual licence fee change in April each year.
- 3.3 The table below sets out how the changes will be phased:

Proposal	April 2019	April 2020	April 2021	April 2022	April 2023
Introduce new width bands	Pricing by current length bands only but boat width information required	New width band(s) introduced at 5% premium (band 2 and 3 add 5% surcharge)	Width bands attract additional premium (rising to 10%)	Top width band increases by a further 5% (band 3 surcharge rises to 15%)	Top width band increases by a further 5% (band 3 surcharge rises to 20%)
Reduce and re-align prompt payment discount	Reduce discount to 5%	Change structure of discount to 2.5% for early payment and 2.5% for low cost payment method			
Withdraw one-day short term licences	Withdraw one-day licences				
Complete review of options for electric boat discounts	Review complete and criteria change introduced				

4. SUMMARY OF CHANGES TO BOAT LICENSING

4.1 The following changes to the licence fee structure will be implemented from April 2019:

- The gradual introduction of width bands attracting a small premium on licence fees for boats wider than 2.16m (7ft 1”), starting in 2020, with the current length bands retained.
- Reduce the prompt payment discount to 5% in 2019 and change the discount in 2020 so that 2.5% applies for early payment and 2.5% for use of low cost automatic payment methods.
- Retain the remaining current discounts unchanged, with a further review of the criteria for the electric boat discount.
- Remove the one-day licence but keep other short-term licence options.
- Phase the changes over five years starting in April 2019 and completing in April 2023.

4.2 In addition, no change is proposed to link licence fees to mooring status but a further review will be undertaken to establish how the significant growth in demand from boats without a home mooring in key locations can be addressed, to fairly reflect the benefit experienced by those boaters without a home mooring in London and other highly popular locations.