

IN THE MATTER OF AN EXPERT DETERMINATION

between

CHELSEA YACHT AND BOAT COMPANY LIMITED

(The Company)

and

A NUMBER OF LICENSEES

(The Boatowners) as set out in Schedule 1 of the Expert's Directions, Mr Andrew Crawford

A determination of the Annual Mooring Fee reviews due

at

Chelsea Reach, 106 Cheyne Wharf, Chelsea, SW10 0DG

(the Moorings)

On

29th September 2017

29th September 2020

29th September 2023

FIRST WRITTEN REPORT

To be read in conjunction with supporting documents:

MBA1 Site ratings compendium

MBA2 Location weighting data, maps, graphs

MBA3 Maintenance Charge Certificates and Notification Letters

MBA4 Correspondence re Maintenance Charge

MBA5 Photos of CYBC Moorings

Prepared on behalf of the Boat-owners

by

Madge (Margaret) Bailey

Madge Bailey Associates

on

26 July 2024

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Introduction

This Report has been prepared on the date stated for the purposes of the Expert Determination of the Mooring Fee due on 29th September 2017, 29th September 2020 and 29th September 2023, at the Moorings at Chelsea Reach operated by Chelsea Yacht and Boat Company. It has been prepared on behalf of the Boat-owners by Madge Bailey.

Introduction to Madge Bailey Associates

I, Madge Bailey, have 30 years' experience in the development, management and pricing of residential moorings in London. Prior to establishing my consultancy in 2010, I worked for the Canal & River Trust (formerly British Waterways) for 17 years and was responsible for tourism development, regeneration and the moorings business in London. I then became the leading specialist in moorings for the Trust, establishing their residential moorings policy; national standards for mooring management and pricing, and guidance for new marina development, as well as developing a range of mooring policies.

Relevant experience includes:

1. Management of the London Canals mooring portfolio for the Canal and River Trust

Mooring provision is a commercial activity of the Canal & River Trust. The London canals portfolio comprised some 600 berths at 22 sites. Three of the higher-end sites are comparables in my valuation, namely Limehouse, Poplar and Blackwall, situated in docks connecting to the tidal Thames. Management of all 22 sites required updating licence terms, grading the types of site, market-based pricing, developing customer service standards and letting maintenance contracts. After revising mooring fees for a group of sites around Little Venice, the residents made a formal complaint to the Waterways Ombudsman who investigated and ruled that I had followed policy and due process; therefore the prices stood. As lead best practice in mooring management within the Trust, I was asked to roll out national guidance on moorings operation and pricing for their 3000+ berths. I ran seminars for 60 staff.

2. Pricing berths

I developed the over-arching pricing policy for the Trust's moorings. In order to facilitate pricing I developed the system for auctioning vacant berths at certain sites to achieve best price. I analysed the resulting price and demand data, which informed the Trust's price-setting.

3. Planning Experience

Having developed new marinas and moorings, I have a working knowledge of planning matters in relation to moorings. I was the Trust's principal expert witness at the planning enforcement appeal relating to Ladies Bridge Moorings, Wilcot, giving expert evidence on residential moorings. The Trust won the appeal and was awarded costs.

4. Advisory document “Residential Use of Waterways”

I was one of the principal contributors and chief editor of this document produced by The Association of Inland Navigation Authorities (AINA), which assessed residential issues, the policies of navigation authorities and set out the planning and regulatory framework, with supporting case studies.

5. Houseboat security of tenure

This was a Central Government consultation, for which I led the Canal & River Trust’s representations, providing the perspectives of both a navigation authority and a commercial mooring operator, whilst taking account of its customers' issues.

6. Establishment of Madge Bailey Associates

Since establishing my consultancy in 2010 I have acted for a range of clients in London, focusing particularly on residential moorings. Relevant experience includes:

7. The Port of London Authority River-works Licences – Review of Charges for Residential Moorings.

As the principal independent consultant, I led a comprehensive review and developed a methodology which required me to take into account the PLA’s duty to charge “*best consideration that can reasonably be obtained.*” Members of the steering group included the Valuation Office Agency, the PLA and representatives from the houseboat community. During the two-year review, I researched the London residential mooring market, examined the charges of other UK port and navigation authorities, sought an independent legal opinion on the Port of London Act and ran a public consultation with licensees and houseboat residents. The Port of London Authority adopted my fee charging method and continues to use it, 12 years later.

8. Mooring fee reviews for London clients

I have conducted a number of mooring fee and service charge reviews for various clients across London including large Thames-based marinas, local authorities, trusts and individuals, some of which are included in the schedule of comparables. Madge Bailey Associates have provided advice on mooring fees to clients in Kingston, Richmond, Kew, Chiswick, Chelsea, Nine Elms and Southwark. This work has required a thorough knowledge and assessment of the London residential moorings market over many years. I have also provided in-depth analysis and best practice for maintenance/service charges to some of these clients.

9. Residential mooring feasibility assessment for Royal Borough of Kensington and Chelsea

I assessed two sites for potential residential moorings, consulting the PLA, planners and local stakeholders, assessing commercial and operational issues including pricing.

10. Infrastructure review for South Dock Marina

My review with technical and operational associates outlined urgent repairs, renewal and compliance issues, developed a plan for refurbishment, set up maintenance and inspection regimes, drawing upon current legislation and industry good practice.

11. Environment Agency's moorings and pricing

I drafted the standardised mooring licence for all the Agency's moorings, which are renewed annually. I contributed to the work of an associate who conducted a full review of the EA's pricing of their moorings.

12. Review of the Environment Agency's accommodation licence charges

I scoped the review for the Agency's accommodation licence charges on the non-tidal Thames, taking account of statute, legal precedents and different ownerships of the riverbed, plus advising the EA on the next stage.

13. Expert Witness in a Mooring Licence Premium Determination

I was the expert witness for the group of 11 boat-owners in the 2022 Expert Determination of the 10-year mooring licence premium at Chelsea Yacht and Boat Company.

More information can be found at www.madgebaileyassociates.com

1. Summary of methodology

- 1.1. This report provides the context to the residential moorings market on the Thames in London, and further detail on my eight comparable mooring sites in the Core Statement of Agreed Facts (agreed 12 April 2024).
- 1.2. My approach to valuation is to give each comparable site: (1) a site attribute rating, and (2) a location weighting relative to the Moorings at Chelsea Yacht and Boat Company (CYBC). I then adjust each site's mooring charges (total charges) by these two factors to derive a set of equivalent total charges for CYBC, as at 29 September 2023. The resulting charges are within a reasonably close range and sit within the market tone, excluding several outliers, which are explained.
- 1.3. I take the average of these derived charges – from five of my comparable sites, one of which auctions its vacant berths.
- 1.4. I deflate this 2023 rate (total charges) backwards to derive the CYBC rate (total charges) for 2020 and 2017. I use the average annual inflation rate from a group of London residential moorings.
- 1.5. I have used the 'total charges' approach throughout – each site's total charges to moor – which is the only way to enable comparison across sites. Total charges may include a single fee, or fees split between mooring and maintenance/service charges.
- 1.6. I deduct CYBC's prevailing Maintenance Charge from my total charge valuation to determine the Mooring Fee element as at 29 September 2023, 29 September 2020 and 29 September 2017.
- 1.7. I then make adjustments for berth-specific factors and the remaining period of each Licence, where appropriate.
- 1.8. As an alternative method, I inflated the last agreed Mooring Fee as at 28 September 2017 by my inflation rate for residential mooring charges. However, this resulted in total charges well in excess of the market tone for 2023 because either the Mooring Fee element from 2017, or the Maintenance Charge in 2017, 2020 and 2023, or both the Mooring Fee and the Maintenance Charge, are excessive. I therefore ruled it out.

2. Context - the London residential moorings market and licence types

Market overview and size

- 2.1. There are approximately 500 houseboats on residential moorings on the tidal Thames, from Wapping to Teddington. In addition there are approximately 500 residential moorings on the canals and docks in London, from Southwark to Brentford.
- 2.2. The size of mooring sites on the tidal Thames ranges between individual residential moorings, several small clusters with 10-20 houseboats, up to several larger enclaves of 25-60. Chelsea Yacht and Boat Company (CYBC) is the largest on the tidal Thames.
- 2.3. Mooring operators vary, along with their approach to pricing, for example commercial marinas, property developers, family businesses, houseboater-shareholders, cooperatives and trusts.
- 2.4. Sites are at full occupancy and have been for many years. Vacant berths are rare because houseboats tend to be sold on the mooring. Even at Limehouse for example, one of the largest London marinas, when the occasional residential vacancy arises (usually through breach), the operator has partnered with a boat-builder to sell a new-build cruising barge on the berth. (On the canals and docks, the Canal and River Trust auctions vacant berths at a few of its residential sites.)
- 2.5. However, the number of potential buyers is limited. Living on a houseboat appeals to a small subset of the housing demand pool. Buyers must understand the realities of living on a boat (effects of tide, wash, boat surveys, vacuum sewage disposal etc). When purchasing a houseboat, due diligence requires an understanding of the particular complexities of the mooring licence terms, conditions of sale etc. The number of buyers is mainly limited to cash buyers since loans for houseboats and mooring licences are only available from specialist brokers at high interest rates.
- 2.6. In summary, this is a small and diverse market with limited supply; vacant berths are rare and scarcely come to market. However there is also a limited number of potential buyers. With constraints on both sides, it can be difficult to match a buyer and berth.

The 'set-up' at residential moorings on the Thames

- 2.7. A River-works Licence is required from the Port of London Authority in order to place works (piles, pontoons etc) in the riverbed and occupy the water space.
- 2.8. A right of access is also necessary from the owner of the adjoining dry land. At CYBC this is granted by a lease from Royal Borough of Kensington and Chelsea for the western moorings (through Old Ferry Wharf). As far as I am aware, there is no lease providing access to the eastern moorings where I assume access is dependent on established use.
- 2.9. Planning permission, environmental and other regulatory consents are also required.
- 2.10. The mooring developer installs the mooring infrastructure and facilities, then licences the berth to the resident who brings their houseboat. (At CYBC the Company has also installed several of their own large houseboats which they rent out.)
- 2.11. Over time, successive residents usually sell the houseboat on the mooring, which is normally permitted through a transfer of the licence.

Types of mooring licences

2.12. Residential mooring licences in the London market generally tend to fall into two groups:

1. Annual mooring licences

Typically, the licence period is for one year, which is routinely or automatically renewed (provided there is no breach). It is a rollover licence.

The operator makes either one charge i.e. the annual mooring fee, or two separate charges, i.e. an annual mooring fee and a service/maintenance charge.

Most operators charge a commission when the houseboat is sold on the mooring.

2. Long-term licences or leases

This is where a premium i.e. capital sum is paid for a vacant berth with a long licence or lease. The terms (number of years) vary from site to site, but I know of terms of 60 years (three sites), c.100 years (two sites) and one site with an open-ended term.

The capital sum paid at the outset is a payment for (i) capitalised rent i.e. in lieu of annual mooring fees, (ii) securing a scarce vacant berth (key money) and (iii) long-term security.

The *annual* payment made by the boatowner is purely a cost-based service charge – no annual mooring fee.

The boatowner usually sells their houseboat on the berth with the remaining licence term. In most cases, no commission is charged.

The licence regime at CYBC

2.13. The licence regime at CYBC has a different model. The boat-owner must buy a 10-year licence¹ and pay annual mooring charges.

