

Where Do We Spend Our Income?



FALMOUTH HARBOUR

UK's Atlantic gateway.

We work hard to provide high quality and safe Harbour services for all Harbour users and our customers. However, we can only provide these services by using income received from customers of the Harbour both commercial and leisure. Our annual report sets out the detail of what we spent our money on and this is available to download here:

[Annual Report 2020.](#)

Our independently audited annual accounts are here: [FH Accounts](#)



If you are looking for a quick breakdown of where your money goes, we hope this summary page helps. Falmouth Harbour is obliged through the Harbour Acts (Harbour Revision Orders) to provide a safe Harbour for all its users. This costs money, people, vessels, and training. A lot of this important work is hidden but is vitally important for safety and to ensure as a Harbour we abide by our safety duties. This might mean work such as:

1. Removing items from the water e.g., in 2021 this has included car tyres, picnic benches.
2. Keeping navigation channels safe by removal of obstructions e.g., old anchors.
3. Channel clearances and Harbour safety patrols.
4. Check and maintain navigation buoys e.g. after leisure craft collision.
5. Attend and investigate vessel collisions.
6. Assist emergency responses.
7. Manage interactions between wildlife and leisure vessels.
8. Support community marine events, e.g. G7 SAS "swim out" and Red Arrows

Chief Executive Message

"Falmouth Harbour is a Trust Port and its primary duty is to sustainably and safely manage the harbour - which benefits the local economy, the environment and our local stakeholder communities and customers. Falmouth harbour still offers some of the easiest and most affordable access to the water and we are keen that our customers can recognise that through paying for services they are contributing to the success of a sustainable, safe, and vibrant harbour."

Our Response to COVID-19

Falmouth Harbour has been hit hard by COVID-19, but proudly in 2020, and again in 2021 we maintained all vital services throughout the pandemic and national lockdowns despite very challenging circumstances. This included not a single break in the 24/7 pilotage service.

In 2021 thanks to the continued support of our customers, we were close to balancing our finances and continued to invest in our Harbour with the expansion of the marina. In addition, we gave COVID rebates to licence holders to compensate for the lockdowns in 2020 and customers inability to access our services. We hope customers appreciate that we work hard to offset our and our customers environmental impacts with a number of environmental initiatives. This hard work was recognised at the Cornwall Sustainability Awards, where Falmouth Harbour won the CSA2021 Environmental Growth award.

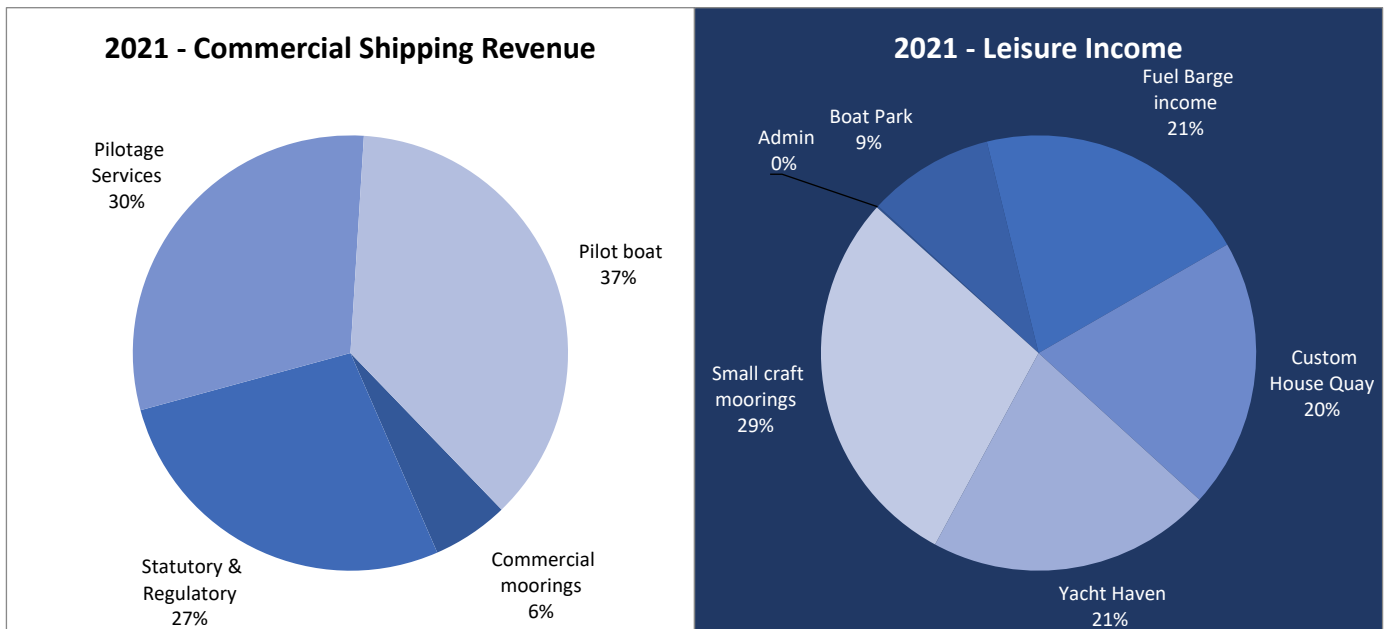
WHERE DO WE SPEND OUR INCOME?

