



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 15 NOVEMBER 2016**

SUBJECT: HARBOUR CHARGES

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING & INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 To provide feedback on the consultation in relation to leisure harbour charges and to seek endorsement of a revised pricing structure for all harbour charges.
- 1.2 This report is submitted to Committee in terms of Section II (E) (27) of the Council's Scheme of Administration relating to the functions of the Council as Harbour Authority.

2. RECOMMENDATION

2.1 Committee is asked to:

- (a) approve the leisure boat charging mechanism as stated in paragraph 5.2,**
- (b) recommend one of the options to increase leisure boat charges (to be effective from 1 April 2017) for approval by Policy & Resources Committee as stated in paragraphs 5.4, and**
- (c) recommend the increases in commercial charges as set out in paragraph 6 (to be effective from 1 April 2017) for approval by Policy & Resources Committee.**

3. BACKGROUND

- 3.1 At the meeting of 20 October 2015, this Committee approved the development of proposals to move the harbours revenue budget towards a sustainable, and as far as possible self-funding position (Para 7 of the minute refers).
- 3.2 An initial review of the position relating to leisure harbour charges with different charging models was brought to the meeting of this Committee on 3 May 2016. Subsequent to this, officers were instructed to develop and consult a range of options (Para 9 of the minute refers).

- 3.3 The need to consider ways of improving the sustainability of harbours has also been discussed with all of the Harbour Advisory Committees.
- 3.4 As a statutory harbour authority we have a duty to conserve the harbours, and a statutory ability to charge harbour users in order to do so, thus making it clear that it is reasonable that charges reflect the costs of operation.

4. LEISURE CHARGES - CONSULTATION

4.1 An online consultation of harbour users and interested parties in relation to leisure boat charges has been carried out. The following is a summary of the findings, the full detail is provided as **APPENDIX 1**.

4.2 The consultation received 148 responses, of which:

- 130 respondents identified themselves as current harbour users, including
 - 2 on behalf of a fishing vessel
 - 1 commercial organisation
 - 1 response on behalf of the Three Harbours Association
 - 2 responses on behalf of Findochty Water Sports Club
 - 1 response on behalf of the Hopeman Boatowners Association
 - 1 response on behalf of Burghead Boat Club
- 16 respondents identified as potential harbour users
- 2 other responses were received

4.3 97% of respondents believed that the harbours should be maintained as operational facilities

4.4 46% felt that the current facilities were appropriate, with 54% disagreeing. When asked what facilities should be provided, the following items were the most frequently listed:

- Power (34)
- Water (29)
- Dredging / deeper water (17)
- Additional pontoons / moorings (17)
- Better maintenance (10)
- Security measures including CCTV (10)

4.5 When asked how operating costs for the harbours should be split, 55% of respondents did not answer the question or stated “don’t know”. Of those respondents that gave specific answers, the average figure was as follows:

- Leisure boats 17% (ranging from 0% - 30%)
- Commercial vessels 31% (ranging from 0% - 75%)
- Rental & other income 22% (ranging from 0% - 50%)
- Council funding 30% (ranging from 0% - 70%)

- 4.6 In relation to the method of calculating leisure boat fees, the majority of respondents felt that
- Services such as power and water should be charged additionally to the main berthing fee (66% of respondents)
 - The fee should be calculated by boat length, with no minimum length (44% of respondents, closely followed by a minimum of 5m charge at 40% of respondents)
 - The fee should vary by location in the harbour (64% of respondents)
- 4.7 Respondents ranked different storage locations, with the following results being in order of preference and convenience:
- Pontoon
 - Wall mooring / loose mooring
 - Quayside storage
 - Home / off-site storage
- 4.8 54% of respondents stated that leisure charges should increase to make the harbours more sustainable. On average, those who gave a view stated that a 20% increase in fees would be acceptable.
- 4.9 Of those who felt that leisure charges should not increase, the majority felt that the net deficit of the harbours should be funded by the council, with a range of other responses, included attracting new businesses, providing additional mooring and increasing commercial activity.
- 4.10 The Harbour Advisory Committees have also been consulted in writing about the specific options to increase leisure fees outlined in Paragraph 5. The views are detailed in **APPENDIX 2**.

