

2023 Leisure Pricing FAQs



Introduction

Falmouth Harbour is a Trust Port with statutory duties and powers. Our purpose is to maintain an organisation of quality and excellence to safely manage Falmouth Harbour, in order to facilitate sustainable prosperity for the Port to the benefit of all users of the Harbour and the wider community.

For over 150 years Falmouth Harbour has held this duty, protecting the harbour during storms, safely managing marine accidents and pollution risks, providing a gateway to both Falmouth and wider Cornwall. Falmouth has a thriving marine cluster through water sports, commercial shipping and cruising and are increasingly becoming a focus for new economic growth around marine and environmental technologies.

Like any organisation, Falmouth Harbour has suffered significant impacts from the pandemic and is subject to rising costs in the products and services we use, greater risk management due to the increasing number of different harbour users and a sustained need and commitment to helping protect our natural environment.

Why is Falmouth Harbour planning to increase leisure and commercial charges in 2023?

The price rises proposed in 2023 are directly related to the marked increase in inflation and national RPI (Retail Price Index). We do understand that we had significant increases in prices in 2022, however as we stated in 2022, we hoped to keep 2023 price rises at or well below current RPI Inflationary figures.

In order to ensure that Falmouth Harbour's commitment to maintaining a thriving and safe harbour, for the benefit of all, continues to be met, it is imperative that we cover costs and work to generate surplus so that Falmouth Harbour may remain commercially viable in the long term.

The Board and executive team have assessed very carefully to see that any increase in prices is clearly a result of Falmouth Harbour's need to cover recent inflationary costs, continued global economic instability and the increase of its own costs as driven by wider market forces over the last three years in particular.

In their assessment, the Board and executive team consider:

1. A need to remain commercial and viable in the long term.
2. Ability to absorb inflationary impact on costs.
3. Continuing global economic instability caused by Covid-19, global issues, fuel supplies, energy costs and disruption of logistical supply chains.
4. Price increases and other costs such as increases fuel and wages.
5. Price benchmarking with other competitor facilities in the area.
6. Our duty and commitment to protect and enhance our natural environment.
7. A duty to maintain safe harbour operations, both statutory and safety.
8. Our high standards of service and increasing levels of safety within the harbour from diverse users.

Following extensive evaluation, the Board and the executive team have concluded that it is necessary to increase charges at current RPI rates. Falmouth Harbour is unable to absorb the impact on costs whilst maintaining current levels of safety and delivery of harbour services.

Why are prices having to increase?

Some of the price increase is a consequence of rising operational costs driven by inflationary pressures and the continuing global economic instability caused by Covid-19. The impact of this has been felt across our operations, through material prices (e.g., chain cost has increased again by up to 30%), staffing costs, transport costs, fuel and energy. Shortages and increased costs are not only present in our industry but pose difficulties for businesses worldwide.

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I thought Falmouth Harbour was a charity?

Falmouth Harbour is not a charity but a Trust Port. Falmouth Harbour is a commercial organisation and must act in a commercially viable manner. The Office of National Statistics recently reclassified Falmouth Harbour as a Private Non-Financial Corporation. We receive no government funding to support operations. All of the Commissioners on the Falmouth Harbour Board are appointed openly and publicly and no one on our governing body is appointed by the public sector, and we are not under public sector control. So, Falmouth Harbour is compelled to operate in a commercial environment with no direct public funding, whilst competing in the open market with private and local authority-owned facilities that represent most of the UK's harbours and ports.

[What are trust ports? BPA briefing paper, Jan 2021 \(britishports.org.uk\)](#)

The Trust Board and employees are “entrusted” and obliged to pass the harbour on, in the same or better condition to succeeding generations. In other words, it is the Falmouth Harbour Board’s responsibility to safeguard and improve the port, so that it flourishes and creates prosperity for local communities and businesses. Unlike a privately-owned harbour, we have no shareholders who require a dividend. All ‘profit’ or surplus made from operations is reinvested into the operation, maintenance, local community, local people and administration of the harbour.

Why does a trust port need to make a surplus?

Under HM Government guidance, trust ports are obliged to act as a commercial business and should be operated efficiently, effectively, and prudently to generate a commercially acceptable rate of return and aim to generate a surplus. More information can be found in the [Ports Good Governance Guidance](#) . It is the duty of Falmouth Harbour through the Harbour Acts (and their bespoke Harbour Revision Orders) to provide a safe harbour for all its users. This costs money, people, vessels, and training.

Why do I need to pay Harbour Dues as a part of my charges?