Team Falmouth Harbour

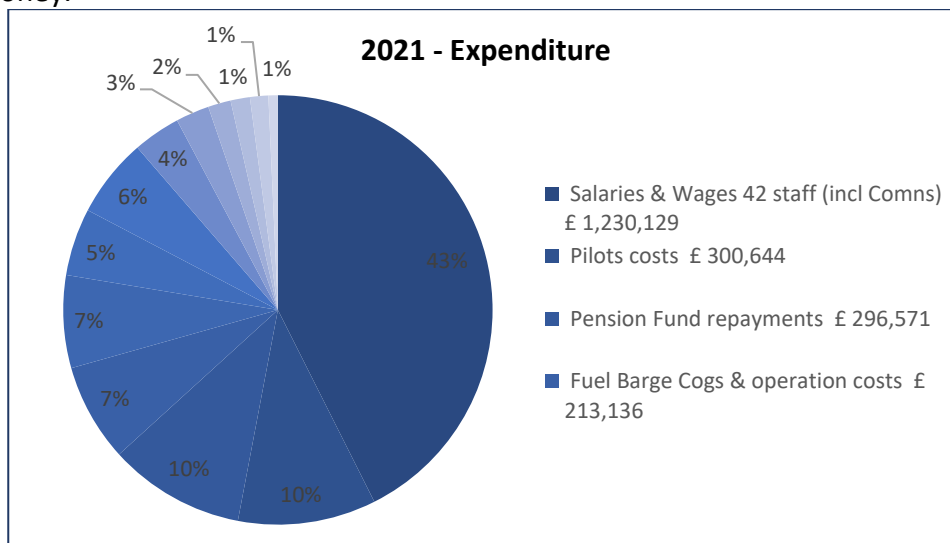
We have a highly skilled and specialist team with significant industry experience and operational responsibility. We have an amazing team of 35 employees who look after the harbour 24/7 and are on the water year-round. Our team of experts work across pilotage, operations, safety management, marine engineering, project delivery, environmental protection and finance and are passionate about making sure that Falmouth Harbour can be passed on to future generations as a world-renowned leisure venue and vibrant commercial port. In addition, we have 7 paid Commissioners that sit on the Harbour board.



Our Income



Our Expenditure - We work incredibly hard to spend our income carefully and to consider how we commit our money.



We have a new informative website where you can now find the Black Rock weather station up and running: [Falmouth Harbour Wind Speed - Falmouth Harbour, Cornwall.](#)

Falmouth Harbour Leisure Price Rises 2022 Q&A



**FALMOUTH
HARBOUR**

UK's Atlantic gateway.

For 150 years Falmouth Harbour Commissioners (Falmouth Harbour or FH) have protected the harbour during storms, safely managed marine accidents and pollution risks, provided a gateway to Cornwall and our town for people from all over the world and provided a sailing environment that Ben Ainslie describes as the "some of the best sailing waters in the world". The challenges the harbour now face are unique as we see heavy losses from the pandemic, rising costs in the products and services we use, increasing risks from multiple harbour users, and a growing need for us all to look after our natural environment.



Why is Falmouth Harbour planning to increase charges in 2022?

The price rises proposed in 2022 have been driven by commercial organisation needs, increasing costs, market forces and price inflation. The increases proposed will help Falmouth Harbour meet our commitment to maintain a thriving and safe harbour for the benefit of everyone.

The Board and the executive team have looked at this very carefully to see what price rises are required and the decision has been driven by:

1. A need to remain commercial and viable in the long term.
2. Inability to absorb recent inflationary impact on costs.
3. Continuing global economic instability caused by Covid-19.
4. Price increases and other costs such as increases in National Insurance.
5. Price benchmarking with other competitor facilities in the area.
6. A need to maintain harbour operations, both statutory and safety.
7. Our high standards of service and levels of safety within the harbour.

