

HAMPSHIRE COUNTY COUNCIL**Decision Report**

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| Decision Maker: | River Hamble Harbour Board |
| Date of Decision: | 29 January 2010 |
| Decision Title: | Possible Retention of one Patrol Boat – Costs and Benefits |
| Decision Reference: | 1219 |
| Report From: | Director of Culture, Communities and Rural Affairs |

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1. Executive Summary

- 1.1. As requested by members of the Management Committee at its meeting on 23 October 2009, this report sets out the costs and potential benefits of retaining one of the current Cheetah Marine patrol boats after delivery of the replacements ordered recently, in order to provide a platform for carrying out 'dirty' jobs which might otherwise contribute adversely to the wear and tear on the new boats.

2. Costs

- 2.1. The current boats have a trade-in value of £4,500 each, although the contractor may seek to recover more than this in the event that one boat is retained by the Harbour Authority, to account for his loss of opportunity to profit from its re-sale.
- 2.2. New engines (two x 15hp) plus controls etc have been quoted at between £3300 and £4150. Annual servicing would be £400 plus parts and lift out/in. The effective total cost of retaining one boat would therefore be about £9,000 in year one (all costs exclude VAT), as shown in the table below:

| Item | Cost |
|------------------------------|-------|
| Lost trade-in value | £4500 |
| Replace engines and controls | £3300 |

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| Servicing, parts and maintenance | £1500 |
| Total | £9300 |

- 2.3. A total maintenance budget (including engine servicing and lift out/in) of £1500 per annum should be allowed in the early years, but this is likely to increase as the boat gets older, until the point where it is deemed to be no longer cost-effective to retain it. The overall cost to retain one boat for a further five years is estimated at over £15,000.

3. Potential uses and benefits/disadvantages

- 3.1. Potential uses: Pile painting, shallow water work (where there is a risk of grounding), tree, brush and reed clearance, moorings work, debris removal, pontoon cleaning.
- 3.2. Benefits: By using an older patrol boat for these tasks, the new ones will not degrade as quickly as they might otherwise, thereby reducing through-life maintenance and cleaning costs and prolonging their viability.
- 3.3. Disadvantages: An additional space will have to be found on the Harbour Master's Jetty (Warsash) to berth the boat. This may result in a modest loss of visitor income (perhaps £200 per annum).
- 3.4. Alternatives: For many of the potential uses, the new boats will be adequate although they will need thorough cleaning afterwards. Alternatively, for particularly dirty tasks, a suitable vessel can be hired locally (with coxswain) for about £70 per hour. The demand for this requirement is estimated at no more than 20 hours per year, at a total cost of £1400 per year (about £7000 over five years).

4. Conclusion

- 4.1 Whilst there are obvious benefits in retaining one Patrol Boat in order to better preserve the two new ones, the cost of doing so is considerable. On balance, it is recommended that both boats should be traded-in and that a regime of thorough planned maintenance, prompt cleaning and repair, and careful use of the new boats should be employed instead, with consideration given to hiring a suitable vessel for particularly dirty jobs.

5. Recommendation

- 5.1. **It is recommended that the River Hamble Harbour Board agrees that both the existing patrol boats should be traded-in, as originally planned, on the basis that the costs of retaining one outweigh the potential benefits, and that a cheaper alternative is available.**

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

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| Hampshire safer and more secure for all: | no |
| Corporate Business plan link number (if appropriate): | |
| Maximising well-being: | yes |
| Corporate Business plan link number (if appropriate): | |
| Enhancing our quality of place: | no |
| Corporate Business plan link number (if appropriate): | |

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| Section 100 D - Local Government Act 1972 - background documents | |
| <p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p> | |
| <u>Document</u> | <u>Location</u> |
| None | |