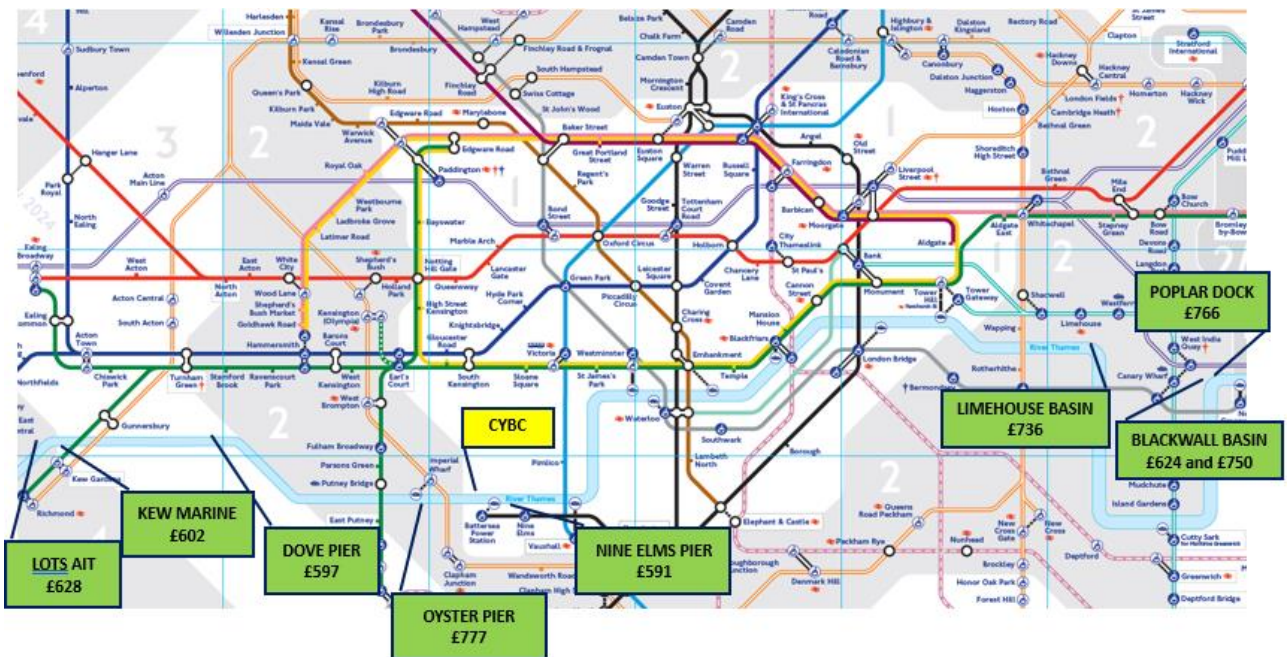
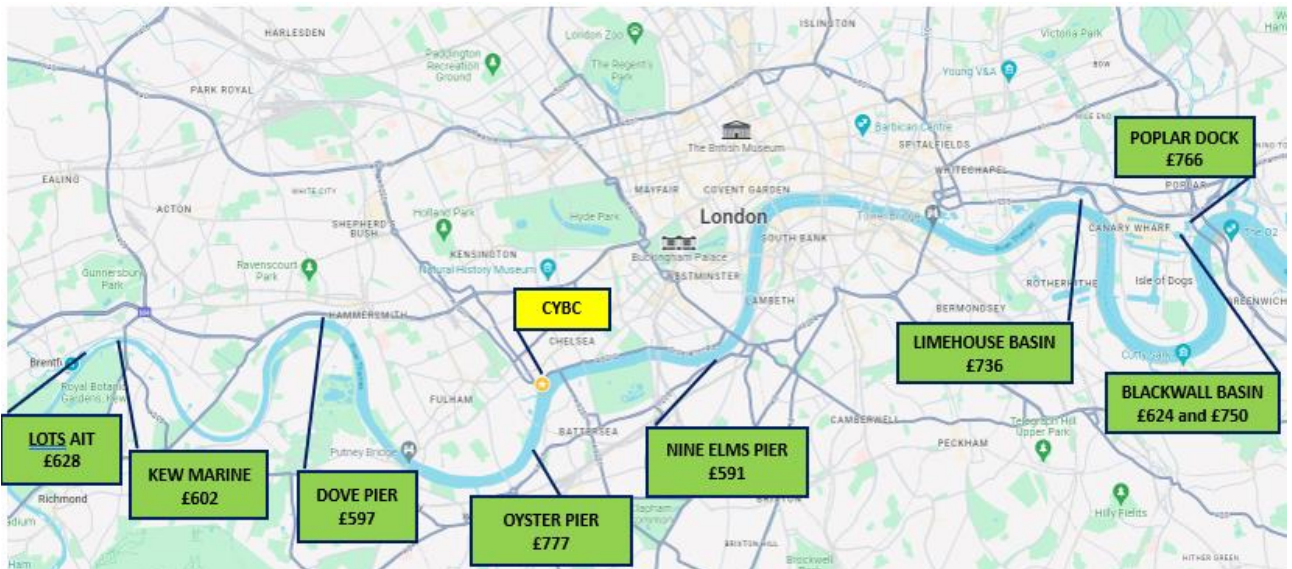
2.14. My comparables therefore comprise sites from model 1 above, where annual mooring fees are charged (which in some cases are split into a mooring fee and service/maintenance charge). This is consistent with the basis of valuation for the Mooring Fee set out in the Licence, where the licence premium must be ignored, specifically clause 5.1 (d) “*without taking any fine or premium.*”

2.15. The licence terms (time period) at my comparable sites vary and, in some cases, may vary between boat-owners at the same site. However they all pay the same annual charges at their respective mooring site, regardless of licence term. This is explained in the next section at para 3.7.

¹ Historically at CYBC a small number of different licences were issued, or indeed no written licence was issued for some houseboats; however those licences are not subject to this Expert Determination.

3. The comparable mooring sites

Comparable mooring sites and their charges in 2023			
Site	Location	Total mooring charges paid per metre per year	Total mooring charges paid per foot per year
Oyster Pier	Battersea	£777	£237
Nine Elms Pier	Nine Elms	£591	£180
Dove Pier	Hammersmith	£597	£182
Kew Marine	Kew	£602	£184
Lots Ait	Brentford	£628	£191
Limehouse Basin	Limehouse	£736	£224
Poplar Dock	Canary Wharf	£766	£233
Blackwall Basin	Canary Wharf	£624 and £750 (auction average)	£190 and £229 (auction average)



Criteria for selecting the comparable mooring sites

3.1. From the pool of all Thames moorings in London which charge annual mooring fees, the factors below determined my selection of the comparables. I am very familiar with all mooring sites in the potential pool, through my review of the PLA's residential river works licences (approximately 40 sites), my work for a number of London clients and my former management of some dock-based marinas.

Annual mooring fees charged at market rates

3.2. Only sites charging annual mooring fees that I consider to be at market rates are selected. I excluded sites which I believe are below market rate². Where operators make a service charge additional to the mooring fee, I use the total cost (mooring fee plus service charge).

Management and operation

3.3. Only mooring sites and marinas operated on a commercial basis have been selected. Co-operatives, communities and charities are excluded, along with sites including a freehold share of land. Sites with just a couple of boats are also excluded since the mooring fees are by private agreement.

Planning status

3.4. Only sites with residential status have been included. Although some people live on their boats at leisure moorings/marinas across London (often referred to by estate agents as 'pied-a-terre') there are often mooring licence terms prohibiting permanent residency. Furthermore there is an underlying risk of planning enforcement against residential use.

Location within London

3.5. The comparable sites are within travel zones 1-4³, therefore reasonably central to London. If I limit the location to within just a few miles of CYBC, or travel zones 1-2, there are too few comparables.

Location on the tidal Thames or docks connected to the tidal Thames

3.6. Applying the above criteria results in five comparable sites on the tidal Thames. I have then extended the pool to marinas in docks connecting to the tidal Thames that meet the above criteria. This results in three more sites which provides more context and a tone of fees within the London residential mooring market.

² Within Zone 1-4: Richmond upon Thames Churches Housing Trust, Chiswick Pier Trust and Chiswick Quay Marina charge below market rates. Victoria Steps Quay in Brentford includes a share of freehold land. Cooperatives, collectively-owned or community-led sites where commercial mooring fees are either not charged or not charged at market rates include Hope Pier in Hammersmith, Hermitage Community Moorings in Wapping and Tower Bridge Moorings. Sites with long-term licences where only service charges are made (no mooring fees) include Plantation Wharf and Albion Quay in Battersea; Prospect Quay and Fraser's Riverside Quarter in Wandsworth; this group also includes Oyster Pier in Battersea except my comparables where the licensee has sub-let their berths on a rollover licence for annual mooring fees. Remaining sites are by private arrangement, usually for one or two boats, and fees are unknown.

³ <https://tfl.gov.uk/maps/track>

Licence terms (time period) of the comparables

- 3.7. The licence terms i.e. time period, vary across the comparable sites. At some of the sites, the terms vary between boat-owners at the *same* site. For example:
- Oyster Pier:** 1-month rollover. (Although all berths here have long-term leases of c.100 years, one lessee, who holds several berths, is sub-licencing their berths with rollover licences and charging annual mooring fees – these berths are my comparables.)
- Nine Elms Pier:** 3-month rollover, 1-year rollover, a remaining term of 27-years.
- Dove Pier:** 1-year rollover, 3-year, 5-year, 10-year terms; thereafter a 1-year rollover or renewal of the same term. The boat-owners paid an additional sum to purchase the 5-year and 10-year licences; nothing for the 3-year licence.
- Kew Marine:** an open-ended licence term with 6-months' notice period; some boat-owners previously had a five-year licence (bought for a premium or 'key money' for a vacant berth) which, at the end of the term, reverted to the open-ended licence with 6-months' notice.
- Lots Ait:** 1-month rollover.
- Limehouse Basin:** 1-year rollover.
- Poplar Dock:** 1-year rollover.
- Blackwall Basin:** 1-year rollover, 3-year (auctioned berth) thereafter 1-year rollover.
- 3.8. In terms of annual charges, the important point is that, regardless of the different terms (time period) at a given site, each boat-owner pays the same annual mooring fees (and service charges where charged). There is no difference in the annual charges whether the licence rolls over monthly, 3-monthly, yearly, is open-ended with six-months' notice, or has a term for a number of years.
- 3.9. In terms of occupation, although some boat-owners' original licence was short-term, they have subsequently enjoyed a long period of continuing occupation by virtue of the rollover. This is a long-established market convention in respect of residential moorings. As one operator says of their one-month licence, *"it is simply regarded as a rolling agreement once in place"* (Lots Ait) and another states in their information *"... your contract will renew automatically for another 12 months if you don't move your boat"* (Limehouse and Poplar). In my experience, many boat-owners stay for a considerable number of years, and it is only they who end the licence when they sell the boat and move on (unless they breach the terms). I know many instances of houseboat-owners, including former customers of mine, who have stayed on their moorings well beyond 10 years with annual rollover licences. It is, of course, in the operator's interests. They would instantly extinguish demand if they ceased rollovers because no boat-owner would make their home on a berth if this was the case.

Attributes of the comparable mooring sites

- 3.10. The attributes of each comparable site are described in MBA1. I use a consistent format with a rating scheme across all sites. This format and rating are also applied to the Moorings at CYBC. It is explained further at para 5.13.

4. Basis of valuation

Licence clause

- 4.1. The basis of valuation for the Mooring Fee Review is set out below in an extract from one of the Licences. Some Licences have a different clause number or slightly different wording (as set out in each Mooring-Specific Statement of Agreed Facts) but I believe the basis has the same meaning in each one.

5.1	Basis of valuation
The open market value for the Mooring at each Review Date shall be the amount agreed by the Company and the Boatowner (or if they fail to agree determined in accordance with Clause 5.3) to be the mooring fee per year at which the Mooring might reasonably be expected to be licensed in the open market on that Review Date:	
(a) as a whole;	
(b) by a willing licensor to a willing licensee;	
(c) with vacant possession;	
(d) without taking any fine or premium;	
(e) for a Licence Period equivalent to the period of this licence remaining on that Review Date;	
(f) as a fulltime residential mooring;	
(g) on the terms of this Licence including this Clause other than as to any premium and the amount of the Mooring Fee.	
ON THE ASSUMPTIONS that at that Review Date:	
(h) the Company and the Boatowner have fully complied with their obligations in this Licence;	
(i) the Mooring and the Boatyard and all other necessary services and facilities are in good and substantial repair and condition and fit and available for immediate beneficial occupation and use;	
(j) the Mooring may be lawfully used for any of the purposes permitted by this Licence as varied or extended by any licence pursuant to this Licence;	

Remaining licence period

- 4.2. In order to value the Mooring Fee at 29 September 2023, 29 September 2020 and 29 September 2017, I have to consider the licence period remaining, as required under 5.1(e). The Licences in this Expert Determination have different remaining terms. The longest possible remaining term of occupation is 12 years (for two people assuming the 10-year renewal is agreed) whilst some have only three years or even less at the relevant review date.
- 4.3. The Company has made it clear to the Boat-owners that once a licence expires, and has no option to renew, a new licence will not be offered and they must leave.
- 4.4. My principal Mooring Fee valuation assumes a remaining period of 10 years. I then consider how the remaining and finite term of each Licence affects the individual Mooring Fee valuation.

Attributes of the Moorings at CYBC

- 4.5. I am required to assume, under 5.1(i) that *“the Mooring and the Boatyard and all other necessary services and facilities are in good and substantial repair and condition and fit and available for immediate beneficial occupation and use.”*
- 4.6. Although I must make the assumption above, I am specifically not required to assume that the standard, quality or age of the moorings, infrastructure and facilities, or level of customer service are anything other than those actually in place. I consider that a proper valuation of the Mooring Fee at the Moorings must have regard to the actual attributes and quality of the mooring facilities, and how they are managed.
- 4.7. Having visited the Moorings several times over the assessment period, I take into account, from 2017, the overall degraded quality, aged condition of the infrastructure, arrangement of adapted barges and complex tethering, multiple utility connections trailing in the water and on the foreshore, accumulated flotsam (sometimes snagged on the utilities or mooring ropes), the narrow, tilting and moving gangways (sometimes dangerously so), jolting of gangways and boats, sloping foreshore and wash, which is sometimes severe.
- 4.8. Thus, the mooring infrastructure and its consequences for living aboard at these moorings, in comparison to the comparable sites, is pertinent to the valuation and should be correctly reflected. This is what the willing licensee will consider and is a key differentiating factor between sites, other than location.