Following extensive evaluation, the Board and the executive team have concluded that it is necessary to increase charges beyond current RPI rates. Falmouth Harbour cannot absorb the impact on costs whilst maintaining current levels of safety and delivery of harbour services. These increases come at a difficult time, but we have endeavoured to keep any increases in line or below market charges.

Why are prices having to increase?

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

I thought FH was a charity?

FH is not a charity but a Trust Port. Falmouth Harbour is a commercial organisation and must act in a commercially viable manner. The Office of National Statistics recently reclassified Falmouth Harbour as a Private Non-Financial Corporation. We receive no government funding to support operations.

All of the Commissioners on the Falmouth Harbour Board are appointed openly and publicly and no one on our governing body is appointed by the public sector, and we are not under public sector control. So, Falmouth Harbour is compelled to operate in a commercial environment with no direct public funding, whilst competing in the open market with private and local authority-owned facilities that represent most of the UK's harbours and ports.

More here: [What are trust ports? BPA briefing paper, Jan 2021 \(britishports.org.uk\)](https://www.britishports.org.uk/what-are-trust-ports/)

The Trust Board and employees are obliged to pass the harbour on, in the same or better condition to succeeding generations. In other words, it is the Falmouth Harbour Board's responsibility to safeguard and improve the port, so that it flourishes and creates prosperity for local communities and businesses.

Unlike a privately-owned harbour, we have no shareholders who require a dividend. All 'profit' or surplus made from operations is reinvested into the operation, maintenance, and administration of the harbour.

Why does a trust port need to make a surplus?

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

Why will I now pay Harbour Dues as a part of my charges?

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

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

Often harbours charge harbour dues in addition to leisure fees and charges, and this can make rates per metre look low in comparison. Falmouth Harbour will now highlight our harbour dues within all their leisure services charging. This will help customers to fairly compare our pricing with other trust ports.

As part of our benchmarking, we have tried to account for the wide breadth of charging and services provided and where possible to look at like for like comparisons. This is challenging but we have been as fair as possible to make sure we are charging at market rates.

What is Harbour Conservancy?

A lot of important Falmouth Harbour work is hidden but is vitally important for safety and to ensure we comply with Port Marine Safety Code (PMSC).

Falmouth Harbour is obliged through the Harbour Acts (Harbour Revision Orders) to provide a safe harbour for all its users. Conservancy costs can include; giving safety advice and assistance, maintenance of navigational aids and the enforcement of byelaws.

This might mean work such as (and all these happened in 2021):

1. Removing items from the water e.g., in 2021 this has included car tyres, picnic benches.
2. Keeping navigation channels safe by removal of obstructions e.g., old anchors.
3. Channel clearances and harbour safety patrols
4. Check and maintain navigation buoys e.g., after leisure craft collision.
5. Attend and investigate vessel collisions.
6. Assist emergency responses.
7. Manage interactions between wildlife and leisure vessels.
8. Support community marine events e.g., G7, SAS "swim out" and Red Arrows
9. Planned surveying of the harbour on an ongoing basis and providing the information to the UKHO for the updating of charts.

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

Falmouth Harbour faces considerable financial challenges, and we are required to act commercially as we receive no government subsidy or financial assistance in any way. Some of our funds are linked to statutory duties or ring fenced legally for certain statutory duties. In 2020 Falmouth Harbour made a very small trading surplus and in 2021, due to offset COVID trading difficulties, we will make a considerable trading loss. We sometimes access small government grants (these grants totalled about £50,000 in 2021 and into 2022) and these are incredibly valuable to us, but they only help in small ways.

Even with these price increases, 2022 is looking to be a very challenging year and we are not budgeting for any surplus in 2022. We will be using capital reserves to balance the financial position over the year. Our reserves cannot sustain such losses in the medium to long term. We must ensure Falmouth Harbour remains a viable commercial operation. In addition, we must look at overall trading conditions for the organisation and, where our prices are no longer at market levels, we have a statutory duty and commercial imperative to increase them.

Some services have been changed due to the current costs of providing the service and/or the price is significantly below market rates. To be as fair as possible, most of the larger rises will be capped at 30% and where they exceed 30% will be levied on a transitional basis.

Will charges increase for commercial operators in 2022?

Yes - Prices at or beyond RPI and up to 15% will be made to commercial operators. These prices have also been benchmarked against peer harbours in UK and some market disparity will be addressed in our declared commercial fees and charges. The average 10% increases are less than the leisure increases as the market disparity is less, we must remain competitive as a harbour, and we have limits within our statute to increase the charges beyond market levels.