5. LEISURE CHARGES – PROPOSALS

- 5.1 The following options were all considered as part of the consultation exercise:
- Charging a fixed fee
 - Charging by boat length with or without a minimum length
 - Varying charges by location within a harbour
 - Incorporating services into the main boat fee
- 5.2 On the basis of the consultation feedback summarised in paragraph 4 of this report, it is recommended that future charges are calculated on the basis of both the boat length (with no minimum length) and the location of the boat in the harbour (with pontoon berthing being the most expensive, then wall/loose mooring, and the cheapest location being quayside/hardstanding). The current method of charging is by metre of boat length, with a minimum boat length charge of 5 metres, irrespective of mooring/storage location within the harbour. Any change to harbour fees will be effective from 1 April 2017.

- 5.3 As referenced in the paper relating to Findochty pontoons reported to this Committee on 20 September 2016 (paragraph 7 of the draft minute refers), there is no positive business case to invest in additional pontoon facilities at Council harbours, which is a direct reflection of the low charges currently in place. As previously stated in a paper to the meeting of this Committee on 3 May 2016, pontoon charges at other harbours around the north of Scotland are more than double the rate currently charged by Moray Council. To put this in context, although any pontoon scheme would be costed on a case by case basis (either for renewal or for a new installation), a new pontoon system with a lifespan of 25 years is likely to require an increase in dues of c.£285 per year per boat using the pontoon facility in order to offset the capital and revenue build and maintenance costs over 25 years.
- 5.4 Balancing the feedback of consultees that 16% of operating costs should be met by leisure boat owners and the modest appetite for an increase in fees with the need to create a sustainable future for the harbours the following options are proposed for consideration:

Location	Current	Option 1	Option 2	Option 3
Pontoon	£40 per metre	£50 per metre	£60 per metre	£80 per metre
Wall / loose	£40 per metre	£45 per metre	£50 per metre	£40 per metre
Quayside / Hardstanding	£40 per metre	£30 per metre	£40 per metre	£30 per metre
Annual income (keeping over 60 discount)	£69,599	£81,315	£96,190	£112,549
Annual increase in income (keeping over 60 discount)	£0	£11,716	£26,591	£42,950
Annual income (removing over 60 discount)	£74,378	£87,435	£103,430	£121,020
Annual increase in income (removing over 60 discount)	£4,779	£17,836	£33,831	£51,421

It is suggested that if Option 3 is the preferred option, there is a commitment to provide power and water facilities to within reasonable proximity of berths at all four leisure harbours. Firm costs require site inspection and formal quotes being prepared, however, an indicative figure to do this would be in the region of £120,000 (subject to site survey). Profiled over 5 years, this would reduce the net increase in income to £27,421 for the first five years, assuming delivered as a revenue scheme.

- 5.5 The over 60 discount has been in place for many years and applies to 81 of the 284 current harbour users. Although very popular with harbour users, there is no specific benefit in providing a discount on an age basis. Ownership of a boat and use of a harbour is a discretionary leisure activity which a number of individuals enjoy, akin to owning a caravan or similar activities. There is no duty on the council to facilitate access to berths by providing a

discount for users over a certain age. Removal of this discount does not discriminate and does not require an equalities impact assessment.

- 5.6 The following table shows Moray Council's current fees benchmarked against other local authority harbours in Scotland, as well as the other non-Council harbour operating in Moray (Lossiemouth). This is laid out on a per metre basis so that the information can be compared against the options in paragraph 5.4.

	Moray current	Aberdeenshire	Lossiemouth	Argyll & Bute	Highland
Pontoon Berth	£40 per metre	Average £143 per metre	£170 per metre 'yacht' £96 per metre + 'small boat'	£116 per metre	£40-130 per metre
Other Berth	£40 per metre	£40 per metre	n/a	£116 per metre	£40-130 per metre
Quayside / Hardstanding	£40 per metre	£40 per metre	n/a		n/a

