

**Allerdale Borough Council**

**Harrington Harbour and Dock Board Meeting – 3 October 2012**

**Report on Annual Revision of Mooring Fees**

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<b>The Reason for the Report</b>	<b>To inform discussion on, and setting levels of charging for mooring fees.</b>
<b>Summary of options considered</b>	<b>Value added tax to be charged. Options for mooring fee increases based on 3 ½%, 5% and 20%</b>
<b>Recommendation</b>	<b>That Members discuss and agree charges for financial year 2012-2013 based on the information provided.</b>
<b>Financial / Resource Implications</b>	<b>Decision of the Board informed by this report will affect level of income raised from mooring fees</b>
<b>Legal Implications</b>	<b>No direct implications from this report</b>
<b>Community Safety Implications</b>	<b>None</b>
<b>Health &amp; Safety &amp; Risk Management Implications</b>	<b>Not applicable</b>
<b>Equality Duty considered / Impact Assessment completed</b>	<b>Not applicable</b>
<b>Wards Affected</b>	<b>All, as the harbour is considered as an asset benefitting the whole Borough</b>
<b>The contribution this decision would make to the Council's priorities</b>	<b>Will contribute to Economic Development by helping to meet the harbour running costs and safeguarding the continuation of the asset.</b>
<b>Is this a Key Decision</b>	<b>No</b>
<b>Portfolio Holder</b>	<b>Councillor Barbara Cannon</b>
<b>Lead Officer</b>	<b>M. Faulkner Assistant Engineer Tel: 01900 702755 <a href="mailto:mike.faulkner@allerdale.gov.uk">mike.faulkner@allerdale.gov.uk</a></b>

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## 1.0 Introduction

- 1.1 The Board need to consider a fair and equitable level of charges for mooring fees, balanced between the need to generate income to cover the running costs of the harbour but also to pitch those charges at a fair and affordable level for the current users, and having due consideration for the restricted facilities currently available.

## 2.0 Content

Background, current situation, mooring fee options, implications, recommendation.

### 2.1 Background

Following completion of repairs to harbour walls during 2007-2008 mooring charges were reintroduced on 1 May 2009 and a table showing income and costs is set out below.

Financial year	2009-2010	2010-2011	2011-2012
Trust fund interest balance	£7,424.54	£7,617.25	£7,118.53
Number of moorings	16	13	19
Mooring fees received	£1,724.72	£2,106.65	£3,706.81
Running costs	£28,460.30	£19,800.99	£16,634.00

Board minute 632 of the meeting of 18 February 2011 records the previous decision regarding mooring fees for financial year 2011-2012 as setting a year on year increase of 20% for the next three years in an attempt to close the deficit between costs and income. Prior to this fees were only increased by an amount equal to the inflation rate as indicated by the Consumer Price Index.

### 2.2 Current situation

Advice now received indicates that mooring fees should be subject to value added tax although this has not been charged to date. Members will appreciate that this additional charge must now be passed on to the customer and so will have an adverse effect on levels of charges set for financial year 2012-2013. Several options concerning charging levels are offered for consideration below.

### 2.3 Mooring fee options

If VAT is now to be charged, currently at the rate of 20% this would affect the 2011-2012 mooring fees as below.

2011-2012 charges	per metre	VAT @ 20%	combined charge
Wall mooring	£38.30	£7.66	£45.96
Centre mooring	£44.70	£8.94	£53.64

In line with Board resolution 632 previously referred to a 20% increase (exclusive of VAT) applied to fees for 2012-2013 may now seem excessive as this would

introduce what would effectively be a total increase of 40% to the customer, which may seem unreasonably high. The following three options are offered as a basis for discussion in order to fix a fair rate for 2012-2013, as follows;

Option 1 is to adhere to the 20% level of increase set previously, but now adding VAT at a further 20%

Option 2 would be to increase last year's fees by the current Consumer Price Index of 3.5%, plus VAT at 20%. This would not raise additional and much needed income to help meet running costs, but only be seen as a cost of living increase.

Option 3 reflects a suggestion from harbour users that an increase up to a maximum of 5%, plus VAT. at 20% would be better received than Option 1

## 2.4 Implications

Two issues need to be taken into account before reaching a decision on the level at which to set the mooring fees for this financial year.

Firstly it is necessary to raise enough to offset running and repair costs, which last year amounted to £16,634, while income from mooring fees came to £3,706.81, a shortfall of £12,927.19. The interest balance of £7,118.53 has not been included as it is held as a contingency fund to meet any unforeseen costs and so is kept separate.

Secondly, pitching an increase at as high a level as Option 1 may be seen as an unfair burden on our small customer base and may result in a loss of clientele and a consequent fall in income. Option 2 is merely a cost of living increase to keep abreast of inflation and therefore offers no effective increase in purchasing power. Option 3 as suggested provides for limited growth in income but at a level more acceptable to our fee payers.

An estimate of additional income generated by these options over last year's total of £3,706.81, based on the current 16 moorings occupied is presented below. (VAT is not included as it does not form part of the spendable income)

Option 1	£741.36
Option 2	£129.73
Option 3	£185.34

## 2.5 Recommendation

That Members use this information when considering mooring fee increases for financial year 2012-2013.

M. Faulkner, 17/9/12.

## Report Implications

Please delete where applicable.

Community Safety	N	Employment (external to the Council)	N
Financial	Y	Employment (internal)	N
Legal	N	Partnership	N
Social Inclusion	N	Asset Management	Y
Equality Duty	N	Health and Safety	N

Background papers

.....none.....