

**PROSPERITY POLICY DEVELOPMENT GROUP – 28 April 2010****BOAT PARK OPERATIONS – Strategy for the Future****Report of Head of Service Salcombe Harbour****Statutory Powers: Pier and Harbour Order (Salcombe) Confirmation Act 1954**

**Financial Implications:** A capital investment of £160,000 in plant would deliver a projected income of £2.3 Million over a twenty year period.

**Purpose**

To appraise PPDG on the issues surrounding the operation of the Boat Park, in particular winter storage and for PPDG to consider the business case for the proposed improvements set out in this report.

The operation of the Council's car park at Batson as a winter boat park supports the objectives of good jobs (CP2), retention of the district's character (CP3), an accessible council (CP5) and value for money (CP6).

**Recommendations****That PPDG:**

- a. **Note the current difficulties and risks being managed by the Council in the operation of the winter storage.**
- b. **Recommends to Council that it should proceed with the proposal that the service of winter storage at Shadycombe/Batson car parks is provided in house by South Hams District Council.**

**Background**

1. The Council's Creek car park has two distinct areas. There is a boat park, which is utilised for boat parking and storage throughout the year and the car park, which is utilised for winter storage of boats from 1 October to 31 March. The asset is the responsibility of Property Services, operated by Car Parks but managed on a day to day basis by Salcombe Harbour staff. The winter storage delivers an income of approximately £64,000/year<sup>1</sup>, over and above the car park income.
2. To address health and safety concerns raised to SMT and the Harbour Board in July 2007, a revised Code of Practice has been introduced, Appendix 1, and a boat park attendant has been employed to oversee winter storage operations. Although these measures have helped, the entire operation still requires considerable management effort in order to control the risks.

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<sup>1</sup> 2008/09 figures

3. The Batson Boat Park is an industrial facility which is essential to Salcombe and the area. It supports numerous boatyards and small marine businesses and provides the catalyst for the majority of the boating activities within the estuary. Without it the viability of Salcombe as a marine leisure destination would be compromised.
4. The Council on 4<sup>th</sup> February 2010 approved the capital programme for 2010/11 to 2011/12 (E.92/09). This included the allocation of £150,000<sup>2</sup> for improvements to boat lifting, cleaning and storage at Batson Creek, Salcombe. PPDG is invited to review the detailed business case for the proposal and assess the viability of the proposal prior to making its recommendation to Council on whether it should proceed with this project.

## Issues

5. The Council receive an income from the Boat Storage service, but there has been little or no investment by the Council to improve the service and in spite of changes being made over a period of time health and safety issues still remain.
6. The main health and safety and other issues are:

The boat park is sinking:

- land was previously the municipal dump
- areas of subsidence which create an issue for crane operations
- at spring high tide the boat park floods, making the quay edge undiscernibly, presenting a danger to vehicles and pedestrians

The boat park infrastructure does not enable the Council to fully meet its requirements:

- Power washing boats generates toxic (antifouling) arisings which pollute the estuary.
- Heras fencing is erected to control access. During the summer months the general public walk through the car parks but during the winter, the area is fenced off, with access points for boat owners to access their craft. Members of the public continue to walk though the boat park area, ignoring the public access prohibition notices and in many cases physically dismantle the fencing to gain access.
- The existing operation does have problems and requires considerable management; any new system proposed should aim to increase the control measures to reduce the risk to an acceptable level.

The boat park infrastructure does not meet customer expectations:

- Water is not available throughout the boat storage area. This is a basic facility that a boat owner would expect to find in a winter lay up facility.

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<sup>2</sup> The cost of the slipway hoist has risen because of the exchange rate of the SEK against the GBP making the capital investment required £160,000.

- There are only a limited number of pay as you go electricity points which enable customers to use power tools for their routine maintenance.

There needs to be in place a fit for purpose arrangement that the council is comfortable with for managing the total activity of lifting, storage and repair of boats. This will include maximising the financial return for the Council:

- The winter storage operation is currently fulfilled by several different agencies which creates risks to the Council which are difficult to manage. Operated as it is with a contractor lifting boats and the Council receiving money for storage, the lines of responsibility for the overall operation are unclear. Once the boat is parked in the boat park for the winter, it reverts to the Council to look after it when the Council has not been involved in any of the physical process of lifting and chocking the boat.
- The car park is given over to boat storage during the winter months. All boats return to water before the car park is returned to car parking usage. The consequence of this is that the service offered is limited compared to the services and facilities offered by a boatyard. This is reflected in the level of charges. For this reason, the Council cannot and should not try to compete with the boatyards. If a customer requires boatyard services to maintain their boat during the winter they should use a boatyard. If they simply wish to store their boat ashore and conduct minor self help maintenance, then the Council's facility offers a cost effective alternative
- There are a number of different operators who offer boatyard services from the Council's land but only the principal lifting contractor has a licence to operate on the car/boat park.
- The Boatyard that operates the crane receives an income for lifting the boats. They have over the last three years invested in the maintenance of their crane, but the level of income they receive only covers the operation of the crane.  
With income restricted because of the limited facilities and shared between the lifting contractor and the storage charge, the level of income to either the principal lifting contractor or the Council is insufficient to support a business plan that allows for any future investment.
- There are numerous marine operators who provide a variety of services to boat owners including but not limited to power washing, engine servicing, hull repairs, painting and antifouling. These operators are not licensed to operate on council land and currently do not pay for the pleasure.
- To book a winter storage space, a customer has to:
  - Book the space with the Council
  - Book the lift out with the principal crane operator or
  - Arrange to have the boat hauled out by one of the other boatyards
  - Provide a cradle
  - Arrange to have the vessel chocked
  - Arrange to have the hull power washed