My full assessment of the Moorings’ attributes is in the rating table for CYBC at Appendix A and in MBA1.

A set of illustrative photos are in MBA5.

- 4.9. The Boat-owners’ witness statements describe incidents which demonstrate problems (some serious) with the mooring infrastructure, for example:
- i. A main pontoon sunk, as stated by Charlotte Woodroffe (Spurrier), owner of Trafalgar and Kate Bex, owner of Viva, who includes photos. Two houseboats are tethered to this pontoon.
 - ii. The main pontoons were severely rusted and corroded prior to 2022 as evidenced by Kate Bex owner of Viva and as shown in MBA5. The new paint applied causes a slipping hazard, as stated by Margaret Allen, owner of Aquila. Some of the gangways are still in poor condition with wooden boarding and/or protruding batons as a rudimentary measure to prevent slipping but are difficult to walk on.
 - iii. Frequent collisions between gangways and main pontoons occur; many gangways are no longer level which makes access difficult; handrails are dented. For example, Rebecca Illing of Blue Moon states: *“Particularly in the night when the boats rock you can hear loud noises from the pontoons and ramps crashing into each other.”*

- iv. The manner of tethering some houseboats requires multiple ropes (most without rubber stretch 'snubbers' to absorb tension) causing them to jolt as stated by Stephen Ridgway of John Clare, for example. Simon Woodroffe of Trafalgar says *"... as the tide changes, there are various moments of strong jerks and jolts which are due to the way the boats have been tied."* Some boats are very close to each other with minimal fendering which risks collision (see photo in MBA5) and stated by Jez Hermer, Chief Marine Operations Officer of CYBC in an email on 15 August 2023 to Margaret Allen after an incident of severe wash: *"Multiple craft came into contact with adjacent craft and pontoons – damage to paint, bent deck furniture and damage to pontoon."* Note that the mooring of houseboats is the responsibility of CYBC; the resident is not permitted to make any alterations to the tethering without prior consent, which they only do out of necessity.
- v. Some gangways are steep at low tide, as stated by Simon Woodroffe: *"... there are drastic changes in the slope of the access gangplanks making it very difficult to use them safely, most particularly the gangplank at the Battersea Bridge gate. The handrails are smooth and slippery, and the "anti-slip" steps are not very effective given the extreme steepness. At these times, it is not safe to carry anything like shopping bags via the Battersea Bridge gate as you need to hold the railings with both hands"* and Sarah Taylor of Saorise states: *"... there are some sections which are very steep and which make me nervous when my son is attempting to walk them or is being carried."*
- vi. The gangway for Maddalena detached and slid off the pontoon. The gangway for Judith detached and fell from the pontoon into the river. The gangway for Aquila detached from the pontoon and fell into the river. Jez Hermer, Chief Marine Operations Officer of CYBC, states after an incident of severe wash: *"In the past six weeks however, we have encountered four gangway separations at the Old Ferry Wharf end of the moorings."* (Email 15 August 2023 to Margaret Allen, owner of Aquila and evidenced by her.) She also describes how, when the Company had moved Aquila to a different berth, it needed to make retrospective, ad-hoc and plainly inadequate adjustments to the infrastructure. She had repeatedly pointed out the issues relating to accessibility and safety to the Company.
- vii. The Moorings are openly accessible to the public and subject to unwanted trespassers and intruders, as evidenced by 79-year-old Cecelia McAuley-Howel who was subject to two night-time break-ins and had to install her own security system at a personal cost of £2,500. Chris Bird of Isis gives examples of male intruders on her deck and into her boat, plus attempted theft of a bike locked to a pontoon. Lucy Shapland of Puddleduck describes incidents of male intruders on her boat late at night, and Rebecca Illing of Blue Moon states *"... nights, especially at the weekends particularly scary as drunk people would often come on the boat and knock on the door or try to get on the deck."* Simon Howard, owner of Joseph Conrad, tells of one incident that was so bad that he had to call the police to get intruders removed.

- viii. The Moorings are close to a busy main road (unlike all other comparables which are alongside the Thames Path or in an enclosed marina). The Moorings are also under the route to Battersea Helipad. The location results in fumes, odour, dirt, noise pollution and blight, including at evenings and weekends, thus impacting on health and enjoyment, as stated by Rick Stroud and Alexandra Pringle, owners of Veronica, Michael Burrow, owner of Maddalena and Chris Bird of Isis, among many others.
- ix. The Company does not sufficiently remove floating debris that collects around the Moorings. Chris Bird, owner of Isis tells of a dead cat caught in debris for a few days before it became dislodged. Simon Woodroffe of Trafalgar describes pooling rubbish sitting for several days around houseboats before moving on. Kate Bex, owner of Viva, provides photos.
- x. The residents experience problems with the facilities, for example the vacuum sewage system, as stated by Charlotte Woodroffe (Spurrier), owner of Trafalgar: *"It often fails which means showers and baths don't drain, and toilets do not flush."* The Company is not as responsive as customers would like, as stated by Simon Woodroffe, owner of Victory: *"... there has been a noticeable change in their ability to respond to requests for assistance with the vacuum system, gas connections or mooring issues such as ropes."* Lucy Shapland of Puddleduck states that *"... when the vacuum has been down for a number of days (up to five a couple of times) it is both unsanitary and extremely inconvenient."* She also says of the electrics: *"I was left without light and heat for over a week in September and again in November..."* Steven Ridgway of John Clare states: *"The electrical systems are sensitive to load and often trip the breaker in the CYBC pontoon, requiring a call out to the maintenance team, who are not available (apart from the nightwatchman) outside office hours. This can result in whole nights with no power, light or heat."*

4.10. I am surprised that, with full-time operatives on site, some of the infrastructure issues were not prevented or resolved, particularly if staff are purportedly inspecting and tending to the Moorings regularly. Some issues are very simple to address.

4.11. The Company's Maintenance Charge letters in MBA3 highlight the substantial works it states that it has undertaken in more recent years, and the further work needed. For example, the letter of 27 September 2023 refers to *"...anticipated requirements for the coming year, which will include works related to safety and security - replacing the lighting on the moorings, improving physical security on the moorings and the replacement of approximately 17 inter-pontoon gangways."*

4.12. I note that the previous year's Maintenance Charge notification letter 16 September 2022 refers to similar works i.e. *"replacing the lighting on the moorings, increased security on the moorings including a new CCTV system, and the replacement of 25 gangways."* This would suggest that over the course of these two years (ending September 2024), there will have been substantial improvements to lighting, safety, security and gangways. In my view, the need to undertake these works proves that these elements were of poor quality in all prior years, and is reflected in my rating of the Moorings, which in turn is reflected in the Mooring Fee.

4.13. Other important and relevant attributes of the Moorings are the sloping foreshore and wash:

- i. The foreshore has significantly eroded over many years and was identified as a problem in need of resolution back in 2016 as stated by Michael Burrow, owner of Maddalena, among others. As Margaret Allen, owner of Aquila states *“Riverbed erosion has revealed significant amounts of previously-buried metal debris which pose an active danger both to the moored vessels and to people needing to move around between boats for maintenance purposes.”* Stephen Ridgway of John Clare states *“... the stony foreshore and accumulated rubbish is doing much more damage to the hull plating, requiring expensive repairs and welding when drydocking takes place. A process now costing approximately £15,000 every six years.”*
- ii. The problem of the eroding foreshore and degrading campshed at berth 1, occupied by Simon Howard owner of Joseph Conrad, was known and acknowledged by the previous Company owners. They had developed plans and were consulting the Port of London Authority, as evidenced by Simon Howard. However the current owners, having bought the Company in 2016, have done nothing further and it has worsened.
- iii. At low tide, some houseboats lie at a tilt on the sloping foreshore making living conditions very difficult such as rendering sink and toilet drainage unusable. Simon Howard of Joseph Conrad states *“The result is that the toilets, basins and showers cannot now be used when the tide is out. Certainly 60% of the time it is unreliable.”* The conditions also put a strain on the houseboats’ structure, for example causing doors to jam, damage to tiles and windows. This has worsened over the years. Such issues are evidenced by Margaret Allen, owner of Aquila, Simon Woodroffe of Trafalgar and Lucy Shapland of Puddleduck who had to be rescued from being trapped in her bedroom.
- iv. Two houseboats, Trafalgar and Maddalena slipped/lurched on their moorings as they settled at low tide due to the sloping foreshore, only being restrained by the mooring ropes tied to the pontoon. This has happened a number of times, and in my opinion is very dangerous because a slipping houseboat could pull pontoons and utility connections with it. There has been no remedy from the Company. This is evidenced by Michael Burrow, owner of Maddalena and Charlotte Woodroffe, owner of Trafalgar.
- v. Wash is a significant issue at the Moorings. The Boat-owners describe various occasions when waves/wash cause the pontoons and houseboats to move and the gangways to roll at an angle to the main pontoons, sometimes severely, creating hazardous access. The wash can sometimes cause the houseboats to rock seriously, particularly in the front row, causing damage to belongings and an erratic and unsteady environment in which to live, as stated by Lucy Shapland of Puddleduck: *“... extreme rocking for a good 10 minutes and was so terrifying it left me shaking and in tears as apart from the damage to so many precious things I thought the boat might sink”* and Chris Bird, owner of Isis: *“When this happens, we houseboat residents have to stop moving about on our vessels and hold on with both hands, and sometimes the rocking leads to breakages... And if you’re unfortunate enough to be on a passerelle when the*

wake hits, it can at times be like being on a bucking bronco. The graunching of the metal wheels of the passerelles is also hideously screechy.” Simon Howard on Joseph Conrad provides a video and also pictures from when severe rocking has even broken the catches/locks on his dishwasher and cupboards (installed specifically to withstand rocking from wash), resulting in contents falling out onto the floor. The rollers of some gangways frequently scrape the pontoons, creating noise nuisance. Roddy Mullin of Areqipa has evidenced videos of the noise and his makeshift tethering in an attempt to reduce the scraping and states: “On occasion we use oil on the gangways mounting points and wheel centres to quieten the din.” Note that the boat-owner has had to do this due to CYBC’s neglect.

- vi. The wash is acknowledged by Jez Hermer, Chief Marine Operations Officer of CYBC in an email on 15 August 2023 to Margaret Allen (and evidenced by her) where he says “A number of your neighbours have complained to CYBC about Clipper wash over the past six weeks. I have witnessed it and experienced it myself. The incidents have risen sharply.” Jez Hermer includes an extract from his email to the PLA stating the significant damage after a severe incident: “One gangway (Houseboat MACAULEY) horizontally dislocated, ripped from its lines and pulled overboard).
One gangway bent and footboards smashed (HB IRIS)
Multiple headlines parted completely
At least one stern line parted (according to assessments so far)
Multiple craft came into contact with adjacent craft and pontoons – damage to paint, bent deck furniture and damage to pontoon
Two mains gas lines parted (safety catenary wires and shut-off valves operated effectively).
Multiple gas lines damaged.
Multiple electric connectors parted and electric power lost to a number of boats.
Electrical connector on one boat damaged beyond repair.”

- 4.14. Whilst of course wash is not caused by CYBC and is outside their control, it is nevertheless an undisputed attribute of the Moorings. It can seriously impact on safety as evidenced by Jez Hermer. He refers to one particularly serious incident of wash (which could potentially happen again) and also to a period of six weeks when incidents rose sharply. From my experience of working with both the UK’s principal inland navigation authorities, the Port of London Authority and the Canal & River Trust, their position is that the mooring operator is wholly responsible for ensuring that their mooring operation and its infrastructure is suitable for the waterway conditions, including if these should change over time. In my view, at CYBC, this would include works to address the sloping foreshore and appropriate infrastructure to cope with typical levels of wash. Whilst I would expect the PLA to investigate the severe incident notified to them, CYBC should anticipate and be able to accommodate the typical range of wash on this stretch⁴.

⁴ Defined by the Maritime and Coastguard Agency as “Category C – tidal rivers, estuaries and large, deep lakes and lochs where the significant wave height could not be expected to exceed 1.2 metres at any time”.

