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Key Issue

To approve the purchase an additional 12 seat passenger boat for the BCA to run public day trips

Summary

A rare opportunity to purchase a second hand 12-seat passenger narrow boat has arisen to augment the BCA's passenger boat fleet. A business case indicates that even in the worst case the boat can repay its capital costs in 6 years. The Chairman / Vice Chairman's approval was sought to pay a holding deposit and proceed with a survey.

Officer's recommendation

That the Committee authorise officers to the purchase of the second hand boat subject to the results of a survey, using funding from the BCA General Reserve, and to authorise the BCA to run additional public trips on the Canal.

1 Introduction & background

- 1.1 The BCA have been using their 12 seat boat "*Rosebud*" for a number of years for special events. Following the cessation of John Cale's operation at the Canal Centre in April 2014 they have been developing a passenger trip operation from the Canal Centre. This operation has been slowly built up as it relies largely on volunteers to operate.
- 1.2 Both Colliers International and A Different View – the consultants employed by Surrey County Council's Estates team to examine the redevelopment of the Canal Centre – conclude that it is much more beneficial for the BCA to run any Canal trips themselves than employ a contractor or franchisee / licensee. The Canal has limited potential for boat traffic due to water shortages and powered boat number restrictions; therefore it follows those boats on the water need to return as much directly to the management of the waterway as possible.
- 1.3 There is a significant demand from Woking residents and Members for a boat operation in the Woking area of the Canal. This according to BCA records is one of the most under-utilised sections of the Canal from a navigational perspective.

2 Discussion

- 2.1 A new 12 seat passenger narrow boat would cost in the region of £50,000-£70,000, a rare opportunity arose to purchase a second-hand passenger trip boat *Wild Thyme* advertised for sale at £17,995. The purchase of this additional boat would enable the BCA to run a two boat service one based at the Canal Centre and one at Town Wharf, Woking – and/or increase the frequency of service at the Canal Centre.
- 2.2 The level of receipts to date have been relatively modest, but there has been virtually no advertising and the service only runs 2 days per week out of school holidays and 3 days per week in school holidays. There is therefore a great deal of potential for the receipts to grow.

- 2.3 The business case contained at **Annexe 1** was written on a “worst case” scenario assuming that volunteers are not available 1/3 of the time and there is no increase in revenue from advertising or increasing availability. This demonstrates that even with these pessimistic assumptions running both boats will pay off the capital outlay within 6 years. A small decrease in the amount of paid staff time or an increase in takings will reduce this figure to well under 5 years.
- 2.4 On this basis, and following consultation with the Treasurer, the Chairman and Vice-Chairman authorised officers to place a £500 holding deposit on the boat and proceed to have a survey carried out. In discussion with the vendor’s agent officers have found the vendor is willing to reduce the sale price to £15,000 subject to the satisfactory outcome of a full survey by a qualified marine surveyor. Should the survey not be satisfactory or the committee decide not to authorise officers to purchase the boat, the offer can be withdrawn with only the costs being of the survey and a crange fee payable to the vendor’s agent.

3 Financial and value for money implications

- 3.1 On the evidence seen to date the boat has an estimated 10-15 years useful life before a major work is required. The capital will have long been paid off by this stage.
- 3.2 On the very pessimistic assumptions contained in the business case the BCA will make an annual surplus of £2,623. In practice this is likely to be significantly higher due to lower costs and greater receipts.

4 Equalities & diversity implications

- 4.1 Neither *Rosebud* nor *Wild Thyme* are capable of being adapted to accommodate wheelchairs, a larger wider beam craft would be required to enable a chair lift to be installed. This would be a significant cost to the service.
- 4.2 Persons with less severe mobility issues can be assisted aboard by able bodied carers and BCA staff members. Costs are not excessive, and the Mytchett site is currently free to park and easily accessible from public transport for low income visitors. Other fully accessible hire / day trip boats are already available in Woking and at Odiham.

5 Crime & disorder implications

- 5.1 There are no significant crime or disorder implications.

6 Conclusion and recommendation

- 6.1 The owners and partners frequently encourage the BCA to increase directly generated income rather than relying on partner grant funding. Whilst the returns on this operation are projected to be modest this is an additional income stream and has the potential to be significantly more than the pessimistic figures in the business case.
- 6.2 It follows that the boat should be purchased and the BCA encouraged to use it to run the most efficient services possible with both of their boats.

7 What happens next

- 7.1 Officers will continue with the purchasing arrangements for the boat, ensuring that best value is obtained in light of any findings of the survey.
- 7.2 The BCA will organise additional public trips on the Canal.

