

BOAT LICENCES FEES 2010

Through licence and mooring fees, boaters contribute nearly £1 for every £5 spent by BW on maintaining and repairing the waterways. They form a very important element within BW's annual budget.

In a consultation in late 2007 we explained the need for significant increases in licence fees to meet funding requirements, and in 2008 and 2009, increases of just over 8% were applied. The funding position is no less easy at present, but in the light of the difficult economic climate we have decided not to increase the net of VAT fee levels for the financial year beginning April 2010. However we do have some proposals (see below) for changes that will affect the prompt payment discount. We are seeking views from boaters and boating organisations on these before the end of February 2010. There will also be a new nominal charge for payments made by credit card. This is also explained below.

VAT change

BW's boat licence fees are subject to VAT, so the return of the 17.5% rate from January will mean an effective 2.5% increase in the billed amount.

Payments by credit card

Fees levied by credit card companies are significantly higher than for debit cards. To encourage customers to switch to debit card or direct debit payment methods, a fixed charge of £7.50 is to be applied to all bills settled by credit card from 1st April 2010. (The average total charge to BW is approximately £11).

Gold Licences

There will be no change to the net of VAT price of the shared BW-EA Gold licence.

Short term licences

The fees for short term licences will also remain unchanged (apart from VAT). Because these licences are now available on line, we plan to withdraw the 30 day **Waterway Explorer** licence. This was introduced in 2003 in response to demand from boaters based on other navigations seeking to be able to make more 'spontaneous' visits to BW waters. The ready availability of one day licences by internet and the relatively low volume of annual sales (c. 300) leads us to believe that withdrawing this licence will not cause great inconvenience to customers. It means that we will be able to further improve our enforcement process – currently the user-dating feature of Explorer day tickets means that we are unable to validate easily the licence status of boats observed with Explorer licences.

Payment discounts

When we last consulted on licence fees in 2007, respondents emphasised the need for us to improve our revenue collection performance. We have made substantial progress on this, reducing evasion

from 10.4 % in November 2007 to 4.3% in August 09¹ . The introduction of the new late payment charge in April 2009 has resulted in major improvements in payment timings and with stronger processes in place, we believe it's no longer necessary to offer such a large incentive to encourage prompt payment.

Further efficiency savings are on the way with the extension of licence sales and renewals by internet. Online renewal has been possible for long term licences since 2005, but limited depending on the status of the boat safety certificate and the type of payment used for the previous licence. From January 2010 the constraints on online renewal will be removed so that any private long term licence will be renewable online. And from August 2010 new applications will be possible online. These changes have the potential to reduce BW's costs by some £200k per year, providing that there is strong uptake by customers.

Taking prompt payment and online purchase together, we want to gradually reduce the total discount available from 10% and divide it into two separate incentives. We are suggesting the following:

Date of change	Prompt payment discount		Online purchase discount
August 2010	5%	<i>and</i>	3%
April 2011	3%	<i>and</i>	3%
April 2012	3%	or	5%

The online purchase discount would only be available for applications up to four weeks after the expiry date of the previous licence.

Other licence discounts are not affected.

Boat licence fees for Scotland.

There will be no change to the standard boat licence in Scotland (other than VAT as outlined above). Small changes are being considered to short term and transit fees. These will be the subject of a separate announcement before the end of November.

Feedback

If you would like to comment on the proposals changing the prompt payment discount, please send these to licencediscounts@britishwaterways.co.uk or by post to British Waterways Prompt Payment Consultation, 64 Clarendon Road, Watford, WD17 1DF before **28 February 2010**.

Simon Salem
Marketing Director
17th November 2009

Notes

¹ This is an indicative rate based on the normal monthly check. The rate found in the November 2008 national boat check was 6.8%

An incentive to renew the boat licence promptly was introduced in 1990, 19 years ago as an efficiency measure: prompt renewal helps BW's cash flow and reduces the demand on enforcement resource. It has proved to be effective, and historically, three quarters of boaters have been taking advantage of the discount. In April 2009 we introduced a charge of £150 for late renewal of a licence (more than 1 month overdue) and this has had the effect of accelerating renewals considerably. Internet renewal has been possible for long term licences since 2005, but limited depending on the status of the boat safety certificate and the type of payment used for the previous licence. Nevertheless, some £2m in licence sales were made online in the year to April 2009, amounting to 13% of eligible renewals. This percentage doubled during the six months from April 09, prompted primarily we believe by greater promotion of the facility to our generally highly internet-oriented customers (85% have internet access).

From January 2010 the constraints on online renewal will be removed so that any long term licence will be renewable online. This has the potential to reduce BW's costs by some £200k per year.