- 4.15. The Port of London Authority served a Section 70 Notice under the Port of London Act 1968 (as amended) to CYBC on 20 October 2023 for breach of their River Works Licence, as evidenced by Kate Bex of Viva. This relates to the condition of parts of the Moorings including:
- i. The dwarf sheet pile wall forming part of the campshed at the upstream end of the works being in a state of disrepair.
 - ii. A hole was identified within Pontoon AJ (which I am informed by the Boat-owners contains the main electricity circuits).
 - iii. The full length of the hull *Pacifica* was unsupported at low tide, the existing infrastructure was unable to moor the houseboat safely and securely in view of the ambient conditions, and it was insufficiently fendered.
- 4.16. Another important attribute of every mooring site is how well it is managed, and the level of customer service provided by the operator. The Boat-owners' witness statements describe the Company's management practices and customer service at CYBC:
- i. The Company is clearly lacking in responsiveness to site problems described above.
 - ii. Many witness statements refer to the Company's style of customer service, for example Chris Bird of Isis says: *"Like others on the mooring, I am disturbed by the current boat company management's combative and uncommunicative approach..."* They have an uncooperative approach in relation to renewal of licences, and customers feel very uncertain about their future. Rebecca Illing of Blue Moon says: *"I have found that the sense of uncertainty that has been created by the management of CYBC is a constant feeling of unwelcome imposition."* The Company refused to renew Simon Howard's licence because he missed the option window by 29 days, following major heart surgery. When preparing a berth-specific Statement of Agreed Facts for one Boat-owner in this Expert Determination, the Company asserted that the Boat-owner had not exercised their option to renew and had no right to remain. They had not told the Boat-owner, who was completely unaware. However once the Boat-owner asked the Company's recipient of the notice, Jez Hermer, to check, it transpired that the Company had, in fact, received the notice exercising the renewal option within the specified period. In my view this is serious mismanagement of a significant issue – the Boat-owner's tenure. Additionally, in my experience, renewal reminders/notifications are sent to a customer in advance, as standard practice and good customer service.
 - iii. When houseboats, i.e. the Boat-owners' homes, have been moved, very little notice has been given, sometimes one or two weeks (states Margaret Allen, owner of Aquila) or as little as a matter of hours (states Alan Colls of Aquarius). In my experience, it is normal practice at mooring sites for houseboats to remain on the same berth and only be moved in exceptional circumstances such as for temporary operational reasons. Operators seek to provide a stable setting and berth location for people to make their home, which is in the operator's interests since it strengthens their reputation and hence demand/value. However this is not the case for

some houseboats at CYBC and all Boat-owners could now expect to be moved at short notice. Alison Russell, owner of Judith tells how she was moved four times in 2023, after being on the same berth for 22 years. She said the Company had paid no regard to the archaeological importance of the riverbed at the proposed berth: *“When the obvious potential for damage to the [Saxon] fish trap was drawn to the attention of Historic England, the PLA and RBKC, my boat was moved first out into the middle of the river and then into berth 40...”* Her houseboat has been moved a further five times and Ms Russell suffered severe interruption: *“As a result of all the above moves I was left without electricity for 32 days, without gas for 135 days, had no access gangway to the boat for 18 days and still have a temporary access gangway which is too dangerous for my mother to use at low tide.”* I understand that the Company has served an eviction notice on Ms Russell, which she is disputing via her lawyers (on the basis that the Company’s previous owners gave assurances that boat-owners would be permitted to remain). However I note that the Company has continued to accept Ms Russell’s payment of Mooring Fees and Maintenance Charge in full, with no allowance for the significant interruptions she suffered.

- iv. The Company has placed extremely large houseboats at the Moorings which impact on two of the Boat-owners, as evidenced by Margaret Allen, owner of Aquila: *“These boats are roughly four times the size of Aquila, overshadow her completely, block light, present privacy-invading views of our internal living-space to all aboard them, and utterly obstruct our upstream view – not just from the conservatory but actually from the very end of the outside deck area.”* And by Alan Colls of Aquarius: *“... not only does this boat look completely out of place... but it diminishes light through our windows, invades our privacy and completely restricts our view upriver. As a result of this neither myself, nor any of my family, feel comfortable on the boat.”* Three of the Company’s houseboat structures (two currently in occupation) are so large that they straddle two berths. The Royal Borough of Kensington and Chelsea (RBKC) commenced planning enforcement proceedings. The Company applied for a Certificate of Lawful or Established Use or Development which RBKC refused on 9 May 2024. In response to RBKC’s planning consultation on the CLEUD, the Port of London Authority have implied that CYBC’s application boundary (encompassing the Company’s large houseboats) extends beyond the mooring boundary consented by their River Works Licence and, furthermore, that the Company has included in their application an independent mooring outside the Company’s control. The PLA’s email to RBKC of 15 March 2024 is evidenced by Kate Bex of Viva. The Port of London Authority’s Section 70 Notice referred to in para 4.15 also states that the large houseboat structures being moored across two berths is contrary to the River Works Licence and must be removed.

4.17. All of the above demonstrates the main attributes of the Moorings:

- i. A poor standard and quality of aged mooring infrastructure and facilities; steep and moving gangways, utility outages, severely rusted pontoons; gangways and handrails collide with pontoons.
- ii. Some serious safety issues - sunken pontoon, detached gangways, houseboats slipping on their mooring.
- iii. Eroded, sloping foreshore such that toilets, sinks and showers are unusable for several hours twice a day.
- iv. Bad wash causing major problems for living aboard, including over a prolonged period and one serious incident.
- v. An insecure and openly accessible site resulting in break-ins and risks to Boat-owners' personal safety in their own homes.
- vi. Despite soaring Maintenance Charges, the staff on site fail to undertake what I consider basic maintenance such as removing accumulating debris (some snagged on utility cables) or repairing a broken wheel on a gangway and alleviating the incessant screeching. There is no evidence of resolving the important issues at the Moorings; only painting of the rusty pontoons and replacement of some of the gangways.
- vii. The Company has allowed the site infrastructure to deteriorate to a very basic standard over a long time, requiring the Port of London Authority to take action for breach.
- viii. The Company demonstrates poor customer service by failing to repair outages promptly, giving short notice when moving boats, poor customer relations and by its lack of transparency over the Maintenance Charge (explained later at para 6.12).
- ix. By mooring significantly larger houseboats (subject to planning enforcement and breach of its PLA River Works Licence) alongside smaller boats, the Company has paid no regard to the impact on its customers and their homes.
- x. The Company's refusal to sell a new licence to Boat-owners and instead to issue eviction notices has created an environment where Boat-owners fear for their future, unlike at other mooring sites.

4.18. In summary, under clause 5.1 of the mooring licence, the willing licensee would take into account the state and quality of the Moorings, the Company's failure to address both major issues and minor maintenance, the Company's disregard for the living conditions of its customers, its treatment of the Boat-owners and its reputation on the River as a bad licensor, when evaluating *"the mooring fee per year at which the Mooring might reasonably be expected to be licensed in the open market."*

Notes on the calculations

Charges per boat length

4.19. CYBC and all other operators base their charges on the boat length, not per berth. All the analysis and calculations are therefore expressed in terms of per metre length of houseboat. All berths are for wide-beam boats (no narrowboats).

Calculations per metre

4.20. All operators except Nine Elms Pier charge per metre therefore calculations are per metre. To enable a direct comparison with CYBC, the measurements are converted to a per foot basis in the summary.

Prevailing CYBC maintenance charge

4.21. The CYBC Maintenance Charge is that notified to the Boat-owners on 27 September 2023 of £560 per metre (£170.73 per foot) as in the Core Statement of Agreed Facts. It was an estimate for the forthcoming year to September 2024. For my valuations of the respective 2017 and 2020 Mooring Fee, I have used the actual Maintenance Charge for those years. The 2017 and 2020 charges, and the 2023 notification letter, are in MBA3.

VAT on mooring fees

4.22. Mooring fees can be charged at zero % VAT if the boat/vessel qualifies under the HMRC guidance note 744c⁵. Most wide-beam boats (as opposed to narrowboats) on the Thames and docks meet the qualification. Therefore operators of comparable sites in this report charge VAT at zero % on mooring fees; CYBC do not charge VAT.

Comparable site rates

4.23. Sources of the price data include enquiries to operators or their agents by myself and associates, and/or information provided by associates, boat-owners and other contacts during 2023 and 2024.

Date of comparable rates

4.24. Operators set their rates at different times of the year. The rates in this report were their prevailing rate in the second half of the year 2023 to the best of my knowledge.

Blackwall Basin auction data

4.25. The Canal and River Trust does not allow boats to be sold on the berth at this marina. The Trust auctions their vacant berths. Boat-owners bid the annual mooring fee they are willing to pay. This is therefore a clear and useful test of the market for mooring fees here. The mooring fee is the total charge because the Trust makes only the one charge for its moorings – it does not split out a service charge.

⁵ <https://www.gov.uk/guidance/ships-aircraft-and-associated-services-notice-744c#ships-and-qualifying-ships>

4.26. Note that the Trust use auction data to *inform* their pricing at each site. The number of bidders and range of bids indicates the level of demand. The Trust does not simply increase the fees for all boat-owners to the last winning bid because it is incorrect to assume that all berth-holders would be willing to pay what the winner has bid, particularly if there were only two bidders for a vacant berth, for example. I developed this mooring auction system and pricing policy for the Trust approximately 15 years ago, which is still in place.

4.27. The Trust does not publish their auction results, but I was provided with data for the last 2.5 years for Blackwall Basin below.

Blackwall Basin auction data

Date	Berth length (m)	Starting price	Winning auction price	Equivalent price per metre
Jun-21	24.9	£18,719.70	£18,719.70	£751.80
Feb-22	19.5	£14,602.00	£14,602.00	£748.82
Sep-22	18	£16,173.76	£18,719.70	£1,039.98
Jul-23	17.4	£13,028.85	£13,028.85	£748.78
Sep-23	38.4	£26,207.47	NOT SOLD	N/A
Nov-23	30	£22,463.56	£22,463.56	£748.79
March-24	24.9	£18,719.70	NOT SOLD	N/A

4.28. It is clear that the average is £750 per metre, excluding the outlier (a comparatively short boat), and that the winning bid is at the starting price in all but one auction, showing that there is not demand above this price and no bidding war.

4.29. The Trust charges £623 per metre (September 2023) to those berth-holders who have not recently bid for a berth. In my valuation I have used the rate of £623 per metre but also the auction average of £750 per metre, as explained later.

Total charges approach

4.30. The total charges approach is the **total charges paid to moor** at a site. This is the sum of mooring fee and any maintenance/service charge. It is appropriate to use the total charges because there is an economic level of total annual cost above which the market will not pay - a ceiling sum of mooring fee plus maintenance fee. This is the only approach to allow meaningful comparisons between mooring sites because their total charges comprise different elements.

4.31. If a boat-owner must make two payments, they have to consider the total when deciding whether they are prepared to moor at the site and how it compares to other sites. Whether the comparison site makes one (mooring fee) or two charges (mooring fee and maintenance charge), it is the total that will be considered.

- 4.32. By way of an example, the 2023 Mooring Fee set by CYBC is £239/ft which is £784 per metre. This is very close to the mooring fee at Poplar Dock of £766 per metre, so in theory, boat-owners at Poplar may be very keen to moor closer to central London for the same price. However, once they know there is an additional £560 per metre to pay for the estimated maintenance charge (£171/ft) they will reassess. They cannot ignore it. At Poplar there are no other charges; the operator chooses to recover their maintenance costs through the mooring fee.
- 4.33. At sites where a separate maintenance/service charge is made, there are large variations in what the operator includes in this charge. The items are usually referenced in the mooring licence; some set out a clear schedule; others have a more general reference.
- 4.34. Exactly how the operator sets their maintenance charge is their choice. But this also determines the remaining mooring fee that can realistically be charged to produce a *total cost* not exceeding market rate. The lower the maintenance charge, the higher can be the mooring fee, and vice-versa. But neither element can tip the total beyond market rate, otherwise the operator prices themselves out of the market.
- 4.35. Across the market, I have always found that the *total fee* charged is consistent with market rates, as illustrated in the table of my comparables below.

Maintenance charge, mooring fee and total charges of comparable sites, per metre per year for 2023

Mooring Site	Maintenance charge	Mooring fee	Total charges
Oyster Pier	£0	£777	£777
Nine Elms Pier	£92	£499	£591
Dove Pier	£42	£555	£597
Kew Marine	£212	£390	£602
Lots Ait	£132	£496	£628
Limehouse Basin	£0	£736	£736
Poplar Dock	£0	£766	£766
Blackwall Basin	£0	£624	£624

- 4.36. I therefore have to consider the Maintenance Charge at CYBC, since the willing licensee of para 5.1(b) would take account of it under para 5.1(g) as one of the terms of the Licence, when deciding how much they were prepared to pay for the Mooring Fee.
- 4.37. **In this report I therefore value the ‘total charges’ rate for CYBC, from which the Maintenance Charge must be deducted to determine the Mooring Fee.**
- 4.38. I have always advised clients who make a separate maintenance/service charge to set their mooring fee on this basis. This includes two of the comparable sites, Kew Marine and Nine Elms Pier.
- 4.39. Note that I exclude individual costs such as personal electricity consumption since this is recharged separately at all sites.

