



Canal &
River Trust

Keeping people, nature & history connected

CONSULTATION:

CHANGES TO MOORING VACANCY SALES ACROSS CRT'S LONG TERM MOORING SITES

6 October 2014

1. Introduction

The Canal & River Trust ('the Trust') currently manages approximately 3,600 mooring berths spread across circa 300 long term mooring sites in England and Wales. This represents approximately 11% of moorings available across our network.

Currently, all of our mooring vacancies are publicised and sold via our mooring sales website: www.crtmoorings.com

We wish to adapt the way that we price, allocate and sell our long term moorings to provide a greater range of mooring options for prospective customers. In providing greater flexibility, we also believe that we will be able to increase our level of overall occupancy (currently 89%) as well as to help us fill voids more quickly.

We are inviting your views on our suggested way forward and to seek ideas on how we might better publicise long term mooring vacancies. We are consulting with a range of boating groups and aim to make decisions on these proposals soon after the consultation is complete.

Please submit all comments and views to us by Monday 3 November 2014. You can find details of how to submit comments in Section 7 headed 'Tell us what you think'?

2. Background

Long term moorings are directly managed and operated by the Trust as part of its discretionary commercial business activities and therefore must comply with UK competition law at all times. The prices we charge for our long term leisure and residential moorings should be set by reference to market rates so as not to lead to market distortion.

In addition, in charity law terms, our long term moorings confer a private benefit on individuals (i.e. the exclusive use of an area of waterway and towpath for a fixed period). The Trust should not be

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using its assets to effectively subsidise this private benefit by offering its moorings to customers at a rate below the market value.

Our moorings comprise of linear moorings on the line of the canal/river which can either be next to the towpath or on the opposite bank, or they can be located 'off line' which includes those located in small basins, lay-bys and marinas. The numbers of moored boats at sites varies greatly from 1 to over 50. The Trust provides moorings for both leisure and residential use (i.e. those with formal planning consent, or long-established residential use).

Importantly, the profit made from managing long term moorings is spent on maintaining the waterway network. In 2013/4, directly managed moorings returned a net contribution of £2.53m back to the Trust.

For the avoidance of doubt, long term moorings in the context of this paper **do not** include:

- Winter moorings
- Visitor moorings or other short stay moorings as authorised by the Waterway Unit
- Moorings managed by CRT's subsidiary bodies, such as BWML or through any other joint venture partnerships
- Commercial moorings

3. Current arrangements for selling mooring vacancies

Since autumn 2009, the Trust's (and formerly British Waterways') practice has been to auction¹ the majority² of its mooring vacancies on three-year fixed term contracts.

'Live' vacancies are publicised for a two week period on our mooring sales website: www.crtmoorings.com and re-advertised if they are not sold. Over the past four years we have listed an average of 730 vacancies per year.

In April 2011, a change was introduced to the system which meant that any vacancy not sold through the auction process after two attempts would then be offered to the market as a *Buy-it-Now* option. This means that it stays on the website and is available for immediate purchase at the Guide Price. As soon as the mooring is sold, it is automatically removed from the website.

In October 2013, a further change was introduced which allowed customers to buy a mooring for a short term period (three, six or nine months) at a fixed price.

¹ An explanation as to how the current sales system works is here:

<https://www.crtmoorings.com/tutorial/index.php>

² Does not apply to new or upgraded sites where moorings are offered at a fixed price.

Price Setting

CRT carries out regular price assessments. This involves researching local competitor charges and, where possible occupancy levels. It also includes an analysis of data accumulated by our mooring sales website. We will adjust prices (both up and down) based on known demand, churn and any investment made to a site over the preceding 12 months.

CRT prices will reflect geographic location, the mooring type and the level of service or facilities provided.

At present, each vacancy has a guide price and a reserve price. The guide price is the current price charged on site (this can either be set as a per berth rate or per linear metre rate). The reserve price is the minimum price that we will accept for the vacant mooring to be sold.

It is rare for prices to be varied mid-way through a year, even as incentives to attract new customers. Price adjustments, both up and down, are typically made during the annual price review and come into effect from the 1st April.

4. Why are we proposing changes?

Our mooring sales website has not had any significant overhaul since 2009 and it now looks quite dated. We invite comments from visitors to the website via a feedback form and this has revealed that nearly two thirds of people said that the site was difficult to use. One of the frustrations is that we do not clearly show all the sites within the Trust's mooring portfolio, regardless of whether there is availability or not.

The website is also restrictive in terms of choices that we can offer customers. We are aware through feedback given to our staff that people are put off bidding for a mooring because they currently have to enter into a three-year contract. Apart from short term moorings, which are only offered at a small number of our sites, 36 months is the normal contract duration for new mooring sales.