6. COMMERCIAL CHARGES

- 6.1 Officers have undertaken a full review of the commercial charges for harbours. These are charges that apply specifically to Buckie and Burghead, and relate to fishing and cargo vessels as well as other commercial activity.
- 6.2 The review has included consideration of a benchmarking exercise comparing charges against other harbours which was carried out by another harbour authority. This is included as **APPENDIX 3**.
- 6.3 The proposals are that some charges increase, some stay the same as they are at an appropriate market value, and that a range of new charges are introduced. It is proposed that any revised charges are effective from 1 April 2017.
- 6.4 The estimated financial impact of these revised charges is £38,750 per annum based on current trading. This is a conservative estimate in order to avoid a failure to materialise planned benefits, and actuals may well exceed this figure.
- 6.5 A new fee for Crew Transfer Vessels associated with the renewables industry will be proposed as part of a future report in relation to the economic development of Buckie Harbour. It is more appropriate to include this charge in the context of the renewables sector and current ongoing negotiations.

6.6 The proposed table of fees is set out below, with a comparison to current fees.

COMMERCIAL HARBOURS FEES & CHARGES			
Cargo Vessels	Present Charge	Proposed Charge	Additional info
Any other vessel “per dead weight all told ton” (Where the gross tonnage exceeds deadweight tonnage, payments will be based on gross tonnage).	£0.35	£0.40	In line with Aberdeenshire Council
For any vessel remaining in harbour after the expiry of one week from its arrival, “per dead weight all told ton” (Where the gross tonnage exceeds deadweight tonnage, payments will be based on gross tonnage).	£0.20	£0.20	Benchmarking with other Piers & Charges
Self-propelled & towed barges per week	£0.85	See below *	
Tugs and maintenance / service vessels	£4.55	See below *	
*Vessels engaged in the provision of services and supply of materials for offshore activities (“per dead weight all told ton”)	NEW – replaces barges and tugs charge	£0.40	In line with Aberdeenshire Council
Compulsory waste charge (on arrival per visit)	NEW	£70.00	Benchmarking with other Piers & Charges
Storage of Cargo equipment on piers and quaysides (per m ² per week or part thereof)	NEW	£2.00	In line with Aberdeenshire Council

Handling of mooring ropes per hour per person	£22.05	£25.00	In line with Aberdeenshire Council
Fishing Vessels	Present Charge	Proposed Charge	Additional info
Composition Fee (per quarter)	Basic Charge £22.75 + £2.20 per m in excess of 9m	See below	In line with Aberdeenshire Council, still lower than other benchmarking
Vessels under 10m	n/a	£34.42	“
10-17m	n/a	£51.78	“
17-22m	n/a	£76.89	“
22-26m	n/a	£94.16	“
26-30m	n/a	£109.84	“
Over 30m	n/a	£178.87	“
Fresh fish landing dues percentage of catch	2.50%	£2.5%	Benchmarking with other Piers & Charges
Single entry	Basic Charge £22.75 + £2.20 per m in excess of 9m	See below	
Vessels under 10m	n/a	£34.42	“
10-17m	n/a	£51.78	“
17-22m	n/a	£76.89	“
22-26m	n/a	£94.16	“
26-30m	n/a	£109.84	“
Over 30m	n/a	£178.87	“
Vessels Laid Up	Basic Charge £17.10 + £2.65 per m in excess of 9m	See Below	
Vessels under 10m	n/a	£34.42	“
10-17m	n/a	£51.78	“
17-22m	n/a	£76.89	“
22-26m	n/a	£94.16	“
26-30m	n/a	£109.84	“
Over 30m	n/a	£178.87	“
Over 30m the minimum fee shall be as set out in the above table or the fee calculated as “per dead weight all told ton” at the rate above or to the right, whichever is the greater	£43.75 fixed charge	£0.33	In line with Aberdeenshire Council
Compulsory waste charge (on arrival, per visit) Nb this charge will be levied on only one occasion per vessel per week	NEW	£20.00	Benchmarking with other Piers & Charges