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

We have carried out extensive research and benchmarked our charges against other competitor locations in Falmouth and beyond. Many of our current charges are well below other facilities in the area and we simply can't sustain this position. In fact, we cannot provide services that are below market levels due to our commercial remit and duties as a Harbour Authority.

We are obliged to ensure price rises are:

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

Our 2022 prices are still at, or below, comparable facilities based on prices set and evaluated in 2021. The prices are a combination of market adjustment based on 2021 prices and inflationary pressures (RPI for Oct 2021 is at 6.0%) as described above.

Why are you introducing a minimum mooring charge of 6.5m?

This will happen in 2023. In 2022 5m moorings are rising by c30% per metre rate. Put simply we do not cover the cost of a 5m mooring at the current pricing. So, removing the 5m mooring charge, and introducing a 6.5m minimum charge rate is a fair approach otherwise the smaller mooring maintenance cost are subsidised by the larger moorings. A 5m mooring takes the same time to maintain and takes similar material cost to an 8m mooring. During the benchmarking, the 5m prices were found to be very low indeed. The current rate is unsustainable.. Most other harbours have a minimum rate/boat size band so this will be introduced at 6.5 m from 2023.

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

We have looked at this carefully to make sure we are comparing like for like as much as we can, but that isn't always possible. We hope to provide a variety of additional benefits for our customers in the future for example, we are looking at a business plan to provide a customer water taxi from 2023.

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

The FH pension deficit has not directly contributed to this market adjustment. The challenge is continuing to provide harbour services below market levels and the actual cost of running those services over the next few years. However, any pension deficit that Falmouth Harbour are liable for is a corporate responsibility and, like any business with similar liabilities, must be considered as a part of prudent financial planning and money required to satisfy these significant liabilities must be funded from reserves or through overall revenue. These pension deficits are very challenging.

We have capital in bank, which is ring-fenced (and controlled by statute) to support the Pilot Boat Service both in terms of future resilience, service investment and to cover liabilities associated with the Pilot's National Pension Fund. There are limits to what we can use most of our reserves for.

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

We have a programme of improvements across our facilities which are being constantly reviewed. For example, a new 15m breakwater extension was added to our marina earlier this year along with new finger pontoons. As part of these works new electrical sockets were also installed for customers as well as additional tender pontoons.

We also plan to improve the slipway pontoons at Grove Place Boat Park in 2022. In 2023 we want to provide dry sailing facilities, more small vessel marina berthing, water taxi service, and short stay berthing for the town.

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

We work hard to balance our operations with environmental change. This has recently been recognised by the award of SME of the year in the 2021 Cornwall Sustainability Awards for Environmental Growth.

Our environmental programme comes under our community dividend programme, which we are obliged to carry out as a Trust Port to deliver our port sustainability agenda. This is partly funded through revenue but all our activity including leisure, needs to be offset in a responsible manner. We have also been very successful in securing both private sector and public funding to support a lot of our environmental projects.

As customers of our natural harbour, we all need to change our behaviours and recognise the impact of our activity on the environment. At Falmouth Harbour we are introducing change to our operations to better look after our harbour environment. As with all aspects of how we live our lives, this is not a "nice to have" and is ultimately likely to have an impact on costs over time. Our aim is to help offset our customers water sports / leisure impact in a collective, coordinated and more impactful way.

Have you consulted anyone before this decision has been made?

Yes, we have. In January we consulted with the Falmouth Harbour Consultative Committee and the Falmouth Haven Panel and feedback from those meetings has informed our charges and we have made changes to the proposed system. Changes have included:

- Doing more to reduce the year in year quantum of the increases,
- Highlight the broad service and high-quality service that we get in Falmouth Harbour compared with alternatives. This is often forgotten.
- The advantages of having an experienced harbour team on hand, who look after the harbour 24/7 and are on the water year-round.
- Look at ways to assist locals with loyalty or use discounts and keep accessibility at the heart of what Falmouth Harbour does.

Who are the Falmouth Harbour Consultative Committee?

The Consultative Committee is appointed from harbour users. Independent of the Commissioners, they consult on matters relating to the harbour and provide feedback and suggestions to Falmouth Harbour Board. We have just recruited a number of new members and they can all be found on our website: [Meet the Team - Falmouth Harbour, Cornwall](#)

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

We have done a lot of work to look at the true costs of our services and we have extensively looked at the material prices per metre for our moorings and the costs of maintaining these. For example, it takes the same time to maintain a mooring be it 5m or 9m in size and this work highlighted that we simply don't even cover the base cost on smaller mooring maintenance below 6m.