5. Valuation methods

I have considered two different approaches to value the Mooring Fee at CYBC:

1. Inflation

I inflate CYBC's Mooring Fee as at 28 September 2017 by a market inflation rate to derive the Mooring Fee for 29 September 2017, 29 September 2020 and 29 September 2023. I use a dataset I have for London residential mooring fee increases.

2. Adjustments of comparable site rates

I adjust the 2023 mooring charges (total charges) of each comparable site by:

- (a) the site's rating, based on its attributes, relative to CYBC, and
- (b) its location weighting, using property prices, relative to CYBC

This produces a set of derived total mooring charges for CYBC for 2023, from which I take the average.

I then backdate/deflate this 2023 CYBC total charge to 2020 and 2017 using my London residential mooring fee inflation rate.

I then deduct the CYBC Maintenance Charge at each of the review dates to produce the Mooring Fee element.

I make adjustments where appropriate to the Mooring Fee for the remaining period of each Licence and for berth-specific factors at each review date.

Valuation method 1: inflating the CYBC 2017 Mooring Fee

5.1. In the Licences, the "Review Date" is defined as "29 September 2014 [or 2017 or 2020] and 29 September in every third year thereafter."

5.2. The last Mooring Fee accepted by the Boat-owners was:

£453 per metre (£138 per foot) for the period 29 September 2014 to 28 September 2017⁶

Therefore my starting point is this rate at 28 September 2017.

5.3. I have a set of market data from 2013 when I conducted a mooring fee review for a client on the Thames. I have updated this data with the same operators' rates (total charges) for 2023. This gives a 10-year range from which I derive a year-on-year average increase. (I do not have a dataset for 2017 which would have provided an average specifically for the assessment period, but the 10-year rate derived below provides an appropriate market trend.)

Increases in mooring charges (total charges) between 2013 and 2023 per metre per year

Mooring Site	Location	Total charges to moor 2023	Total charges to moor 2013	Increase in 10 yrs	% increase in 10 yrs	% increase per year
Nine Elms Pier	Nine Elms	£591	£327	£264	81%	8.1%
Dove Pier	Hammersmith	£597	£340	£257	76%	7.6%
Kew Marine	Kew	£602	£438 (2015)	£164	37%	4.7%*
Limehouse Basin	Limehouse	£736	£473	£263	56%	5.6%
Poplar Dock	Canary Wharf	£766	£473	£293	62%	6.2%
Harts Boatyard	Surbiton	£763	£494	£269	54%	5.4%
Little Venice	Maida Vale	£813	£541	£272	50%	5.0%
Ice Wharf	King's Cross	£753	£527	£226	43%	4.3%
Year-on-year average						5.85%

*My oldest rate for Kew Marine is 2015, therefore the yearly increase is calculated over eight years.

5.4. Note that the sites with the higher increases were at very low rates in 2013 and have been 'catching up' with the market, particularly Dove Pier and Nine Elms Pier. From my dataset I have excluded Blackwall Basin (operated by Canal & River Trust) as an outlier because it had a 'catch-up' programme of 10% per year between 2018 and 2023. I also excluded Chiswick Quay Marina where the rate was around 2.5% per year.

⁶ The rate of £138 per foot was agreed for the three-year period 29 September 2014 – 28 September 2017. The Company set payments as £130/ft for the year from 29 Sept 2014, £138/ft for the year from 29 Sept 2015 and balancing that out with a charge of £146/ft for the year from 29 Sept 2016. Since the next proposed rate from 29 Sept 2017 was not agreed, it stands that the last agreed rate at 28 Sept 2017 was £138/ft.

5.5. The results of applying a yearly increase of 5.85% to the last agreed Mooring Fee (at 28 September 2017) are shown below.

Applying the market average yearly increase to CYBC's Mooring Fee from 28 September 2017 to derive the Mooring Fee for 29 September 2017, 2020 and 2023

	Mooring Fee per metre increased at 5.85% per year
As at 28 September 2017	£453
From 29 September 2017	£479
2018	£507
2019	£537
From 29 September 2020	£568
2021	£602
2022	£637
From 29 September 2023	£674

5.6. This method focuses solely on the Mooring Fee element of the total charges paid to moor at CYBC. I now add CYBC's Maintenance Charge for the respective years to the inflated Mooring Fee above and show the total charges below.

Total charges for CYBC using the inflated Mooring Fee plus Maintenance Charge

	Inflated Mooring Fee per metre	Maintenance Charge per metre	Total charges per metre per year
Up to 28 September 2017	£453	£237	£690
From 29 September 2017	£479	£281	£760
2018	£507	£328	£835
2019	£537	£286	£823
From 29 September 2020	£568	£398	£967
2021	£602	£498	£1,100
2022	£637	£522	£1,158
From 29 September 2023	£674	£560	£1,234

5.7. Note that the decrease between 2018 and 2019, is purely due to the fluctuating Maintenance Charge made by CYBC in those years.

- 5.8. The resulting total charges of £1,234 are evidently well in excess of the market tone for 2023 (referring to the table of comparable site charges on page 9) where the highest rate (total charges) is £777 per metre at Oyster Pier. The excessive result from this method is because either the Mooring Fee element from 2017 which is then inflated, or the Maintenance Charges up to 2023, are excessive, or both. **I therefore discount Method 1.**
- 5.9. Since the total costs are fixed at the ceiling sum in the market, and the Maintenance Charge is also a value fixed by CYBC, the Mooring Fee can only be the balancing item. Otherwise CYBC prices itself out of the market by exceeding the ceiling sum.
- 5.10. I discuss the Maintenance Charge further, at para 6.4.
- 5.11. My second method below evaluates the *total charges* for the Moorings (that is the combined Mooring Fee plus Maintenance Charge) which is the only meaningful way to consider charges to moor at a site in the market and to compare across sites. I then deduct the Maintenance Charge to determine the Mooring Fee element.

Valuation method 2: adjusting the rates at comparable sites

- 5.12. My usual approach to value a site's mooring charge (total charges) is by reference to charges at comparable sites and adjusting for the key factors which differentiate between them, namely:
1. the attributes of the moorings (facilities, quality, services, nearby amenities/transport)
 2. the value of a site's locality

To pragmatically and consistently make adjustments for these two factors, I have developed: (1) a site rating and (2) a location weighting relative to CYBC, as set out below.

Rating for each site

- 5.13. I have produced a rating for each site (comparables and CYBC) using a standardised format, summarised in the table further below and produced in full in MBA1. This is my established approach, having originally developed a similar method to price the 22 mooring sites I used to manage on London's canals and docks. I also developed a simplified grading system⁷ for the 3000+ moorings across the Canal and River Trust's network to guide staff on pricing and appropriate levels of resource, for British Waterways Marinas Ltd (now owned and operated by Aquavista who use a grading system) and also for the Trust's visitor moorings created for the London Olympics. Another, much higher-end, example of rating is the Gold Anchor Scheme⁸ developed and accredited by The Yacht Harbour Association and the Marina Industries Association. Site rating is therefore commonly used in the marina industry and, of course, multiple sectors to both inform price-setting and aid customer comparison.

⁷ <https://www.watersidemoorings.com/Home/WhatWeOffer>

⁸ <https://www.tyha.co.uk/gold-anchor/what-is-the-gold-anchor-scheme>

- 5.14. Each of my comparable mooring sites has its own features and attributes in terms of pontoons (layout, style, age), services, access, aspect, security, river conditions etc and overall appearance and quality. The sites vary from fully-serviced marinas in the docks, to the large pier structure at Nine Elms Pier, the newest and high-quality Oyster Pier, and then the simpler sites of Dove Pier, Lots Ait and Kew Marine. The attributes I rate concern the nature of the site itself and its facilities.
- 5.15. Note that all sites, i.e. the comparables and CYBC, provide very similar core facilities (water, electricity, sewage and refuse disposal) therefore it is not necessary to include these in the rating. CYBC also provide gas, but this is a 'nice to have' for some (since electricity is also connected) but would not have a significant enough bearing on rating or price. Similarly, at Limehouse, the boaters' small social area in the harbourmaster's building is a 'nice to have' but not a significant distinguishing feature worthy of a price differential. Car parking is excluded because it is a separate charge at the few sites where it is offered. All mooring sites are subject to overhead planes flying westwards to Heathrow. This factor is therefore excluded.
- 5.16. Understandably, houseboat-owners value things differently, however in my experience there are some things which are agreed as more important or attractive and hence worth paying a higher price for. For example sun exposure, open river views, security, easily accessible mooring/pontoon arrangement, amenities and transport close-by, minimal nuisance factors, level of servicing, customer care and overall appearance and quality.
- 5.17. In my ratings, I have kept a consistent and logical approach in the treatment of disparate factors across the sites. The aim is to give an overall rating, ensuring that the significant factors, both positive and negative, which distinguish a site are reflected in its rating. Some sites' ratings are on a par with others but for different reasons/attributes.
- 5.18. Each attribute is scored between 5 (very good) and 1 (very poor) as at September 2023 to the best of my knowledge. I have ignored improvements at sites since then. The table showing each site's rating is below.

The full rating tables for each site, with further explanation of the criteria, is in MBA1.

The rating table for CYBC is in MBA1 and Appendix A of this report. A selection of illustrative photos of the CYBC Moorings is in MBA5. I have described the attributes of the Moorings at length at para 4.5.

Site ratings - all sites at 2023

Criteria	CYBC	Oyster Pier	Nine Elms <small>Docks</small>	Dove Pier	Kew Marine	Lots Ait	Limehouse <small>Docks</small>	Poplar Dock	Blackwall <small>Docks</small>
Land/location									
Sun exposure	5	4	1	5	3	4	3	4	4
Peaceful/quiet site overall	2	2	2	5	4	3	5	2	2
Open river or pleasant urban views	5	5	1	5	4	2	4	2	2
Privacy from / proximity of public passers-by	5	1	1	5	3	2	1	1	1
Open space/park adjacent to site	5	5	5	5	5	3	4	2	1
Public transport next to the site / under 5 mins walk	5	5	5	4	5	4	5	5	5
Good options of public transport in 15 mins walk	4	3	4	4	4	2	5	5	5
Good range of shops/cafes under 10 mins walk	5	1	5	5	4	3	3	5	5
River									
Calm water	1	3	1	4	4	4	5	5	5
Boats afloat at low tide	1	2	2	5	2	2	5	5	5
Mooring site									
Secure restricted entry	1	5	5	5	5	5	5	5	5
Ease of access on pontoons/gangways incl. low tide	1	5	4	5	4	3	5	5	5
Age and quality of infrastructure	1	5	3	4	3	4	5	5	4
Overall appearance of marina and infrastructure	2	5	1	4	2	3	5	5	4
Management/customer service, response to faults	1	4	5	5	4	4	5	4	3
Total out of 75	44	55	45	70	56	48	65	60	56
Rating as percentage	59%	73%	60%	93%	75%	64%	87%	80%	75%

- 5.19. For CYBC I have assessed and rated the front row berths marked as Zone D on my plan at page 40, but not accounting for any berth-specific factors – these adjustments are set out at para 6.19.
- 5.20. It is useful to understand why individual attribute scores are low (1 and 2) at the sites. They are described in the ratings tables in MBA1 and summarised below:
- i. **CYBC:** blight from main road (north) and road bridge (east) and frequent helicopter movements from London Heliport in Battersea⁹, noise from gangway rollers, waves and wash (sometimes causing severe rocking), boats ground at a tilt on low tide, unrestricted access/trespassers and break-ins, non purpose-built pontoons with dangerous articulation between pontoons and gangways. Gangways narrow and slippery when wet, inter-pontoon gangways in a poor state and being replaced in 2024, along with the lighting. Utilities and cables trail in the water, tied under gangways by string in places. Rusty pontoons, dented gangways and handrails.
 - ii. **Oyster Pier** has no privacy, very few shops/cafes/amenities nearby and boats lie aground at low tide.
 - iii. **Nine Elms Pier:** Boats between the pier and river wall have minimal sun, privacy and views. They have been subject to construction blight from the Thames Tideway Tunnel since 2016. They are subject to waves and wash. Boats lie aground at low tide. The pier is also an imposing and unattractive structure and boats are supported by tyres at low tide.
 - iv. **Blackwall Basin** is subject to construction noise from the major Wood Wharf development opposite, has no privacy and no leisure/green space on land nearby.
 - v. **Poplar Dock Marina** is subject to some construction noise, no privacy and minimal leisure/green space on land nearby.
 - vi. **Limehouse Basin Marina** has no privacy.
 - vii. **Lots Ait** moorings have a large derelict building at the site and some houseboats have limited views and privacy. There is also a boatyard nearby, although the operator says it is a “*quiet operation*” that works as a specialist skills centre. Brentford station is at some distance and offers just one route. Boats lie aground at low tide.
- 5.21. Note that the site rating focuses on the mooring site, its attributes and nearby amenities. The location weighting, set out below, captures the value of its locality.

⁹ London Heliport is licenced for up to 80 flights per day (see https://openresearch.lsbu.ac.uk/download/75449e4cf31c82667ff6ecb6037afc6541f559fd0e1740d46b69a37d15723368/752561/Heliport_noise_monitoring_report_26_june_2018.pdf)

5.27. Using the District postcode for a mooring site would also encompass too large an area, with the boundaries often bearing no relation to the mooring sites. For example the SW10 eastern boundary finishes just at the eastern end of the moorings and thus excludes any contextual value just next the moorings along the riverside; yet it includes property values 1.2 miles north of the moorings.¹⁰

5.28. The wrap-around Sector postcodes therefore best reflect the value of a mooring site’s location and vicinity. Most importantly, they take into account a site’s Thames-side setting as a location to live. Overall therefore, they offer the most meaningful indicator of a mooring site location’s value for comparison with CYBC.

5.29. I use house price sale data from HM Land Registry¹¹ as follows:

A dataset for flats/maisonettes because to include semi-detached and detached properties which achieve very high values in London would skew the calculations. Also, most comparison sites are surrounded by apartment blocks or houses converted into flats.

The interquartile mean of the dataset in order to exclude outliers (very low and very high value properties sold such as studios and penthouses).

Trend values which smooth over multiple fluctuations in the property market, for example sales affected by the pandemic or mortgage rate changes, or a large number of new apartments being released and sold in a year. Residential mooring fees do not move up and down from year to year like property prices, as evidenced in my dataset at para 5.3 which showed a steady year-on-year increase over the last 10-years across the market. Therefore it is more appropriate to use the trend values in property prices rather than actual.

The 2023 property values are derived from the trend over the last 10 years, i.e. starting 2013/2014 to the period 2022/2023 which relates to the fact that the last agreed Mooring Fee set by CYBC was set in September 2014.

A supplementary document MBA2 provides a compendium of the property price data, graphs and maps of the wrap-around Sector postcodes for each mooring site. The weightings are below.

Location weightings of comparable sites to CYBC at 2023

	CYBC	Oyster Pier	Nine Elms Pier	Dove Pier	Kew Marine	Lots Ait	Limehouse Basin	Poplar Dock*	Blackwall Basin*
Weighting	1.00	0.71	1.25	0.85	0.67	0.59	0.62	0.84	0.84
Average property price	£768,784	£545,059	£960,980	£656,754	£515,066	£453,047	£477,836	£643,178	£643,178

* Poplar Dock and Blackwall Basin marinas are very close to each other and share wrap-around sector postcodes; hence the same weighting and average property price.

¹⁰ Postcode boundaries can be found by using <https://www.streetlist.co.uk/>

¹¹ <https://landregistry.data.gov.uk/app/ppd/>

Deriving the Mooring Fee

5.30. The site rating and location weighting for all sites are shown below against each site's mooring charges (total charges) per metre per year for 2023.

Site rating, location weighting and mooring charges (total charges) per metre per year for 2023

	CYBC	Oyster Pier	Nine Elms Pier	Dove Pier	Kew Marine	Lots Ait	Limehouse Basin	Poplar Dock	Blackwall Basin
Site rating as percentage	59%	73%	60%	93%	75%	64%	87%	80%	75%
Location weighting	1.00	0.71	1.25	0.85	0.67	0.59	0.62	0.84	0.84
Mooring fees (total charges)		£777	£591	£597	£602	£628	£736	£766	£624

5.31. What is immediately obvious is that the charges at several sites are mismatched with their site rating and/or their location weighting. It is therefore very important to understand the context at these sites:

- i. At **Nine Elms Pier** the charges are low considering its very high location weighting, but they take account of the low site rating and years of construction blight (Thames Tideway Tunnel).
- ii. At **Dove Pier** the charges are low in relation to both its high rating and good location. Having spoken to the operator over many years, who lives on the mooring, it is clear that they choose to adopt a much softer approach to pricing, despite knowing other rates in the market and that they could charge more. Whilst the charges are within the general tone, they are at the lower end.
- iii. At **Lots Ait**, the charges are very high in relation to the site's mid-rating and low location value. I know that this site and others nearby managed by the same operator have a significantly higher than average turnover of houseboat-owners who sell their boat on the berth, at around 10-15% each year, demonstrating that the charges are too high (and confirmed by boat-owners I have spoken to).
- iv. At **Blackwall Basin**, the charges of the Canal and River Trust of £624 per metre are at the lower end of the tone, as suggested by the auction data at para 4.27 where an average of £750 per metre has been achieved across the last 2.5 years, and in comparison with neighbouring site Poplar Dock operated by Aquavista.

5.32. Adjustments to these sites' charges will therefore skew the resulting rate, for example the very low location weighting of Lots Ait to CYBC, combined with its very high mooring charges; similarly the adjustment for Nine Elms Pier with its very high location weighting and low site rating. Dove Pier is an outlier with high rating and high location weighting but low charges; similarly Blackwall Basin. This is clear to see in the table of adjustments below when deriving the mooring charges (total charges) for CYBC from these sites.

5.33. I believe that the charges for **Oyster Pier**, **Kew Marine**, **Limehouse Basin** and **Poplar Dock** are strong and reliable market rates. I reviewed the charges for Kew Marine in 2022/3. Limehouse Basin and Poplar Dock are commercially operated by Aquavista Ltd who set robust rates. I believe the auction data for **Blackwall Basin** demonstrates a more appropriate market rate. The **Oyster Pier** berths are let by the estate manager of a commercial company.

5.34. I therefore focus on these five sites and must exclude the skewed results from the other sites, for reasons explained. By focusing on sites with realistic market-based rates, and without location or site weightings at the extreme, the more correct are the resulting rates and the closer they are within a range. These are highlighted in blue in the table below.

5.35. The average of these derived rates is £752 (total charges) per metre.

Total charges derived for CYBC by adjusting each comparable site's total charges by:

1. the site's rating to CYBC's site rating of 59%
2. the site's location weighting to CYBC (which is set at 1)

	CYBC	Oyster Pier	Nine Elms Pier	Dove Pier	Kew Marine	Lots Ait	Limehouse Basin	Poplar Dock	Blackwall Basin	Blackwall Basin Auction
Total charges		£777	£591	£597	£602	£628	£736	£766	£624	£750
Site rating	59%	73%	60%	93%	75%	64%	87%	80%	75%	75%
Location weighting	1.00	0.71	1.25	0.85	0.67	0.59	0.62	0.84	0.84	0.84
Total charges derived for CYBC 2023		£877	£462	£439	£706	£976	£801	£671	£586	£704
Average of selected sites	£752									

5.36. I therefore conclude that the total charges of £752 per metre is the rate to apply to CYBC from 29 September 2023 (for the front row berths marked as Zone D on my plan on page 40 assuming a 10-year licence period).

5.37. To determine the total charges for 29 September 2020 and 29 September 2017, I do not have sufficient information about each comparable site's attributes or charges at either of those dates to replicate the valuation method. The most reasonable approach is to deflate the total charges rate I have derived for 29 September 2023 using my mooring market yearly average of 5.85% from method 1 earlier. See table on next page.

Total charges derived for CYBC for 2020 and 2017 by deflating my 2023 rate

Total charges derived for CYBC (per metre per year)	
From 29 September 2023	£752
2022	£710.43
2021	£671.15
From 29 September 2020	£634.05
2019	£598.99
2018	£565.88
From 29 September 2017	£534.59

5.38. Because these rates are total charges, (derived from the comparable sites' total charges), the CYBC Maintenance Charge at each of the review dates 29 September 2023, 29 September 2020 and 29 September 2017 must be deducted to determine the Mooring Fee element, as shown in the table below.

The 2020 and 2017 Mooring Fees by deflating my 2023 valuation (total charges) and deducting the prevailing CYBC Maintenance Charge to derive the Mooring Fee element

	Total Charges per metre per year	Maintenance Charge per metre per year	Mooring Fee per metre per year
From 29 September 2023	£752	£560.14	£191.86
2022	£710.43	£521.59	£188.84
2021	£671.15	£497.83	£173.32
From 29 September 2020	£634.05	£398.23	£235.82
2019	£598.99	£285.63	£313.36
2018	£565.88	£327.99	£237.89
From 29 September 2017	£534.59	£281.14	£253.46

5.39. Note that the Mooring Fee element would be expected to increase year on year from 2017 to 2023, but it does not. It decreases between 2017 and 2018, between 2019 and 2020 and again between 2020 and 2021. This is purely due to the fluctuating Maintenance Charge made by CYBC in those years, and/or that the Maintenance Charge increased by more than my 5.85% annual inflation of the total charges.

5.40. I therefore conclude that the Mooring Fee for CYBC at each of the review dates is as shown in the last column of the table above.

6. Mooring Fee valuation

6.1. I concluded in section 5 that the Mooring Fee for CYBC in each of the review years is:

	per metre	per foot
From 29 September 2023	£191.86	£58.48
From 29 September 2020	£235.82	£71.88
From 29 September 2017	£253.46	£77.25

6.2. This is the rate for the front row berths in Zone D of my plan at page 40. I make adjustments for berth-specific factors and remaining term of the Licence at the end of the report.

6.3. However, first I discuss the Maintenance Charge because, evidently, it has a direct effect on the Mooring Fee.

The Maintenance Charge at CYBC

6.4. The Maintenance Charge is not a matter for this Expert Determination. However it is entirely relevant because its very high value explains the apparently low Mooring Fee valuation.

6.5. Throughout this report I have used the total charges approach (mooring fees plus any maintenance/service charge) for the reasons set out earlier at para 4.30.

6.6. Operators vary in how they charge for a berth - either one mooring fee or a number of elements. Those operators who make a separate maintenance charge (often called service charge) vary significantly in their approach and what they include in that charge, as shown in the table below.

Mooring Site	Maintenance/Service Charge per metre 2023
CYBC	£560
Nine Elms Pier	£92
Dove Pier	£42
Kew Marine	£212
Lots Ait	£132
Oyster Pier (my comparable berths)	£0
Limehouse Basin	£0
Poplar Dock	£0
Blackwall Basin	£0

- 6.7. It is clear that the Maintenance Charge at CYBC far exceeds the maintenance charge at any of the comparable sites.
- 6.8. CYBC's Maintenance Charge Statement of the Company's expenses for the year ended 28/09/2023 (MBA3) gives the total charge at £582,944. It is extraordinarily high, in my view. For example £377,403 on man-hours (direct labour, subcontractors and out of hours attendance). In the previous year the total Maintenance Charge was £574,029, of which £396,036 was labour costs. The Company estimates the total charge will be £644,318 in 2024, with £386,500 labour costs. That is £1,160,000 in labour costs in three years. I know of no other marina (of similar size and attributes) that incurs anything remotely like this scale of cost, including the large marinas I used to manage.
- 6.9. In 2012 I spoke to the then admin manager of CYBC, Lorna Caie, when I was reviewing the mooring fee and maintenance charge for a London client. She told me that the Maintenance Charge included an apportionment of labour costs from the 6-strong workforce. They kept detailed timesheets to ensure only work maintaining the moorings was charged to the Maintenance Charge because they also spent time on boat-building and repairs in the boatyard. I cannot understand or see how the maintenance of the site now requires such extraordinary labour costs 11 years later, and when there is no apparent significant change in the site.
- 6.10. The Company states that it is recharging costs of infrastructure replacement to berth-holders, i.e. *"...replacing the lighting on the moorings ... and the replacement of approximately 17 inter-pontoon gangways..."* in the notification of 27 September 2023 (MBA3) and *"... replacing the lighting on the moorings, increased security on the moorings including a new CCTV system, and the replacement of 25 gangways"* in the notification of 16 September 2022 (MBA3).
- 6.11. This is extraordinary and excessive, in my view. I have never known the operator of any other mooring site to recharge costs of infrastructure replacement; such is capital expenditure and is the *licensor's* cost in the moorings market. In recent years, Nine Elms Pier replaced their electricity system and lighting, and installed new security gates and CCTV; Limehouse Basin refurbished the boaters' facilities in the Harbourmaster's building; Kew Marine have connected sewage to the mains and installed a new pump and pontoon; and the facilities building at Blackwall Basin has been refurbished. None of these works were recharged to boat-owners.
- 6.12. The Maintenance Charge in 2017-18 was £281 per metre (£85.69 per foot) and is now notified as £560 per metre (£170.73) per foot for the year 2023-24. It has doubled in 6 years. (Figures from Statement of Agreed Facts.).
- 6.13. The Boat-owners' position is that the Moorings do not look and feel substantially different to how they did pre-2016 when CYBC changed hands and the Maintenance Charge began to increase dramatically. They have asked the Company for transparency in relation to the Maintenance Charge as evidenced in the letters from Hamblins to CYBC and to their accountants dated 23 June 2023 (MBA4) stating that CYBC *"... has been unable to provide reasonable justifications for the dramatic increase in charges since the current directors took ownership in 2016..."* and inviting them to

demonstrate that the Maintenance Charge is as provided for in the Licences, i.e. “... such fair and reasonable proportion of CYBC’s reasonably incurred costs and expenses of providing administering and managing the Moorings.”