Trip boat business case

Executive Summary

An opportunity has arisen to replace the existing boat / augment the Basingstoke Canal Authority's trip boat fleet through the purchase of a second hand trip boat – a rare opportunity.

Running the service mainly with volunteers means that there is a surplus after running cost of either £2,632 if augmenting the fleet with a second boat to be operated elsewhere on the Canal, or £2,405 if seen as a simple replacement/upgrade for the existing boat.

Using a very cautious assessment of possible net income payback is between 6 and 7 years, with an expected life of the new boat of 10-15 years before any major overhaul is due.

Background

Following the cessation of John Cale Canal Cruises operation in 2013 the BCA have been carrying on a trip boat business from the Canal Centre at Mytchett. They use *Rosebud* a 1992 vintage Springer Waterbug powered by a Honda outboard engine and with a basic fit out as a 12 seat passenger boat. *Rosebud* is only 23ft long and has no on-board toilet or galley – she also doesn't look like a "traditional" narrow boat, something which is occasionally commented upon by potential customers.

Above 12 seats (+ 3 crew) a trip boat comes under much more strict regulation by the Maritime & Coastguard Agency. Increasing the number of passengers by means of a longer boat, would in turn restrict the number of turning (winding) to designated places, and would therefore require much longer trips; there is therefore no justification to obtain a longer boat. Currently trips are limited to 45-60mins and run from Mytchett to Great Bottom Flash and back; trips are regularly over-subscribed particularly in school holidays.

The operation is currently mainly run by Canal Society volunteers with either Able Steersman Certificate or MCA Boat Master's Licence (these volunteers usually crew the *John Pinkerton 2* - but as there are lots of qualified volunteers on that operation so rarely get running time). These qualifications are not strictly necessary for a 12 person trip boat, and all volunteers are offered an appropriate certificated boat handling course. Since commencing the service last year the number of volunteers has increased significantly to a point where we are now turning them away. Occasionally trips have been run by the existing BCA Canal Centre staff if volunteers are unavailable at short notice.

There is significant pressure by Surrey County and Woking Borough Members on the BCA and Canal Society to run boat trips in the Woking area of the Canal.

As the boat is run by the BCA, there are no mooring or licence fees which would be a significant expense elsewhere. Under the terms of the MoA, the staff / volunteers are covered under the provision of Hampshire County Council's insurance policy, but the boat is currently separately insured for £150 per annum.

New boat proposed

The opportunity has arisen to purchase a 1986 built 30ft Harborough Marine steel hulled narrow boat fitted out as a 12 seat passenger boat. **Passenger boats, as opposed to cruising leisure boats, are rarely advertised and we need to act quickly to secure her.** Named *Wild Thyme* she was run as a day hire boat by a company who recently ceased trading on the Grand Union Canal and is advertised for sale at £17,995 at a brokerage in Harefield, Middlesex.

Having inspected her in company with Jon Green, BCA Head Ranger, we believe she is in good general condition but a price of £15,000 would be more appropriate, given that around £2500 of (mainly cosmetic) work is required to bring her to a good standard fit for service. She has a current Boat Safety Certificate to April 2018 and the benefit of a full survey in December 2013. The survey noted little hull thickness degradation and providing she is well maintained 10-15 years of useful service before major repairs are required is not an unreasonable expectation.

This boat would improve the quality of the passenger experience, and would release *Rosebud* either into semi-retirement or for experimenting with a second operation in Woking or Fleet or doing promotional trips with potential funders.

Financial justification

Capital

It is likely that *Wild Thyme* might cost £15,000 to buy, £500 to survey and deliver by water to Mytchett, and £2,500 to repair / improve her to a good standard; a total capital outlay of £18,000.

Income

In both of the scenarios proposed the current charging scheme of £5 adults / £3.50 children / £15 families is retained, as is the number of trips per day (4), and the number of days running; at weekends April – October plus Wednesdays in school holidays. Analysis of the BCA's takings to date suggest an average gross take of £63 per day in non-holiday months, and £105 per day in school holidays .

In the following projections no account has been made for increasing the number of trips per day, the days of operation at Mytchett, or additional take up through running a better looking boat or increased publicity.

As the confidence in the income is low, it being drawn from a relatively sample small, and no account has been made for growing the business (for example by offering visiting schools educational trips), the income figures should be seen as being very cautious estimates to ensure that income is not overstated.

Existing one boat arrangement

A cautious approach is being taken to ensure that costs are not understated.

Fuel averages £11.70 per day, volunteer expenses come to £10 per day (including a *pro rata* figure for training), and maintenance costs are around £500 per year (including a *pro rata* figure for periodic Boat Safety Examinations).