How we charge fees and dues is covered by the 2004 Falmouth Harbour Revision Order (HRO) and the Harbours Act 1964. Falmouth Harbour charges harbour dues as a part of our charging structure and to satisfy the equitable part of our charging duties. The harbour dues are charged inclusively within our mooring licence fees and other service charges, this is not an additional charge. Harbour dues are also charged to all visitors that stay in the harbour at a daily, weekly or annual rate. Harbour dues have always been collected internally from revenues, since 2022, we highlight these as a separate part of your charges. Harbour due plaques will be issued if needed as these may be required to access customer discounts.

I looked online and a lot of other harbours seem cheaper than the charges proposed?

Nearly all Harbours on the South Coast charge more or significantly more than we do at Falmouth harbour, and we will continue to strive to offer high quality and competitive services. Often harbours charge harbour dues in addition to leisure fees and charges, and this can make rates per metre look low in comparison. Falmouth Harbour now highlights our harbour dues within all their leisure services charging. This will help customers to fairly compare our pricing with other trust ports and private providers.

As part of our benchmarking, we account for the wide breadth of charging and services provided and where possible to look at like for like comparisons. This is challenging but we have been as fair as possible to make sure we are charging at market rates. In 2022 local moorings within Falmouth Harbour varied widely between £100-185/m. For 2023 our fees will be between £80 and £110 / metre after deduction of Harbour Dues.

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What is Harbour Conservancy?

A lot of important Falmouth Harbour work is hidden behind the scenes, but is vitally important for safety and to ensure we comply with Port Marine Safety Code (PMSC). Falmouth Harbour is obliged through the Harbour Acts and Harbour Revision Orders to provide a safe harbour for all its users. Conservancy costs can include; giving safety advice and assistance, maintenance of navigational aids and the enforcement of byelaws.

This might mean work required such as:

1. Removing items from the water e.g., in 2022 this has included car tyres, picnic benches.
2. Keeping navigation channels safe by removal of obstructions e.g., old anchors, cables.
3. Channel clearances and harbour safety patrols
4. Check and maintain navigation buoys
5. Attend and investigate vessel collisions.
6. Assist emergency responses.
7. Manage interactions between wildlife and leisure vessels.
8. Support community marine events e.g., Falmouth Classics, Armed Forces Day, Tall Ships, RNLI Fun Day
9. Planned surveying of the harbour on an ongoing basis and providing the information to the UKHO for the updating of charts.

Falmouth Harbour makes money, doesn't it? – why do you need any increase? In previous years Falmouth Harbour has been very profitable so why can't these surplus funds help reduce the need for price increases?

Falmouth Harbour has faced considerable financial challenges, and we are required to act commercially as we receive no government subsidy or financial assistance in any way. Some of our funds are linked to statutory duties or ring fenced legally for certain statutory duties. In 2020 Falmouth Harbour made a very small trading surplus and in 2021 due to offset COVID trading difficulties, we will make a considerable trading loss. 2022 is likely to see a similar small trading loss. We sometimes access small government grants (these grants totalled about £50,000 in 2021 and into 2022 these are at about £150k) and these are incredibly valuable to us, but they only help in small ways. We were not able to generate a surplus in 2022 and have used capital reserves to balance the financial position over the year. Our reserves cannot sustain such losses in the medium to long term. We must ensure Falmouth Harbour remains a viable commercial operation. In addition, we must look at overall trading conditions for the organisation and, where our prices are no longer at market levels, we have a statutory duty and commercial imperative to increase them. To reiterate our mooring and leisure charges are well below most other providers in Falmouth.

Will charges increase for commercial operators in 2023?

Yes - Prices at or just below RPI and up to 14.2% will be made to commercial operators. These prices have also been benchmarked against peer harbours in the UK and some market disparity will be addressed in our declared commercial fees and charges. The average 12.5% increase is broadly the same as the leisure increases as the market disparity is less, we must remain competitive as a harbour, and we have limits within our statute to increase the charges beyond market levels.

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Doesn't this increase make your services much more expensive than others and will Falmouth Harbour still be competitive after these price increases?

We continually carry out extensive research and benchmark our charges against other competitor locations in Falmouth and beyond. Many of our current charges remain below other facilities in the area, recognising that we want to ensure as many people as possible are able to access our services. We cannot, however, provide services that are below market levels due to our commercial remit and duties as a Harbour Authority.

We are obliged to ensure price rises are:

1. Commercial and competitive.
2. Fair and equitable.
3. Reasonable.

2023 prices directly correlate to inflationary pressures (RPI for Oct and November 2022 were above 14%) as described above. Our prices have increased up to 12.5% maximum and often below that figure.

Other harbours provide free parking and a water taxi, why don't Falmouth Harbour?

We continually review our proposition and how we can support the best possible experience at Falmouth Harbour and over time we are looking providing a variety of additional benefits for our customers in the future, for example - we are looking at a business plan to provide a customer water taxi from 2023.

