

The Inland Waterways Association response to EA's Consultation on Navigation Charges 2018/19

The Inland Waterways Association (IWA) is a registered charity, founded in 1946, which advocates the conservation, use, maintenance, restoration and development of the inland waterways for public benefit.

IWA members' interests include boating, towpath walking, industrial archaeology, nature conservation and many other activities associated with the inland waterways.

IWA works closely with navigation authorities, other waterway bodies, and a wide range of national and local authorities, voluntary, private and public sector organisations.

Introduction

The Environment Agency has asked organisations representing boaters who attend its National Navigation Users Forum to respond to its national consultation on proposed increases in charges for the year beginning January 2018. EA has provided its rationale for an increase in its consultation:

- EA need to increase charges for all boats. This increase is essential to help maintain existing levels of funding for all aspects of the navigation service.
- Navigation is funded from a variety of sources, most of which remain broadly similar. However Grant-in -Aid (GiA) received from government has fallen steadily over recent years, and is expected to do so during 2018/19.
- Navigation is also part funded from Government Grant-in-Aid spent on Flood Risk Management activities, as Navigation Services staff manage water levels and to contribute towards the maintenance of navigation assets to reduce flood risk. This variable work makes a significant contribution to income.
- On some (but not on all) of EA waterways, Navigation Services receives income from the water abstraction permit charges paid by the utility companies and other abstractors of water, for work undertaken specifically to facilitate water abstraction.
- EA Navigation Services also receives regular income from a range of commercial activities and local charges from boating related activities, including property rental, occasional one-off boosts from land and property sales, long term moorings and other miscellaneous services.
- Apart from government GiA, the largest contributor to income is boat registration charges. These charges have been frozen for the last 2 years, and were linked to the Consumer Price Index (CPI) for the 3 years before that (CPI only for 1 year and CPI + 2% for 2 years), as agreed with EA waterway user representatives through consultation.
- Over the last 5 years Navigation GiA has been reducing, at a faster rate than boat registration income has increased, resulting in a reducing income for Navigation Services. At the same time Government funding has been generally reduced for EA as a whole, providing less capital investment for asset maintenance on locks and weirs. This has increased spending for routine repairs and maintenance work in consequence.

- EA agrees that the overall funding for its navigation service has been falling increasingly short of the investment required just to maintain essential infrastructure and keep the middle third, or 'fairway' of the river, free from obstructions.
- EA therefore proposes to reduce its costs and increase its income for Navigation Services through this increase in boat registration services, to '... provide a small but necessary contribution towards greater financial sustainability, and stability, for our service'.

EA usefully provides a breakdown of income across each waterway area, which IWA has expanded:

EA Navigation Service Charges Increase Consultation- Forecast Budget 2018/19 Income Split by area and income type								
Area Name	Boat registration Charges (£k)	Water Resources income (£k)	FCRM income (£k)	Moorings and landing rents	Other local Navigation income *	Commercial income - estates (£k)	Navigation GiA (£k)	Total (£k)
Thames	4522.0	890.0	1350.0	900.0	416.0	376.0	68.0	8522.0
% of total	53.1	10.4	15.8	10.6	4.9	4.4	0.8	100.0
Anglian	2030.0	0.0	520.0	170.0	42.0	0.0	262.0	3024.0
% of total	67.1	0.0	17.2	5.6	1.4	0.0	8.7	100.0
Medway	178.0	0.0	85.0	60.0	17.0	49.0	282.0	671.0
% of total	26.5	0.0	12.7	8.9	2.5	7.3	42.0	100.0

The spreadsheet shows income for each waterway area by type, which is then analysed by percentage of the total income. This indicates the following potential issues:

- Income from boat registration is very variable across the 3 areas, from Anglian (67%) to Medway (27%)
- Income from Government GiA is also very variable, from Medway (42%) to Thames (0.8%).
- Income from water abstraction is incomplete- only Thames receives income from water abstraction, and even that seems to underrepresent the value and cost of that activity.
- Income from FCRM work is broadly similar across all 3 areas.
- Moorings and landing rents seems low in Anglian area.
- Commercial and estates income is relatively low in all areas.