- The boat parking service has been provided at Batson for generations, there is therefore an expectation that this service will continue to be provided. The boat storage facility, in addition to a modest income to the Council, provides winter work to a number of local boatyards and their employees.
- Any change to the service will be met with resistance from the boatyards, if it affects their work and owners if it increases prices.
- The purchase of the hydraulic slipway hoist would remove the high risk of crane hoisting. This would also remove the requirement to bring outside contractors in to the risk area and the risk management of their controls and equipment and all the removal and launching of boats being under the control of SHDC risk assessment. The mixing of more than one operator is difficult to control and does not constitute good practice and as the whole operation occurs on SHDC property we take liability for any dangerous occurrence or accident.
- During the winter storage of the boats some are on purpose built cradles others are propped. This system needs close monitoring as private owners and outside companies are both allowed at present to carry out this work. This risk needs to have as a control measure a permit issue by SHDC to competent contractors/owners to carry out this task then a monitoring role by SHDC to check during the period of storage at a set time period and after severe weather conditions.
- SHDC, owners and contractors are allowed access to the storage area during the winter to work on the boats. This risk requires a work permit to be issued with a defined list of allowed work and items that can be stored on boats in the storage area eg no LPG to be stored max 5litres fuel etc. the list of approved works should be SHDC decision and regular inspection carried out.

All the above create a risk which is multiplied by mixing SHDC and contractors on the same site. The solution is to put all the works and control under one team either SHDC takes full control or the whole operation is put out to tender and SHDC monitor the chosen operator as a client.

## **Proposal**

7. The first issue concerning the boat park subsidence, clearly needs some investment. This could be managed in two ways.
  - The Council finances the necessary works; the cost will then be recovered from the income generated from the service delivered. Effectively this will mean a reduced return in income to the Council.
    - The cost of carrying out repairs to the surface over the next ten years will need to be calculated and the total resurfacing would be required within the ten year period will need to be added to the projected cost.
  - Part of the trailer park could be leased out for commercial units. The income/capital receipt may pay towards the works.

8. The second issue, concerning the improvements to the boat park infrastructure in the form of improved utilities, a boat hoist, fixed fencing and a closed loop scrubbing system. Most of the costs of these except the fixed fence, have been incorporated into the business plan at Appendix 2. The cost of this infrastructure would be funded from the additional financial benefit of either letting a contract for the operation of managing boat operations at the Creek, or by the Council providing the service from in house resources.
  - Works will need to be costed in to provide better security fencing and agreed public access routes these will also require on going maintenance cost built in to the projected figures.
9. Third issue, concerning the management arrangements could be addressed by a tendering process which sets out the requirements of the Council for a fully operated facility. This would enable the Council to test the market to establish what would be the best financial model for the council for delivering the service. We would propose, if this option is adopted, to set out four bill items for the tenderers to cost up:
  - The contractor just lifts the boats, charges a fee to the boat owners and pays the Council a license fee to operate on the site.
  - The contractor just lifts the boats and we pay them a fee for this. The Council charge the boat owners a complete fee for lifting and storage.
  - The Council ask the contractor how much they would be prepared to pay the Council to manage and keep the income in total for the whole operation. We would also like some information on what the levels of charges would be and how any increase in charging year on year would be managed.
  - The fourth option is for the Council to ask tenderers for their proposals. This is on the basis that we might not have thought of all options.
10. In addition we need to flag up that there are a number of other businesses operating on our land and we would wish to see a proper regime in place for managing this. We would wish to see an annual fee for local businesses to operate on our land and a per occasion fee for visiting businesses.
11. The operation of the Councils asset at Batson, currently used for boat storage is a complicated issue. Several proposals have been made to address the situation, but in effect there are three options to take this issue forward.

## **Options**

12. There options are:

### **Option One – Discontinue the Winter Boat Storage**

This option is self explanatory.

### **Advantages**

- Resolves all H&S issues

### **Disadvantages**

- Loss of a valuable service to customers
- Loss of income to Council
- Detrimental to Councils image

### **Option Two – Contract out the winter storage of Boats**

The Council would set the requirements and following a competitive tender process issue an operating licence to a suitably qualified operator for an agreed period of time. The private operator would then provide the service to the public and a lease income to the Council.