Storage of Fishing equipment in net storage area (per m ² per month or part thereof)	NEW	£1.40	In line with Aberdeenshire Council
Wharfage	Present Charge	Proposed Charge	Additional info
Minimum Charge – all categories per tonne	£1.50	£1.50	Benchmarking with other Piers & Charges
Basic material, foods per tonne	£1.05	£1.05	“
Wood, lumber, cork, chipboard and block board per tonne	£0.75	£0.95	“
Fabricated goods per tonne	£6.65	£6.65	“
Dangerous goods (any hazardous chemicals – explosives or inflammables) per tonne	£71.40	£71.40	“
Heavy lifting for extraordinary specialised activities	Individually assessed	Individually assessed	“
Weighbridges			
Goods shipped or unshipped on which harbour dues are payable per tonne	£0.30	£0.30	“
Other Goods per weighing	£8.75	£8.75	“
Pilotage			
“Per dead weight all told ton” Min Charge £200.00	£0.25	£0.25	“
Late arrival of vessel per hour	£134.40	£200.00	“
Hire Pilot Boat & Crew	£134.40	£200.00	“

Pilot Boat Maintenance Charge “per dead weight all told ton”	£0.15	£0.15	“
Miscellaneous	Present Charge	Proposed Charge	Additional info
Supply of Water:per tonne			
Cargo Vessels – Minimum Charge	£94.50	£94.50	Benchmarking with other Piers & Charges
Additional charge per tonne in excess of 6 tonnes	£1.85	£1.85	“
Supply of electricity			
Up to 3 hours on each occasion	£8.75 +VAT	£8.75 +VAT	“
Over 3 hours per hour	£1.75 + VAT	£1.75 + VAT	“
Over 12 hours per electrical unit	£0.18 + VAT	£0.18 + VAT	“
Fuel transfer per tonne	£2.10	£2.10	“
Sea Angling	20% discount on leisure boat charge	No discount – remove reference	Anomalous to discount a leisure fee for a commercial activity

7. **FINANCIAL IMPACT**

7.1 The combined financial impact of the proposed increases to fees and introduction of new charges ranges from £50,466 to £90,171 per annum, dependant on which option is approved for leisure charges.

8. **BERTHING POLICY AND HARBOUR TERMS & CONDITIONS**

8.1 Following Committee’s decision in relation to the changes to fees and charges in the above paragraphs, officers intend to review the berthing policy in relation to leisure boats, and the terms & conditions for all harbour users (reflecting the harbour bye-laws), so that clear and enforceable operating rules are communicated to everyone. Any revision which changes current policy will be brought to this Committee for approval, and will be consulted with the Harbour Advisory Committees.

9. **SUMMARY OF IMPLICATIONS**

(a) **Moray 2023: A Plan for the Future and Moray Corporate Plan 2015/17**

These proposals aim to enable Moray’s harbours to operate in a financially sustainable way for the future, balancing council’s financial

priorities with affordability for leisure and commercial users. Achieving this will mean that the harbours contribute to the economic development of Moray.

(b) Policy and Legal

These proposals fit with the council's responsibilities as a harbour authority to maintain and operate its harbours.

(c) Financial implications

These proposals are one of a number of opportunities to reduce the financial pressure on the council of its responsibilities as harbour authority. Any changes to charges will be incorporated into the Council's annual review of fees and charges.

(d) Risk Implications

The risks in relation to the proposed charges are in relation to reputation and the relationship with current leisure harbour users.

(e) Staffing Implications

There are no staffing implications.

(f) Property

Any decision to install power and water will be procured appropriately and incorporated as part of the harbour's asset base, including entry into the harbours asset management system.

(g) Equalities

There are no equalities implications. Removal of the over-60s discount would not constitute discriminatory behaviour and does not require an equalities impact assessment.

(h) Consultations

The Principal Accountant, Legal Services Manager (Property & Contracts), Democratic Services Manager and Equalities Officer have been consulted and their comments incorporated into this paper.

10. CONCLUSIONS

- 10.1 The harbours are not currently operating in a financially sustainable manner with both commercial and leisure fees not even covering the revenue operating costs of the harbours.**

10.2 As a statutory harbour authority the Council has a duty to conserve the harbours, and a statutory ability to charge harbour users in order to do so, thus making it clear that it is reasonable that charges reflect the costs of operation.

10.3 These proposals close the gap in operating costs, and significantly improve the financial sustainability of the harbours.

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Background Papers:

Ref: