

## Recent questions concerning the 2007 price increase of the 4-yearly Boat Safety Scheme (BSS) certificate and the change to the financial basis of the BSS.

Question	Answer
<p>We had been told the Scheme would become largely self-sufficient by 2011. Why has this been rushed in now (Apr 07)? Was it the Defra funding problems?</p>	<p>The joint owners of the Scheme, British Waterways (BW) and the Environment Agency (EA), always intended the BSS to break-even. They made it clear in recent years that the BSS would be moving towards this goal soon. The navigation authorities had to react appropriately to the reduction in grant aid from Defra. One part of that reaction was the decision to accelerate the move to 'break-even'.</p> <p>The BSS is no different to any organisation, it needs certainty of funding to be able to plan properly and run efficiently. So the move to 'break-even' removes uncertainty and allows better planning for the delivery of long-term safety goals.</p>
<p>Licensing, mooring, fuel, pump-out and other costs are rising above inflation, the BSS rise at £15 inc VAT is too much at 115%.</p>	<p>It is deeply unfortunate that some the general cost increases are happening together. The concurrence is a reflection in part of the ways the navigation authorities are coping with reduction of central Government support for running costs of waterways. However, we hope it helps to some extent that the certificate price is frozen for three years and that the drive for an even more efficient means of improving safety will continue.</p>
<p>If this is the navigations authorities' scheme to help them keep their navigations safe for all, then why are they not contributing now and why must boat owners cover all the costs?</p>	<p>Generally, a navigation authority will directly charge their customers for its activities.</p> <p>Having cost of the Scheme spread equitably across all boat owners reduces the hidden costs that BW and EA owners have been paying through their licence fees to subsidise the Scheme for all.</p>
<p>If boaters are paying, the navigation authorities have no place in running the Scheme.</p>	<p>The navigation authorities have an obligation to set construction and equipment standards for boats and this is done by means of BSS requirements. The change in the cost of the certificate does not alter the position.</p>
<p>The Scheme is very expensive and we cannot see any benefit in its rules or costs.</p>	<p>The zero-based review carried out by the directors at BW looked closely at all of the activities of the BSS and the value for money it provides. The review concluded that the BSS provides good value for money and helps deliver safer waterways, efficiently.</p> <p>The Scheme's approach is to always aim to be as efficient as possible. One indicator of this is that the overall cost of the scheme has changed little over the past three years and will be changing little in the future.</p> <p>Within the total certificate cost to examiners of £28.20, £4.20 is VAT and the remaining £24 goes to the BSS for the administration and customer support of the BSS certification service, the standards making and review process, gathering and reviewing incident data, safety research, providing safety advice and information, and quality control of the examination process.</p>
<p>Why are examiners saying that the certificate which costs them £28.20, will cost us £30-50 when they issue it?</p>	<p>Each examiner must take the appropriate decision for his or her business concerning any 'pass-on' costs or business 'mark-ups', and our advice remains for boat owners to seek two or three alternative quotes from examiners when arranging examinations. It should be recognised that the certificate is not the only cost associated with being an examiner; insurances, training, business costs, transport costs and an annual registration are typical elements and as such, in common with many businesses.</p> <p>However, it would be inappropriate for examiner to label any charge as a BSS fee other than the actual cost incurred by the examiner.</p>



<p>Can't you do something to soften the blow? For example, why can't boaters self-declare their craft and cut the expense of the certificate and examination?</p>	<p>The certificate price is now frozen for three years which we hope will lessen the overall impact of the increase.</p> <p>We are also trying to help immediately with some of the costs for the examiner. For example the minimum number certificates he or she can order has been reduced from five to one. We will also be cutting in the next registration year some of the paperwork burdens and in the medium term, the business plan is to improve and automate the way we collect examination and risk data. This will both cut-out administration tasks for examiners and it will improve the way we review safety data. –</p> <p>The concept of self-certification is a non-starter. This just would not address the risks that the BSS was set up to reduce.</p> <p>Whilst boat owners are obligated to self-check their boats in between examination to ensure their craft continue to meet the BSS requirements, BSS examiners are still finding that 67% of boats have faults. Over 170 boats last year had faults so serious, they were an immediate hazard.</p> <p>Self-certification was in effect in operation before 1997 and it simply did not work then and indeed was one of the main reasons why examiners were introduced.</p> <p>Concerning other measures that may 'soften the blow', the Scheme, through the BSS Advisory Committee, is always open to strong ideas that might help, provided that all impacts take account of financial and safety risks. The worst result would be a more expensive certificate and safety standards compromised.</p>
<p>Why didn't you consult with boaters on this matter?</p>	<p>Both BW and the EA were aware of the views of the BSS Advisory Committee members which include boat owners organisations, examiners and the marine trade. These views were made plain at committee meetings in the autumn and winter of 2006.</p> <p>Those views were fully considered but, nevertheless, both BW and the EA decided to increase the price of the certificate the reasons previously stated and to share the actual costs of making waterways safer across all boats linked with the Scheme.</p> <p>More generally, the navigation authorities and the BSS office team fully appreciate the effort that the groups and individual representatives put in to the overall role of providing advice and guidance to the Scheme and we see this as successful partnership approach in addressing safety risks.</p>

To help understand the financial position of the BSS we have attached a brief financial overview for the next four years. Year A is financial year 2007/08.

Description	Year A	Year B	Year C	Year D
Income: total (including Non certificate income)	£ 435,200.00	£449,500.00	£429,500.00	£444,250.00
Non certificate income	£ 51,200.00	£ 59,500.00	£ 69,500.00	£ 73,000.00
Controllable costs (including Fixed costs)	£ 465,198.99	£448,309.18	£421,684.79	£427,575.58
Fixed costs	£ 30,000.00	£ 27,000.00	£ 26,000.00	£ 25,000.00
<b>Profit/(Loss)</b>	<b>£ - 29,998.99(loss)*</b>	<b>£ 1,190.82</b>	<b>£ 7,815.21</b>	<b>£ 16,674.42</b>