This is something we can't continue with and we think it is fairer to all if larger mooring users do not subsidise services for moorings below 7m. In addition, the insurance costs are increasing and swinging moorings are a large part of our annual premium, we have to recover these costs. We think our charges are now fairer and more equitable.

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

Our teams are on the water and available 24/7. We have both a duty Harbour Master and a duty Leisure Manager on call at all times to support our customers and harbour users in an emergency. Our personnel are often on the water checking vessels and moorings before and after storms.

Our Pilot Boats are constantly operating in the harbour to support and be a visual presence and although we cannot always deploy our vessels to assist in a vessel rescue, they can sometimes provide additional early warning of on the water issues or safety factors. This isn't always available in other harbours.

Falmouth Harbour also provide a number of customer benefits that include (these are dependent on the service you pay for):

- Discounted fuel at our fuel barge
- Free or discounted launch and recovery at our slipway.
- Discount on daily visitor marina berthing.

Details of exact discounts are provided on the Falmouth Haven website: [Leisure marina, moorings, boat park and public slipway | Falmouth Haven : Falmouth Haven](#)

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

Part of our remit as a Trust Port obliges us to re-invest surplus revenue into the harbour.

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

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

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

FALMOUTH HARBOUR LEISURE PRICE RISES 2022 – Q&A

Keeping access to the water affordable is a key part of our organisational values in relation to inclusive use of our harbour. As stated above we are looking at better and more affordable ways to provide access to the water such as a water taxi service. In another step to improve customer experience we will look at ways to change the way we charge our local customers by having an “Oyster Card” system for locals where we reward loyalty and where the more services you have and the more you use them, the cheaper it gets!

In the meantime, and pending business planning decisions on these services, we will provide a 30% discount for tenders and dinghies on boat park and dinghy marina berth space fees in 2022. This will be for all local users that have a seasonal mooring within Falmouth Harbour. We will review this going forward as we are very aware of the costs and challenges of storing tenders.

In addition, we are keen to encourage small yachts and vessels to utilise our facilities. We will offer a dry sail yacht package where if a mooring and boat park space are paid you also get;

1. The Boat Park space will be discounted at 30%,
2. Free water use for washdown (on request),
3. Short term stay at our boat park pontoons whilst waiting for launch and recovery and
4. Unlimited launch and recovery on our slipway.

What surplus have Falmouth Harbour made over last 10 years?

The figures below are Falmouth Harbour Statutory accounts information. All our accounts are published annually and are available on the website. We will also be placing on our website our statutory accounts for the last 10 years for information. These figures are often complicated by pension deficits and other accounting factors such as depreciation and asset disposals year on year. In terms of net ordinary income, the overall surplus over 10 years has been £256,000 with a surplus in only 4 of those years. All the detail can be found on our website here: [Governance and the Harbour Board - Falmouth Harbour, Cornwall](#)

Year	Turnover (£m)	Surplus (£m)
2012	3.02	(3.238m)
2013	2.99	(0.454m)
2014	2.79	0.258m
2015	2.78m	0.944m
2016	2.46m	(1.731m)
2017	2.72m	0.225m
2018	3.14m	0.171m
2019	3.44m	0.105m
2020	2.57m	0.057m
Draft 2021	2.72m	(0.079m)

[Annual Accounts - Falmouth Harbour, Cornwall](#)

You are advertising for some new job roles, shouldn't FH be saving money not spending it?

We are recruiting two new roles in the Falmouth Harbour Team:

1. A customer care assistant is 100% funded through the HM Government Kickstart programme. There is no cost to the harbour or its customers. This is an amazing opportunity for someone local to join our team and this will help us to improve the high level of service we provide our customers.
2. A Head of Commercial Operations. This role is critical to the future growth of our harbour. This has been funded from growth reserves, to ensure some of the new projects we want to work on are driven forward fast. In particular, this should drive forward projects we are working on with new innovative technology partners. We will be able to confirm some news on this soon. Part of the salary will be covered by external funding and new land based and marine revenue that the role will generate. FH has to drive forward opportunities around Floating Offshore Wind (FLOW) and the FabTest project has been bought in house with external funding confirmed over next two years, which will help pay for this role. The salary is dependent upon experience but will be mid £40k as a guide. If we don't deliver this growth we will not address the spiral of decline. So it is coincidence that this recruitment is happening at a similar time to the annual price rises. This has been planned as part of the FH growth strategy for about 9 months. FH has to invest to grow. This internal resource will reduce the need for external consultants. We will need those but this will deliver a good balance. This is a non-operational growth role