Have these price increases been driven by the subsidising of the well-publicised Falmouth Harbour pension deficit?

The Falmouth Harbour pension deficit has not directly contributed to this market adjustment. The challenge is continuing to provide harbour services below market levels and the actual cost of running those services over the next few years. However, any pension deficit that Falmouth Harbour are liable for is a corporate responsibility and, like any business with similar liabilities, must be considered as a part of prudent financial planning and money required to satisfy these significant liabilities must be funded from reserves or through overall revenue. These pension deficits are very challenging. We have capital in the bank, which is ring-fenced (and controlled by statute) to support the Pilot Boat Service both in terms of future resilience, service investment and to cover liabilities associated with the Pilot's National Pension Fund. There are limits to what we can use most of our reserves for.

I see that Falmouth harbour has just purchased a £1.6m Pilot Boat, have the leisure services fees subsidised this purchase?

Simply, no. More information on the new vessel can be found here: [New-Pilot-Boat-for-Falmouth-Q-and-A.pdf](#) (falmouthharbour.co.uk)

The management team at Falmouth Harbour have been diligently building up surplus funds from the operation of the pilot boat service for over 15 years, including throughout the extremely busy periods between 2007 and 2012. This surplus is ring fenced and can only be used to support the use and operation of the pilot boat service and its intention has always been to enable the purchase of a new boat.

It is important to highlight that the money has not come from any of the organisation's other income streams such as leisure craft mooring fees, marina fees, Harbour Conservancy Charges, or car parking revenue and is not linked to the recent rises in charges for leisure users.

Pilot boat service funds can only be used to support or invest in the service, these monies cannot be used for other purposes. This is a statutory requirement of a Pilotage Authority. Falmouth Harbour's audited accounts are publicly available here: [Annual-Report-and-Financial-Statements](#)

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The facilities at Falmouth Haven are reasonable and clean but not as good as other local marinas - so why are we paying the same? Are there any plans to upgrade your facilities?

We have a programme of improvements across our facilities which are being constantly reviewed. For example, a new 15m breakwater extension was added to our marina in 2021 along with new finger pontoons. As part of these works new electrical sockets were also installed for customers as well as additional tender pontoons. We also improved the slipway pontoons at Grove Place Boat Park in 2022. We undertook an extensive improvement project for our moorings in 2022, providing greater weather resilience. FH will continue to invest to provide dry sailing facilities, more small vessel marina berthing, water taxi service, and short stay berthing for the town.

You seem to be spending a lot of money on environmental schemes?

As an organisation that oversees a unique and beautiful environment, we are committed to protecting and enhancing our marine ecosystems. We work hard to balance our operations with environmental change. This has been recognised by the award of SME of the year in the 2021 Cornwall Sustainability Awards for Environmental Growth. Our environmental programme comes under our community dividend programme, which we are obliged to carry out as a Trust Port to deliver our port sustainability agenda. This is partly funded through revenue but all our activity including leisure, needs to be offset in a responsible manner. We have also been very successful in securing both private sector and public funding to support a lot of our environmental projects. As customers of our natural harbour, we all need to change our behaviours and recognise the impact of our activity on the environment. At Falmouth Harbour we are introducing change to our operations to better look after our harbour environment. As with all aspects of how we live our lives, this is not a “nice to have” and is ultimately likely to have an impact on costs over time. Our aim is to help offset our customers water sports / leisure impact in a collective, coordinated and more impactful way.

Do you consult anyone before these decisions are made?

Yes, we do. However, the 2023 price increases are a simple business decision necessary to keep our prices linked to cost and other price rises. In this instance we have not consulted widely. As well as a board of Commissioners, Falmouth Harbour has a Consultative Committee which represents many stakeholders who use or are affected by Falmouth Harbour.

Who are the Falmouth Harbour Consultative Committee?

The Consultative Committee is appointed from harbour users. Independent of the Commissioners, they consult on matters relating to the harbour and provide feedback and suggestions to Falmouth Harbour Board. For more information about Falmouth Harbour’s Consultative Committee members, please visit our website: Publications - Falmouth Harbour, Cornwall

Have you done any evaluation as to what your service costs actually are or is this just a blanket increase?

We do a lot of work to continually assess the true costs of our services and we extensively looked at the material prices per metre for our moorings and the costs of maintaining these. For example, it takes the same time to maintain a mooring be it 5m or 9m in size and we need to ensure that the costs of our team, materials and servicing costs are covered in addition to any required return, in order to remain a commercially viable organisation, and that prices are fair and equitable to ensure as many people can access the water as possible.

