

Prosperity Policy Development Group – 21 October 2009**REVIEW OF FERRY CHARGES 2010/11****Report of the Head of Business Development**

Statutory Powers: Ferries (Acquisition by Local Authorities) Act 1919

Financial Implications: The options listed in this report will range from no increase to an estimated additional £25,000 of income. Detail of which is contained in this report.

Purpose

The purpose of this report is to recommend a pricing structure for the Ferry services for 2010/2011.

Priorities and Targets

The Ferry service contributes to the following Council priorities:

- CP2: Create the conditions for the growth and maintenance of quality economic activity.
- CP6: Improve core service performance in a cost effective way.

Recommendations

That the Group RECOMMEND that the Executive RECOMMEND to Council that one of two following options is adopted for 2010/11

- **Option 1 No increase in Ferry charges.**
- **Option 2 The level charges as set out in the report.**

Background

1. The Dart Lower Ferry operated by this Council is a vehicular and passenger transport link between Kingswear and Dartmouth using an open float propelled by a tug. The operation runs in competition with the 'River Link Passenger Ferry' close by, owned and operated by the Paignton and Dartmouth Steam Railway Co, and the 'Higher Ferry' further up the river Dart, operated by the Dart Floating Bridge Company.
2. The Lower Ferry operates 7 days a week, 364 days a year between 7:00 am and 10:55 pm Mon-Sat, and between 8:00 am and 10:55 pm Sundays. Generally two tug/floats run from 8:00 am to 6:00 pm. Outside these hours one will run.

Where are we now

3. During part of 2009/10 the Higher Ferry was not in operation due to the fact that a replacement vessel was being commissioned. This required various works to the infrastructure. The consequence of this was that the Lower Ferry enjoyed a marked increase in trade. Since the introduction of the new vessel it can be shown that activity has changed. At present we do not have sufficient evidence to suggest that the new service will have a detrimental effect on the income level of the Lower Ferry but have to be mindful that it could.
4. Data supplied in Appendix A - L shows the level of activity for the service up to the end of September. During August and September both ferries were in operation and may give an indication on possible activity for the rest of the year.
5. At present the charge for a return ticket for a car is £3.20. This compares favourably with the Higher Ferry charge of £3.50. It is important that we maintain the price advantage. Increase in income can be generated in two ways. Either by maintaining the same level of activity but increasing the charge of the service. The second method is to increase the level of activity. The activity will only increase if you offer a comparable service and the charge is attractive. Officers consider that it would be prudent for 2009/10 that the charges are not increased and that effort is made by means of signage and advertising to increase the business base of the service.
6. Members may not agree with the no increase recommendation due to the financial pressures that the Council may be under in 2010/2011. Therefore for the matter of completeness a 3% increase is also offered up as an alternative option.

Proposed pricing for 2009/10

7. The table below shows the existing and proposed charges for the service.

Option 1 No increase

Option 2 3% increase (rounded up to the nearest logical denomination)

CASH SALES	2009/10	Option 1	Option 2
Foot passengers Adult	£1.05	£1.05	£1.10
Foot passenger	55p	55p	60p
Motor car\van single ticket	£3.20	£3.20	£3.30
Motor car\van return ticket	£6	£6	£6.20
Motor cycle or bicycle with rider	£2.10	£2.10	£2.20
Commercial vehicle 1000 – 1800 kg (uw)	£4.70	£4.70	£4.85
Commercial vehicle 1801 – 3500 kg (uw)	£6.20	£6.20	£6.40
CONCESSIONARY PRICES			
Foot passengers 40 tickets	£21	£21	£21.60
Motor car\van 20 tickets	£25	£25	£25.75
Motor cycle or bicycle with rider 20 tickets	£11	£11	£11.35
Commercial vehicle grade 5	£47	£47	£48.40
Commercial vehicle grade 6	£62	£62	£63.85

8. The predicted income level for 2009/10 is estimated to be £845,000 against a budgeted income of £821,000. If we assume the trend for 2010/11 stays the same then Option 2 of a 3% increase in charges will generate £25,000 additional income.

Risk Assessment

Risk Identified	Mitigating Action
Not all the recommended increases in charges are adopted.	The Council will have to find income from other sources.
The number of customers for 2009/10 are not the same as 2008/09 data. Thus projected income levels are not achieved.	The Council will have to find income from other sources.
Overall and continued decline in number of journeys.	Attempt to grow market through more competitive pricing strategy, marketing and promotions.

Human Rights Act

35. There are no significant Human Rights Act implications that we are aware of in this report.

Conclusion

36. It is important that the performance of the Ferry Operation is monitored against the pricing structures of similar services so that it remains competitive. The financial outcome will then be reported back to the PPDG Group at regular intervals.

Chris Lucas
Head of Environment Services

Prosperity Policy Development Group
21 October 2009