

# Customer briefing

July 2018

## Navigation charges 2019 - 2021

### Introduction

We plan to consult our boating customers and other interested and affected parties on proposals for boat registration charges on Environment Agency waterways for 2019 to 2020 and 2020 to 2021.

The consultation will run for six weeks during summer 2018. The increases we are proposing are the same percentages as those we implemented for 2018 to 2019. They reflect the significant gap between existing levels of income from boat registration charges on each waterway and the cost of providing the services which these charges pay for.

The increases we propose are:

- River Thames: 5.7%
- Anglian Waterways: 7.5%
- Upper Medway: 10%
- Unpowered boats, which have a nationally consistent charge and boats (powered and unpowered) covered by our joint registration agreements with third parties (i.e. Canal & River Trust - Gold Licence, British Canoeing, British Rowing): 7.7%\*

\* This is taken as an average of the 3 individual percentages for each waterway area because they have nationally consistent charges.

Each of our waterways currently receives significantly less income from boat registration charges than they spend on the services those charges should pay for. These charges contribute to our overall aim of keeping our waterways open and safe for use by both recreational boaters and those who rely upon them for their business. At the moment, across all our waterways, boat registration charges only contribute 25% of the total amount spent on the operational services.

Our waterways also receive income from other sources, mainly through Government grant-in-aid funding and from a range of boating-related commercial activities. However, for a number of years the overall funding position has been declining, with impacts on our standards of service and the condition of our navigation infrastructure and facilities.

We are working hard to address this situation through a range of activities. Changes to boat registration charges are part of this work. We were going to consult on a new charging scheme and 5-year charging plan this year. However, this work is significantly more complex than we initially thought. We are keen to invest the time now to make sure our charges are fair, transparent and linked more closely to the cost of the service we provide for boating customers. It is crucial we get it right. Therefore, we now plan to consult on proposals to implement this year's percentage increases for the next 2 years. We will then continue to develop our longer-term plans to make our navigations more financially sustainable, involving our customers in shaping this work.

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These proposals are the minimum increases necessary to sustain a safe and efficient operational service. We think these are reasonable given the gap between the cost of the services, and the income we currently receive from charges.

We will reflect any increases for 2019 to 2020 and 2020 to 2021 in the future 5-year charging plan, which we now plan to introduce, following further consultation, for 2021 to 2026.

## Background to the navigation service

The Environment Agency is the second largest Navigation Authority in the UK. We are responsible for managing around 1,000 km (620 miles) of inland waterways. Essential to the service we provide is managing, maintaining and operating the 3,000 assets across our waterways that benefit those using them.

Assets range from the large principal structures enabling navigation to take place – the locks and weirs or sluices - to all other associated facilities including moorings and waiting areas, bridges, towpaths, toilets, refuse and sewage disposal points, drinking water supplies and electrical hook-up points. They also include our patrol launch fleet and the boatsheds, mooring and workshop facilities we need to maintain it.

There are many different aspects to managing river navigations which we do through:

- maintaining our assets in good condition
- protecting and increasing our income and seeking efficiencies
- providing good customer service

The extent to which activities are carried out on each waterway varies substantially. Influencing factors are budget and people; geography and waterway characteristics; customer need and expectation; popularity and use of the waterway; historic custom and practice.

For further context, there are around 8,700 powered boats with an annual registration for the River Thames, over 4000 for the Anglian Waterways and 700 for the Upper Medway. With unpowered boats (e.g. rowing craft and canoes) and those visiting our waterways from other locations, we register almost 30,000 boats every year.

## The impact on our boating customers

The majority of the boats we register are private leisure customers, although there are a number of commercial operators, for example passenger and hire boat businesses. Across our waterways, 98% of boats are private and 2% are commercial.

Over the two year period 2019 to 2021:

- A private unpowered boat would see an increase of £6.11 across all waterways.
- A medium sized private powered boat would see an increase of £36.77 (River Thames), £57.54 (Anglian Waterways) and £52.71 (Upper Medway).
- A large private powered boat would see an increase of £96.52 (River Thames), £101.85 (Anglian Waterways) and £80.09 (Upper Medway).
- A medium sized commercial boat would see an increase of £56.79 (River Thames), £88.81 (Anglian Waterways) and £90.37 (Upper Medway).
- A large commercial passenger boat would see an increase of £358.46 (River Thames) £172.82 (Anglian Waterways) and £103 (Upper Medway).

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Across all our waterways the increases will bring additional income from boat registration charges of £450k in 2019 to 2020 and £480k in 2020 to 2021.

## Improving the funding position of our waterways

As part of our future strategic review of navigation charges we want to introduce changes that our customers have told us through consultation they wish to see, bringing more:

- consistency
- certainty
- flexibility
- fairness
- ways to pay

We will also consult further to build on and refine our understanding of the feedback we have already received. Reviewing our charges is just one part of a much wider ongoing programme to make our waterways more financially sustainable. This includes:

- making efficiencies wherever we can
- prioritising funding to protect capital investment
- working to increase income from commercial and other external sources

We are now progressing our commercial activity at a national level as the 'Navigating Forward' project. We are working with individual waterways teams and other Environment Agency departments to look at all the options and complete a range of activities.

We are launching new commercial activities as well as maximising income from existing ones. To do this we are seeking additional flexibility from government to allow us to be more innovative in how we establish new income streams to spend across our waterways.

We know our boating customers are keen for us to do more to secure revenue from all those who benefit from the waterways. We intend all of our project work to boost the income we receive from sources other than our boating customers, whether in the short, medium or long term.

## Next steps

The Environment Agency Board, Defra, HM Treasury and the Secretary of State for the Environment have given their approval for us to consult on these proposals. We will consult during summer 2018 through the government's online consultation tool on GOV.UK. Extensive nil-cost communications activity will promote the consultation and seek to ensure as many people who want to give us their views are aware of the opportunity.

Feedback from the consultation will shape our final proposal which we will put forward to the Secretary of State and HM Treasury for approval. We believe anything less than the increases we propose will require us to reduce service levels, or investment in our assets which could result in more frequent or more serious breakdowns of those assets and potentially closures

Through the consultation, we will ask respondents to rank our services so we can better understand what's important to them. This will help us prioritise the service we provide.