Some staff costs are included to cover operation when volunteers are not available. No additional staff are proposed in either case, but the staff cost are included to cover additional hours for existing Canal Centre casual staff who normally staff the Visitor Centre and rowing boat business. For the purpose of both projections one third of operational time is covered by staff, however, this is taking a very cautious approach to costs as in practice staff time spent to date has been substantially less than this.

Based on current income figures the current net income projection for a one boat operation is £2,405.

There are currently no capital costs - *Rosebud* having long since been paid off. Treating *Wild Thyme* as a simple replacement for *Rosebud* would mean that the payback period is 7 years. In this case *Rosebud* would be semi-retired and used only for special events or promotional trips.

	Operating days per month	Total operating days	Av. daily amount	Av Monthly amount	Subtotal
Income					
June, May*, Sept & Oct	8	32	£63.32	£506.55	£2,026.18
April* July & Aug	12	36	£105.19	£1,262.31	£3,786.92
Annual gross earnings					£5,813.10
Expenditure					
Fuel		68	£11.70		£795.60
Staff **		22	£66.71		£1,496.97
Volunteers ***		46	£10.00		£455.60
Maintenance / parts					£500.00
Insurance					£160.00
Annual costs					£3,408.17
Net annual surplus					£2,404.93

* April is included as "holiday" month due to Easter school holidays, combining with May half term this equates to a "holiday" month

** Allowance for casual staff to run trips when volunteers not available

*** Welfare and training costs

Proposed scheme with two boats

By running *Wild Thyme* as the permanent trip boat from Mytchett *Rosebud* could be used elsewhere, or to run additional trips from Mytchett, maybe to Frimley Lodge Park and back on days of very high demand.

For this business case I have assumed *Rosebud* would be based in Woking and run between the Bridge Barn Public House and Town Wharf two weekends per month out of season, and every weekend in the school holidays. I have assumed that receipts on this service would be only 2/3 of those for the Mytchett service.

A two boat operation would on these assumptions net £2,632 – this is a modest £218 increase over a one boat operation. The smaller proportional increase is due to raised costs but an assumption that there will not be as good an income stream from the second location. Nonetheless this would still decrease the payback period from 7 to 6 years.

	Operating days per month	Total operating days	Av. daily amount	Av Monthly amount	Subtotal
Income					
June, May*, Sept & Oct *****	12	48	£63.32 / £41.79	£673.71	£2,694.82
April* July & Aug *****	20	60	£105.19 / £69.42	£1,817.72	£5,453.17
Annual gross earnings					<u>£8,147.99</u>
Expenditure					
Fuel		108	£11.70		£1,263.60
Staff **		36	£66.71		£2,377.54
Volunteers ***		72	£10.00		£723.60
Maintenance / parts					£1,000.00
Insurance					£160.00
Annual costs					<u>£5,524.74</u>
Net annual surplus					<u>£2,623.25</u>
Additional surplus					<u>£218.31</u>

* April is included as "holiday" month due to Easter school holidays, combining with May half term this equates to a "holiday" month

** Allowance for casual staff to run trips when volunteers not available. Casual hourly rate includes holiday pay and NI.

*** Welfare and training costs

**** Woking Town Wharf - Bridge Barn operated every other weekend - receipts assumed to be only 2/3 as good as Mytchett

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Procurement

The initial capital costs could be met from either the Canal capital budgets of Surrey County Council or the BCA general reserve. Thereafter the replacement of the equipment will be met from the BCA's general reserve.

Following approval of this business case, procurement would be through Surrey County Council's systems and procedures.

Health & safety

The boat trip business is a continuation of an existing activity of the BCA for which risk assessments already exist. Specific RAs would need to be conducted for the new boat and any additional locations of operation.

Both boats would be put through the Enhanced Boat Safety Scheme examination at the required intervals and a certificate issued by an approved independent Marine Surveyor.

Equalities

Neither *Rosebud* nor *Wild Thyme* are capable of being adapted to accommodate wheelchairs, a larger wider beam craft would be required to enable a chair lift to be installed. This would be a significant cost to the service.

Persons with less severe mobility issues can be assisted aboard by able bodied carers and BCA staff members. Costs are not excessive, and the Mytchett site is currently free to park and easily accessible from public transport for low income visitors. Other fully accessible hire / day trip boats are already available in Woking and at Odiham.

Reputation

The BCA have in recent years had a perhaps unjustly poor reputation for service – this has mainly been due to poor maintenance of the infrastructure caused by chronic underfunding. Previous management did not always encourage the operating waterway heritage aspects of the site – providing a refreshed traditional style canal boat will enhance the BCA's reputation with a number of key stakeholders.