### **Advantages**

- Will resolve, in time, many of the H&S issues providing agreement is written comprehensively
- Capital investment from private sector, providing term of agreement is sufficiently long

### **Disadvantages**

- Business case flawed
- Cuts out many minor operators
- Council loses control of car park space for period of agreement
- The Council would have to invest in the infrastructure to make the car park surface level and fit for purpose and provide other infrastructure agreed within the agreement without the income to cover the investment.

### **Option Three – The Council operates the winter storage facility**

The Council would take on the responsibility for providing the service to store boats during the winter. The Council would make the necessary capital investment in a slipway hoist, scrubbing grid, a stock of cradles and chocks for hire and staff to operate the facility.

### **Advantages**

- Will resolve the H&S issues providing there is re-investment
- Business case works to provide a modest income
- Could facilitate the minor operators who currently make their living from servicing boats in Salcombe
- Council maintains control of car park space
- Council would have a year around emergency lifting capability
- Reduced risk by changing from mobile crane to slipway hoist
- Slipway hoist more capable of operating on uneven surface of car park
- Council would be able to facilitate employment opportunities for local marine industries

### **Disadvantages**

- Council could be accused of unfair competition with local boatyards for using its asset in this way
- Requirement for capital investment
  - Slipway hoist
  - Scrubbing grid
  - Fencing
  - Cradles and chocks
- Increased risk to Council by undertaking lifting operation

- Potential challenge from current lifting contractor who has operated on boat park for many years

## Value for Money

13. Delivering Value for Money is one of the Council's corporate priorities. The selection of the most appropriate way to provide the winter storage service and to reduce the risks associated with the operation will ultimately directly affect the value for money derived from this service.

## Risk Assessment

Risk/Opportunity	Issue/Obstacle	Benefits
There is an accident in the Boat park involving a vessel stored for the winter. This could range from a vessel falling over (cradle failure) causing damage to property and injury to personnel.	The health and safety issues arising from the Boat storage need addressing is a major accident and damage to the Council's reputation is to be avoided.	A safe, efficient and cost effective service that generates a realistic return from the Council's Capital asset.
A vehicle drives off the car park into the sea.	At high tide the car park floods. The sea wall edge is submerged and therefore unidentifiable. The Car park is subsiding. This needs to be stabilised and the sea wall clearly demarked.	A safe and useable car/boat park.
Reduced income from winter storage.	Council not providing a facility that meets customers expectations	Winter boat storage provides a beneficial facility and an income to the Council
SHDC fail to provide a service that has been provided for a number of years, thus affecting Council reputation	If the boat storage facility is not managed professionally, the service could be discontinued because of health and safety problems	SHDC provide alternative service to the boatyards and utilises spare capacity within the car park during the winter
Health and safety legislation not complied with.	The Boat storage area requires close and careful control, which is difficult with the current arrangements	One operator would have control of the service.
Financial Risks and Impact on Councils Assets	The Council could contract out this service, and set an annual rent which would give an assured income. Alternatively the Council could consider taking the financial risk for the potential long term financial gains. There is always the possibility that this proposal will not be financially viable, however, with a national	There are considerable financial benefits from managing the Council's asset properly.

	<p>shortage of boat storage capacity, this is unlikely.</p> <p>To retain the responsibility for the operation of the car park asset will provide better flexibility for the Council in the future should Batson car park be the subject of any future development. Having overcome the initial problem if the Council did not wish to continue with the service, the equipment could be re-sold</p>	
<p>Replacing the current lifting contractor has the potential to attract criticism over profiteering at the expense of a local contractor</p>	<p>If the current contractor is unwilling or unable to invest in new equipment to replace the broken crane that will provide a lifting service to all parts of the boat park, the Council has no option but to undertake this service if service levels and income are to be maintained.</p>	<p>The end result must be a safe and effective service at an affordable price which generates an income for the Council</p>

## Conclusion

14. The physical structure of and the current arrangements for the operation of the Batson car park for winter boat storage are not considered sustainable because of the associated risks and the non compliance with health and safety requirements and best practice. The risks have been mitigated to an extent increasing the supervision of the area by SHDC personnel combined with a more comprehensive and robust Code of Practice. The next step is to address the issues raised in paragraph 5, the preferred option for this is Option three with the Council operating the winter storage facility.

James Stubbs  
Head of Property Services

28 April 2010

Chris Lucas  
Head of Business Development

Ian Gibson  
Head of Service Salcombe Harbour

## Background Documents:

Salcombe Harbour Board Paper "Boat Park Operations" dated 10 July 2007.  
 Safety UK letter dated 16 July 2007.

## Appendices:

Appendix 1 – Code of Conduct  
 Appendix 2 – Draft SHDC Business Case for operating Boat Park