Our objective is to improve the service we offer to our customers and to make it easier for prospective customers to search and secure a mooring via our website. In doing so, we hope to increase sales and decrease both the amount of voids and the length of time spaces remain unoccupied at mooring sites.

We also propose to develop a more dynamic pricing methodology which reacts more quickly to market conditions, particularly when demand is low.

5. What are we proposing?

Website changes:

- Improve the overall appearance of the site making it more user friendly
- Display details of every CRT long term managed mooring site
- Announce when new vacancies are likely to be publicised
- Significantly improve the map and search facility
- Display whether a site has a vacancy or not
- Improve descriptions and maintenance standards/specifications on site
- Provide a complete on-line application and payment process
- Improve the level of information that registered users can save
- Remove option for postal bids in favour of more face-to-face help by our staff for those unfamiliar with the internet

Pricing modifications:

- Move away from a blanket policy for auctioning all mooring berths – in situations where known demand is low, we will offer the mooring at a fixed price for immediate sale
- Be more flexible in our pricing and letting of moorings so that we can respond to demand and seek to minimise the number of empty berths and void periods
- Introduce special offers from time to time to incentivise new customers
- Consider publicising berths which are difficult to sell (e.g. very small lengths) via a 'best offer' facility
- Publicise moorings at the guide price
- Remove reserve prices from publicised vacancies
- Increase the notice period to a minimum of 2 months in line with our competitors

Widened offer:

- Provide a greater range of offers to customers, i.e. sell 12-month mooring permits, not just 36-months

Marketing & Promotion:

In order to improve awareness of mooring vacancies, CRT will be more proactive and use as many communication channels as may be necessary:

- Use of social media (Twitter, Facebook, Instagram, etc)
- Messages and possibly adverts on Gumtree
- On-site signage
- Promotions/features in waterways journals
- Direct mailing to selected audiences
- Direct notification to National Boating Groups

5.1 Criteria will be established to guide our staff so that they know when a mooring vacancy should *initially* be sold via an auction or via a fixed price arrangement. We have prepared some draft criteria for consideration below. Where it meets one or more of the criteria, the berth would be auctioned:

- The mooring site is located in the London waterway unit within the boundary of the M25;
- The vacant berth has formal residential status provided by the local planning authority or has a long established residential use as recognised by the Trust;
- There have been no vacant berths auctioned at the mooring site within the past three years;
- 90% of the previous vacancies sold at the mooring site within the last three years were above the Guide Price advertised at the time;
- A number of separate registered users have expressed an interest in and saved preferences for the mooring site where there is a vacant berth,

If vacant berths fail to sell at auction they will be offered as Buy-it-Now.

5.2 Fixed priced moorings will be publicised on the website in advance of them being made available for purchase. If, nearer the time the mooring is to be listed for sale, people have registered expressing a preference for the site, the vacancy may be switched to an auction. Alternatively, it may be sold on a first come, first served basis.

5.3 Where there are multiple vacancies at an established site, rather than having to auction these vacancies twice before offering them as Buy-it-now options as is currently the case, we will let the moorings immediately on a first come, first served basis. As part of our flexible pricing policy, we may offer incentives to encourage new customers.

6. What are we not proposing?

During 2007/8 we consulted extensively on our proposed move away from allocating moorings by waiting lists to a tender (and subsequent auction) system. We are therefore **not** proposing to go back to a waiting list arrangement for allocating moorings, nor open up the debate about the merits or otherwise of the auction system - we still believe that using an open auction generates independent, transparent data on the market's willingness to pay for our moorings. We need to ensure we secure the best possible price if we do not want to breach our obligations both to maximise value to the Trust and to compete fairly with our competitors. It is important for the Trust to be able to demonstrate to private operators that we are not unfairly undercutting their prices.

7. Tell us what you think

We'd like to hear your views on these proposals. In particular, we would like to know:

- i) Do you have any suggestions for how the website might be improved?
- ii) Do you, or any group you represent have any comments on how we are proposing to sell our long term moorings
- iii) Do you, or any group you represent, have any comments about the way that we price our long term moorings?
- iv) Do you have any other comments on the proposals?

Please submit your views by **9am, Monday 3 November** by email to the address below. Please put "Changes to mooring vacancy sales" in the subject heading:

mooring.updates@canalrivertrust.org.uk

Alternatively, please post your comments to Siobhan Collins, Mooring Sales Administrator, Canal & River Trust, First Floor North, Station House, 500 Elder Gate, Milton Keynes, MK9 1BB.

8. What happens next?

Your comments and views will help us improve the way that we sell mooring vacancies and influence the way that decisions are made on pricing.

The timetable for the consultation is as follows:

Monday 6 October	Consultation opens
Monday 3 November	Consultation closes
November to April 2015	Design and programming changes to website
April/May	Testing
Summer	New website and widened mooring offers launched

Thank you in advance for giving your time. We look forward to receiving your comments.