The other issue that is increasing costs of the Navigation Service is the recent transfer of weirs and sluices from F&CRM in EA, to Navigation Services. This has been undertaken because Defra have stated they are no longer prepared to fund these assets which do not protect people's lives from flooding through GiA, as has previously been the case. Moreover, as Defra have reduced EA's budget accordingly, the assets have been transferred to Navigation Services in very poor condition and without any revenue or capital funding. There has not been any discussion or consultation about the

changes, and indeed IWA has not yet received a substantive response to its letters to the Waterways Minister on the subject.

Proposed Increase in Navigation Charges

EA proposes to increase charges across all users by an extra £430,000 to generate a total income of £7.2m, representing on average 6.35% increase. ONS index of CPI indicates the increase between Q2 2015 and Q2 2017 is 2.7%, indicating the impact of inflation since the last increase in charges is minimal.

EA proposes to apply this increase differentially over the three waterway areas, in response to an assessment of 'need' in each area. As a result the increases range from around 5.7% in the Thames area, to 7.5% in the Anglian Area and 10% in the Medway Area. In addition 'national charges' are all to be increased by 7.7% (eg British Canoeing, British Rowing, CRT joint Gold Licence)

IWA Response to the proposed charge increases

EA has asked responding organisations to answer a series of questions with regard to the consultation, and IWA's response is as follows:

1. Do you support the need for an increase to Environment Agency boat registration charges?

Yes. IWA did, with other boating organisations, advise EA it should raise charges regularly and in line with CPI to ensure waterways were sustainably funded and boaters contribute their fair share through increased charges. At the time in 2015, EA decided not to do so. EA must also bear down on its costs as any other organisation is expected to do.

However as EA has set out in its rationale, an increase from boat registrations needs to be matched by an increase in government funding. As a replacement for government funding, as has clearly happened in the past, then in practise boaters appear to be expected to pay EA for the money government has withdrawn from EA funding. This is not acceptable.

HMG needs to free the navigation service from government short termism as it has done for the national canals network, to allow a stable long term future to be achieved before a major asset failure is caused.

2. Do you support the level of increase proposed through this consultation?

No. The level of increase should be CPI, since in all likelihood anything above will be expropriated by government through further reducing EA's funding.

3. If not, what level would you support?

EA needs to work harder on setting out clearly the activity based costing of the Navigation Service, to address the current shortfalls in contributions to Navigation Services activity from for example water resources abstractions. Once this is clear, contributions need to be obtained and allocated to each waterway area based on the work they are doing to support that service and others. Other activities EA has identified in this consultation it will pursue will also increase income from other sources.

Before that consistent and transparent allocation of costs is available, IWA does not consider it appropriate to allocate differential charges to the three areas based on nothing more than an estimate of what is needed, and Defra's arbitrary reduction of GiA funding for weirs and sluices. A consistent national increase based on CPI should be proposed.

4. If we were not to increase charges, what elements of the service would you be prepared to see reduce or stop?

IWA is prepared to support an increase as above, to allow boaters to assist the creation and maintenance of a sustainable inland waterway network.

IWA wants EA to continue its work on establishing a sound cost base for navigation services based on work carried out to support other activities sharing and requiring the performance of assets that have been moved into the Navigation Services area. EA also need to pursue Defra for GiA to fund any asset investment needed to raise the condition of these assets to that required to carry out their joint function safely and reliably. IWA understands these assets are in general in poor or unsatisfactory condition, and likely to fail at some point in the short or medium term. As IWA has already made the position very clear to the Waterways Minister, IWA will continue to press for adequate funding, and remind the Minister of the consequences of their failure.

Moreover, IWA has been and continues to be a supporter of the proposed transfer of EA navigations to the Canal and River Trust, together with a suitable investment programme to bring necessary assets up to a sustainable 'steady state' condition. IWA believes this remains a better solution than the present situation, where HMG is pushing EA to engage in asset stripping on Defra's behalf, and failing to meet its legal obligations as navigation authorities. A catastrophic asset failure may succeed in Ministers regretting their actions, however by then lives could have been lost. EA has a big and important enough job to do for members of the public without having to divert attention to inland waterways.

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