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What other benefits are there to having a mooring in Falmouth Harbour?

Our teams are on the water and available 24/7. We have both a duty Harbour Master and a duty Leisure Manager on call at all times to support our customers and harbour users in an emergency. Our personnel are often on the water checking vessels and moorings before and after storms. Our Pilot Boats are constantly operating in the harbour to support and be a visual presence and although we cannot always deploy our vessels to assist in a vessel rescue, they can sometimes provide additional early warning of on the water issues or safety factors. This isn't always available in other harbours. Falmouth Harbour also provide a number of customer benefits that include (these are dependent on the service you pay for):

- Discounted fuel at our fuel barge
- Free or discounted launch and recovery at our slipway.
- Free use of the pump out facility at North Quay.
- Discount on daily visitor marina berthing.

In 2023 we are also introducing weekly visual checks and we will be advising owners via our new Harbour Management system Harbour Assist of any deficiency or problems with vessels.

Will these rises allow you to invest in future harbour infrastructure to make it resilient and keep the quality of services? How will these increases allow Falmouth Harbour to grow the harbour for everyone's benefit?

Part of our remit as a Trust Port obliges us to re-invest surplus revenue into the harbour. Whilst operating in a commercially viable manner, any profit (surplus) trust ports make are reinvested back into the harbour for the development of Falmouth Harbour and are also used for the benefit of our community stakeholders. We are also looking at a number of projects to provide new and improved infrastructure such as new pontoons on the boat park slipway and a longer-term programme of mooring improvements to make sure they continue to provide high quality provision and future weather resilience. We also have to act to address possible climate change risk and the severity of weather and storms. We cannot afford this type of investment unless we move to a surplus position at year end.

How do you support the needs of locals and affordability of your services?

We do care and often find ways to help local boat owners with financial pressures. As you may recall when COVID hit in 2020 we provided all mooring owners who were unable to put their boat on their mooring due to movement restrictions, a licence fee rebate to reflect the difficult position people were in and their inability to access and use their boats due to lockdown. Very few harbour authorities provided such discounts. We also know that our moorings are some of the best located and affordable in the area.

Keeping access to the water affordable is a key part of our organisational values in relation to inclusive use of our harbour. As stated above we are looking at better and more affordable ways to provide access to the water such as a water taxi service

We also make sure that our customers get discounts across different services, from tender berths and Boat Park spaces to fuel. These discounts are available to all local users that have a seasonal mooring or marina berth with Falmouth Harbour.

What surplus have Falmouth Harbour made over the last 10 years?

The figures below are Falmouth Harbour Statutory accounts information. All our accounts are published annually and are available on the website. These figures are often complicated by pension deficits and other accounting factors such as depreciation and asset disposals year on year.

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In terms of net ordinary income, the overall surplus over 10 years has been £256,000 with a surplus in only 4 of those years.

All the detail can be found on our website here: [Annual-Report-and-Financial-Statements](#)

Can you explain why you use RPI when considering prices?

Falmouth Harbour sets our budgets and prices in November each year based on October RPI figures. Falmouth Harbour has used RPI across our portfolio of land assets and marine operations for a very long period – this has not changed. We do have to be consistent with our approach, so we maintain our obligation to be fair and equitable across our customer base, and a lot of our legal agreements are tied to RPI not CPI. We are aware that there is a move away from using RPI as a metric for measuring inflationary change and HM Government is moving away from CPI/RPI as a metric to a new measure in 2030. RPI was the chosen method historically as better reflecting our cost base and liabilities in particular our pension legacies. Our Board considers both these metrics and many other factors when making decisions on future prices.

What happened with RPI in 2023?

RPI in Oct 2022 was at 14.2%. Our leisure prices have increased by 12-12.5% below the RPA rate of 14.2% and CPI at 11.10%. So the 2023 increase is much closer to CPI than RPI. For note our commercial prices have increased at RPI at between 14-14.2% to reflect that market and particular factors such as vessel maintenance and fuel cost rises since prices previously were set in Oct 2021. A further complication is we set our 2023 prices in Nov 2022, predicting what may happen through 2023 where our costs are incurred. So they were set in November when RPI and CPI were escalating, these rises have now stopped and started to drop, time will tell if this inflationary pressure continues through 2023.

Why is October rate chosen and is that when RPI is at its highest?

Picking RPI in October is simply a timing issue for our budget setting, but we always reflect on other annual trends. Historically this has often seen rises set by Oct RPI, at a figure below the annual trend or the annual average. This has often worked in customer's favour. RPI only increases can mean prices still fall behind the market level over time. Our mooring prices have fallen well behind market levels and the 2022 increases were a reset to reflect this. This year is a rise based on inflationary pressures alone.