- 6.14. The current Company owners provide information in the form of the “*Maintenance Charge Statement of the Company’s Expenses*” (MBA3) but under only very general headings. The previous Company owners used to permit a representative of the Boat-owners to inspect the timesheets, invoices, receipts, and other supporting material for the Maintenance Charge accounts. On behalf of the residents, one Boat-owner, Roddy Mullin, has made several enquiries of the Company, including corresponding with the Company’s financial controller, however this resulted in extensive exchanges and was unsatisfactory in terms of full disclosure.
- 6.15. Correspondence between both parties has continued (MBA4). The Boat-owners have been unable to establish exactly where the money is being spent and so are unable to agree that the expenses CYBC says have been incurred are ‘fair and reasonable’. Kate Bex has repeatedly asked “*It seems that Boatowners and CYBC are unlikely to agree that the very large increases to the maintenance charge are ‘fair and reasonable’. How do you suggest this is resolved?*” The Company’s position is that the Boat-owners “... should provide details of the charges which are disputed...” (para 3 of Jenny Hermer’s email to Hill Dickinson on 27 June 2024 in MBA4). It seems to me that the Company needs to disclose full details of all costs first, so that the Boat-owners are able to identify what is disputed.
- 6.16. The Company’s letter of 7 July 2023 (MBA4) makes reference to terminating the licence of any boat-owner who does not pay the Maintenance Charge in full. The Licence gives the Boat-owners no mechanism for resolving a dispute over the amount of the Maintenance Charge, unlike an Expert Determination of the Mooring Fee or Licence Premium. Therefore it is very hard for the Boat-owners to challenge the Maintenance Charge. They feel they have no option but to withhold payments in excess of £290 per metre (£88.55 per foot) in respect of the Maintenance Charge until the higher charges are evidenced and justified.
- 6.17. In March 2024 the Company wrote to a number of Boat-owners confirming their position that they are in arrears of the Maintenance Charge with potential court action and termination of the Licence (Alyn Smith’s email to Rick Stroud 27 March 2024 in MBA4).
- 6.18. The above provides the context to the Maintenance Charge. The point for this valuation of the Mooring Fee is this: if CYBC chooses to set the Maintenance Charge so high (regardless of its composition), the Mooring Fee will inevitably be low, because there is a maximum ceiling of total occupation cost above which the willing licensee will not go.
- 6.19. This is a simple economic concept:

Total Costs = Mooring Fee + Maintenance Charge

Since the Total Costs are *fixed* at the ceiling sum in the market, and the Maintenance Charge is also a value *fixed* by CYBC, the Mooring Fee must be the *residual* element to balance the equation.

- 6.20. When the willing licensee is considering what they are willing to pay for the Mooring Fee, they would take into account the Company's approach to the Maintenance Charge and would:
- i. deduct it from the total charge they are prepared to pay, in order to identify the Mooring Fee,
 - ii. see that the Maintenance Charge has doubled in 6 years, well beyond Cost Price Inflation,
 - iii. take into account the Company's extraordinary practice of recharging infrastructure replacement through the Maintenance Charge in more recent years,
 - iv. take the view that future Maintenance Charges may well be even higher when they view the age and overall quality of the Moorings, and logically assume that future replacement costs will be recharged to berth-holders,
 - v. compare the Maintenance Charges at CYBC with those at other mooring sites (where charged), which are significantly lower and more predictable due to the operator's approach to charging,
 - vi. be aware of the Company's lack of transparency in response to the Boat-owners' requests for full disclosure of the composition of the Maintenance Charge,
 - vii. take into account the Company's approach to resolution of the dispute, and
 - viii. also take into account the cost of settling the Mooring Fee if the parties disagree. Although there is the protection of an Expert Determination, in reality it is a very expensive process, and as CYBC has refused to apply the outcome of the previous determination of 11 Licence Premiums to other boats, the willing licensee would reasonably expect them to take the same approach in future for both Licence Premiums and Mooring Fees. To the Boat-owners, Expert Determination it is not a one-off cost and may be necessary every three years when the Mooring Fee is reviewed.

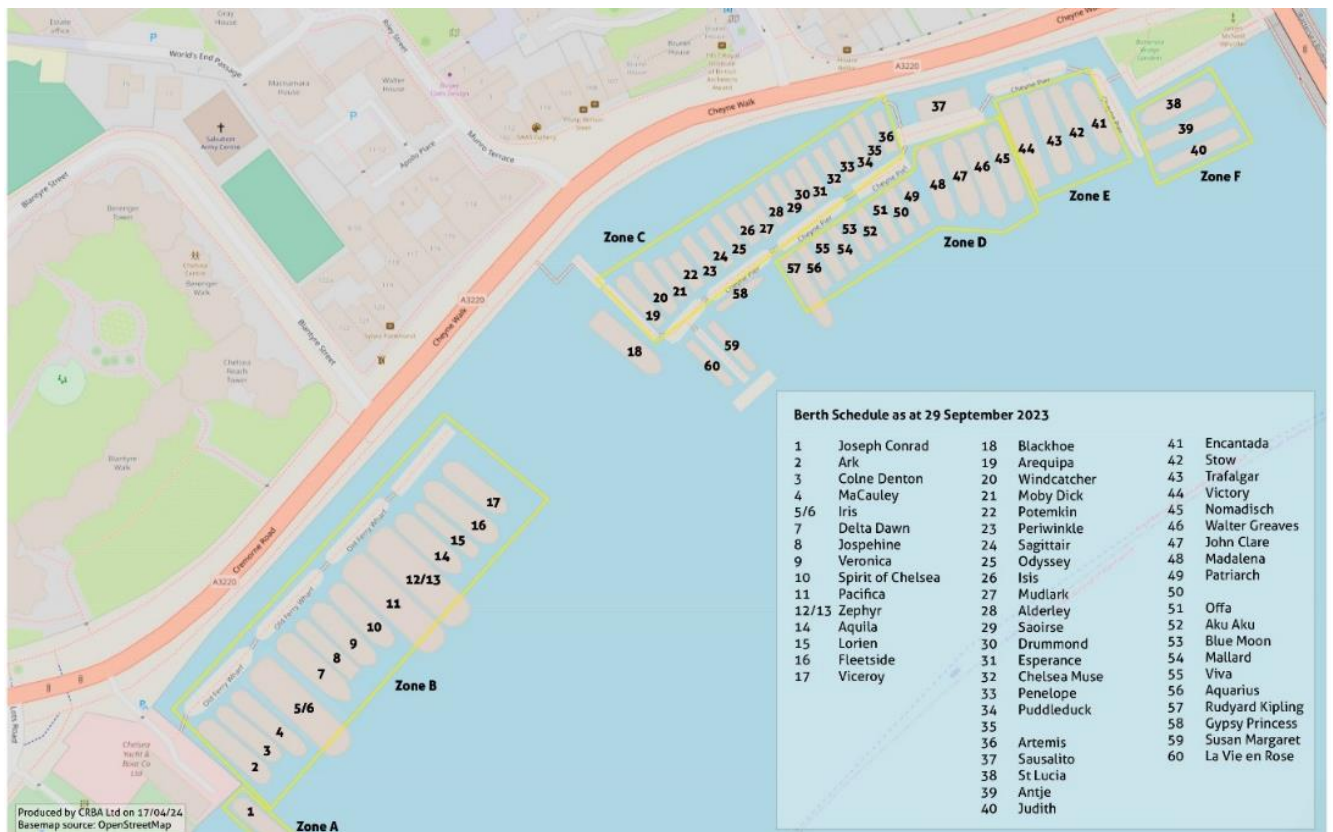
Adjustments for berth location and berth-specific factors

- 6.21. I valued the principal Mooring Fee for the front row berths marked Zone D on the plan further below. Adjustments for less advantageous Zones are set out in the table below, along with adjustments for berth-specific factors (in all Zones including Zone D) such as tilt at low tide and obstructed views.
- 6.22. In my review of the River Works Licence charges for the Port of London Authority, the deductions adopted for a berth-specific factor such as railway bridge noise ranged from 5% - 10%.
- 6.23. I note that Jez Hermer, Chief Marine Operations Officer for CYBC, states in his email to Alan Colls of Aquarius on 28 February 2024: *"... we recognise the appeal of the riverscape and the high value houseboat residents attach to views..."* It therefore follows that there is less value when views are impeded.

Berth-specific deductions

Zone	Berths	Factor	Deduction
ZONE A	1	Adjacent to floating dry dock	20%
ZONE B	2 - 17	Moored close to main road	5%
ZONE C	19-36	Main road is at the rear of the houseboat with some water-space/foreshore between road and boat. The houseboat's deck fronts the main pontoon which is less private due to passing residents and subject to noise from scraping gangway rollers. River view from the deck is blocked by boats in front.	7.5%
ZONE D	45-57	These are the berths on which I have valued the principal Mooring Fee. Any berths which are subject to impeded views or tilting at low tide are subject to berth-specific adjustments in the last two rows of this table.	-
ZONE E	41-44	Moored close to main road	5%
ZONE F	38-40	Moored close to Battersea Bridge	5%
Berth-specific		Views impeded, loss of light and privacy by larger boat(s) alongside. Deduction applied to the period affected.	5 - 15%
Berth-specific		Sloping mooring when grounding at low tide, impact on living conditions and strain on houseboat structure. Even houseboats on the least severe slope cannot use toilets/sinks/showers at low tide. The slope has worsened since 2017 hence increasing deductions in 2020 and 2023.	10% - 15% 2023 8% - 12% 2020 6% - 9% 2017

Berth layout as at 29 September 2023

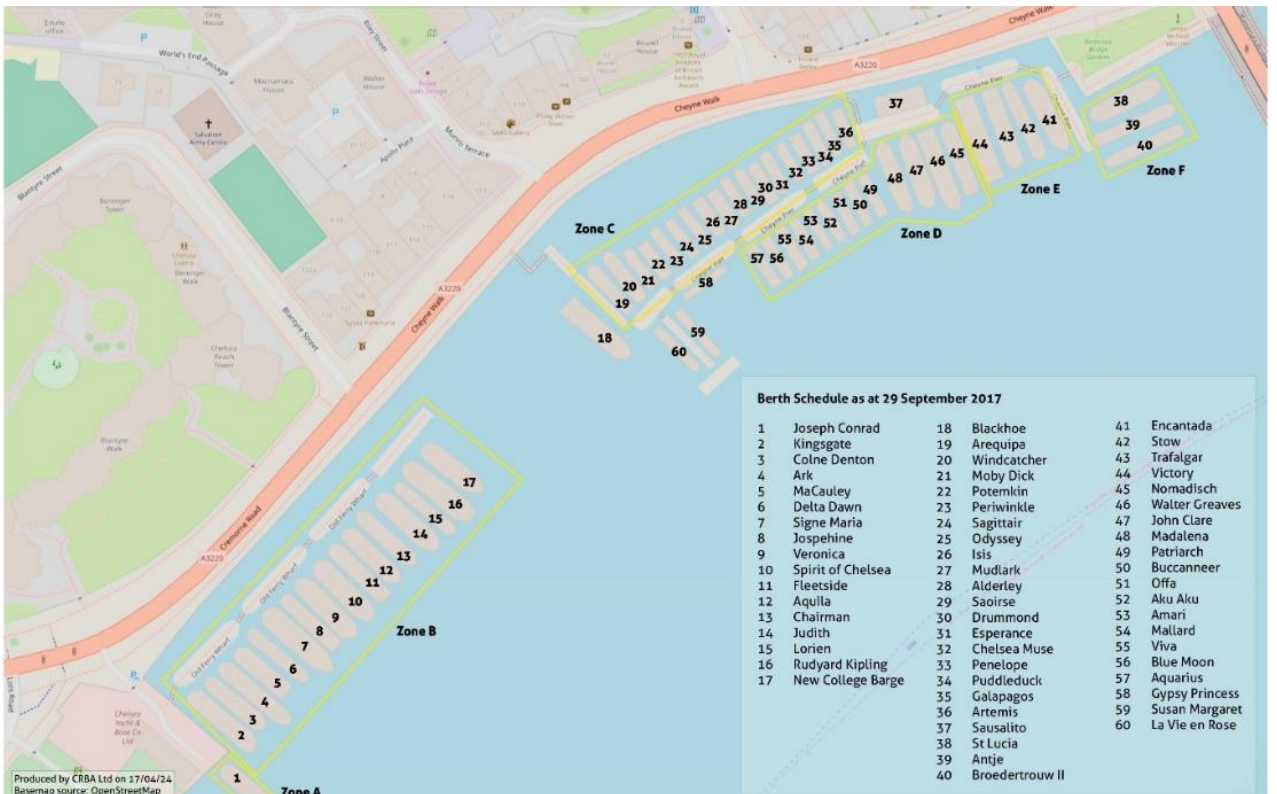


Berths lying outside a Zone are not subject to this Expert Determination

Berth layout 2020



Berth layout 2017



Remaining period of the Licence and obligation to remove the houseboat at end of the term

6.24. The basis for valuation requires me to consider the remaining period of the Licence. The remaining terms of the Boat-owners' Licences vary. They are summarised below.

Remaining terms of the Boat-owners' Licences

Remaining term as of September 2023	Number of licences
Missed their renewal option in 2022 due to ill health and is challenging their eviction in court	1
Expired in 2020 (no renewal option)	2
Approximately 2 or 2.5 years (no renewal option)	3
3.3 years (no renewal option)	1
5 - 6 years (no renewal option)	4
7.5 years (no renewal option)	1
Between 4 months and 22 months until expiry. They have an option to renew.	5

6.25. The Licence obligates the Boat-owners to *remove* their houseboat at the end of the term. This is an imminent or impending situation for several of the Boat-owners.

6.26. There are virtually no onward options for the Boat-owners' houseboats once their Licence expires because vacant berths are very rare on the Thames, since the occupying houseboats tend to be sold on the berth as explained at para 2.4 and 2.11. Many of the Boat-owners' houseboats are large and not capable of navigation or passage through locks; therefore the non-tidal Thames and canals are inaccessible to them.

6.27. In September 2022 I conducted extensive research¹² for a group of boat-owners at CYBC who were facing eviction, even though some were willing to buy a new licence and there were empty berths unsold at the Moorings. Only one, with a traditional and navigable Dutch Barge found a berth on the Medway, which is very remote from central London as their preferred home. One of the evicted houseboats had to be sold for scrap and another is on a leisure mooring. Jonathan Murray, owner of Colne Denton states in his witness statement that he has been unable to find anywhere else to relocate his houseboat.

¹² Enquiries across the Thames and docks, Thames estuary, Medway and Maldon at sites which could feasibly accommodate the houseboats, agent websites including Riverhomes and Boatshed, consulted contacts, mooring developers and boat-brokers.

- 6.28. As I explained earlier at paras 2.12 and 3.9, the market convention at residential moorings is not to evict a resident when the licence expires but to roll over the licence. Rollover licences provide sufficient confidence to boat-owners in setting up their home for a reasonable length of time, and many stay for years. Most invest upwards of £100,000 in their houseboat, often considerably more. The remaining licence term makes no difference because there is no expectation - and no obligation - to go at the end of it. In fact, the expectation is that they stay, by virtue of the rollover.
- 6.29. The Boat-owners' experience of the previous Company owners at CYBC was that they never declined to renew a licence. That has changed with the current owners and now there is no culture of renewal. CYBC have only issued short extensions such as three months or six months to some boat-owners whose licences have expired, conditional on the licensee accepting CYBC's Mooring Fees (2017, 2020 and 2023) and paying the backdated balance despite them disputing the charges, as evidenced by James Morland, owner of Macaulay, for example. The Company has made it clear there is never any assurance of further extensions and therefore the boat-owner has no written security of tenure and continues to face the impending liability of eviction.
- 6.30. The Company is also unyielding on missed renewals as evidenced by Simon Howard, owner of Joseph Conrad who missed his renewal window for a 10-year licence by 29 days. The Company also terminated the licence of Margaret Allen of Aquila because she missed the dry-dock inspection deadline by several weeks.
- 6.31. In my view, CYBC have created a unique scenario in the Thames mooring market with their refusal to renew a licence and the obligation to remove the houseboat. With so few vacant berths in London, and virtually no prospect of any being created in the future, such are the difficulties of gaining permissions to develop residential moorings, this presents a liability to the licensee.
- 6.32. This issue would certainly be considered by a willing licensee when considering what fees they would be prepared to pay for a vacant berth. The obligation to remove the houseboat makes the vacant berth a less marketable proposition, certainly compared to other sites with rollovers, which will diminish demand and hence the Mooring Fee. The shorter the remaining licence period, the more acute is the effect.
- 6.33. I am not aware of similar licences like this in the Thames market i.e. the willing licensee is expected to bring their houseboat (their asset in which they have invested) to a vacant berth with only a few years' tenure, after which the houseboat must be removed, and yet there is not likely to be any onward option.
- 6.34. It is difficult to determine how to reflect this factor in the valuation. It is an unmarketable proposition and yet I accept that there is of course some value to the Boat-owners in this Expert Determination of occupying their berth before they must leave. I therefore make the following deduction:

Deduction for remaining licence term

Remaining term (no renewal option)	Deduction
3 years	20%
2 years	30%
1 year or less	50%

- 6.35. In addition to the 29 September 2023 review date, I also apply these deductions to the remaining term of the Boat-owner's licence in effect at the 29 September 2017 and 29 September 2020 review dates, where relevant. For example, two licences expired on 28 September 2020 which meant that, at the review date of 29 September 2017, they had only three years remaining.
- 6.36. In theory, the relevant deduction should be applied in each of the remaining years (three, two or one year), to take account of the Boat-owner's diminishing tenure and impending eviction. However the Mooring Fee is fixed at the review date for the next three years, and therefore I can make no yearly adjustment.
- 6.37. A further point in relation to remaining tenure relates to CYBC's lease of Old Ferry Wharf. I have been informed by the Boat-owners that they were told by Royal Borough of Kensington and Chelsea (RBKC) that the Company's lease with RBKC for Old Ferry Wharf expires in March 2027 and has an 18-month break clause in favour of the Council. Since the Company has refused to provide any information on this, I can only assume that a situation could arise whereby the Company is no longer able to use Old Ferry Wharf and therefore would be unable to provide access to boats in Zone A and B of my plan, or continue using the vacuum drainage facilities and other services located there, beyond 2027 or possibly any time 18 months from now. This therefore raises the prospect that the Company may breach Licences expiring, or with an option to renew, beyond 2027; this affects eleven of the Licences in this Expert Determination. In my opinion, this is an unmarketable proposition to the willing licensee who would undertake their diligence checks of the basis on which the Licence is being offered and be deterred by the Company's lack of transparency on this issue.

Conclusion and valuation summary

I conclude that the Mooring Fee for the review dates, with deductions for berth-specific factors and remaining period of the Licence are as set out below.

Mooring Fee Valuation

	per metre	per foot
From 29 September 2023	£191.86	£58.48
From 29 September 2020	£235.82	£71.88
From 29 September 2017	£253.46	£77.25

Berth-specific deductions

Zone	Berths	Factor	Deduction
ZONE A	1	Adjacent to floating dry dock	20%
ZONE B	2 - 17	Moored close to main road	5%
ZONE C	19-36	Main road is at the rear of the houseboat with some water-space/foreshore between road and boat. The houseboat's deck fronts the main pontoon which is less private due to passing residents and subject to noise from scraping gangway rollers. View from deck blocked by boats in front.	7.5%
ZONE D	45-57	These are the berths on which I have valued the principal Mooring Fee. Any berths which are subject to impeded views or tilting at low tide are subject to berth-specific adjustments in the last two rows of this table.	-
ZONE E	41-44	Moored close to main road	5%
ZONE F	38-40	Moored close to Battersea Bridge	5%
Berth-specific		Views impeded, loss of light and privacy by larger boat(s) alongside. Deduction applied to the period affected.	5-15%
Berth-specific		Sloping mooring when grounding at low tide, impact on living conditions and strain on houseboat structure. Even houseboats on the least severe slope cannot use toilets/sinks/showers at low tide. The slope has worsened since 2017 hence increasing deductions in 2020 and 2023.	10% - 15% 2023 8% - 12% 2020 6% - 9% 2017

Deduction for remaining licence term

Remaining term (no renewal option)	Deduction
3 years	20%
2 years	30%
1 year or less	50%

Appendix A CYBC mooring site attributes and rating

Land/location		
Sun exposure	5	Excellent sun exposure, facing south
Peaceful/quiet	2	Battersea Bridge Road A3220 to the east and Cheyne Walk A3220 running along the rear, partly comprising two lanes of traffic in each direction. Busy route contributing air pollution and noise disturbance; less noise for the front berths. Noise from helicopters which turn onto the Thames above CYBC en route to Battersea Helipad ¹³ . Frequent noise from gangway rollers scraping on pontoons.
Open river or pleasant urban views	5	Excellent uninterrupted river views
Privacy from / proximity of public passers-by	5	Good privacy on houseboats and decks from passing public view
Open space/park adjacent to site	5	Cremorne Gardens adjacent to western end and Ropers Gardens near the eastern end
Public transport next to the site / under 5 mins walk	5	Bus stop at western end 10 mins walk from front row berths and bus stop at eastern end 3 mins walk
Good options of public transport in 15 mins walk	4	Imperial Wharf overground station is 11 mins walk and offers multiple connections within one stop. However the range of Zone 1 tube stations are 25 min walk or bus ride away.
Good range of shops/cafes under 10 mins walk	5	Close to a very good and diverse range of amenities in the locality e.g. Kings Road, Chelsea Harbour.
River		
Calm water	1	Wash from river traffic particularly Thames Clipper river-bus service. Wash can cause incidents of disturbance and sideways rocking due to the way the houseboats are arranged and tied, sometimes severe.
Boats afloat at low tide	1	The foreshore has suffered from erosion resulting in a slope down into the river. Consequently when the houseboats ground at every low tide, some of them rest at an angle/slope, making living conditions difficult. Some hulls rest on gravel and debris (as opposed to mud and silt), and/or are subject to stress from not lying flat.

¹³ Helicopter traffic data for Battersea can be found at <https://publicapps.caa.co.uk/modalapplication.aspx?appid=11&mode=detail&id=7566>

Mooring site		
Secure restricted entry	1	Unlocked gates from the pavement can be accessed by unauthorised people; incidents of trespassers, threats to personal safety, break-ins and theft. Nightwatchman patrols till midnight but must cover the 350m long site. CCTV on main pontoons.
Ease of access on/across pontoons and gangways (incl low tide)	1	Main pontoons are wide but the gangways to houseboats are narrow which makes it difficult and dangerous to carry any larger or heavy items e.g. cases, household items/white goods. Gangways are on rollers which are often moving back and forth over the pontoon which is a hazard. Gangways also subject to sudden and sometimes dangerous movement in response to river conditions. Some are steep at low tide; some are slippery when wet. The Beaufort Stairs entrance is too steep to use at low tide for many users.
Age and quality of infrastructure	1	Decked barges as opposed to modern purpose-built floating pontoons. Barges were rusty until a repaint in 2022. Gangways are basic, some with wooden boarding and batons. Connections between pontoons, gangways and boats can collide or rub. Utilities and cables trail in the water, tied under gangways by string and can snag floating debris.
Overall appearance of marina	2	Rusty paint across the infrastructure pre-2022, flotsam and jetsam not cleared frequently. Many gangways and handrails dented; some at a tilt; some rollers damaged. Pontoons kept clear and tidy.
Site management, servicing, response to faults, customer care	1	Very bad relations from management to customers in all aspects, not responsive to issues, no transparency of excessive maintenance charges, impending eviction once licence expires. Vacuum drainage is unreliable. When the electricity trips out, it can take some time to reinstate. Office useful only for parcel collection and queries.

Statement of Truth

I, Madge (Margaret) Bailey understand that my duty in providing written evidence is to help the Expert and that this duty overrides any obligation to the party by whom I am engaged or the person who has paid or is liable to pay me.

I confirm that I have not entered into any arrangement where the amount or payment of my fees is in any way dependent on the outcome of the case.

I know of no conflict of interest of any kind, other than any which I have disclosed in this statement.

I have endeavoured to include in my statement those matters, of which I have knowledge or of which I have been made aware, that might adversely affect the validity of my opinion. I have clearly stated any qualifications to my opinion.

I have not, without forming an independent view, included or excluded anything which has been suggested to me by others.

I believe in the accuracy and truth of the matters put forward in this statement. The statement includes all facts which I regard as relevant to the opinions which I expressed and that I have drawn to the attention to any matters which would affect the validity of those opinions.

I confirm that I have made clear which facts and matters referred to in this statement are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

Signed



Madge Bailey
Dated 26th July 2024



Madge Bailey
Associates

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