

PSPS strategies for use of funds - detailed reasons for prioritisation of allocating funds to ships

In Paddle Wheels 218 (Winter 2014) we wrote about PSPS strategies for use of funds. The article included the guidelines adopted by the Council of Management for a strategy for the support of ships, and concluded by stating that detailed reasons for deciding the priorities would be published on the Society website.

This paper sets out these detailed reasons.

Introduction

Support should be provided for surviving UK paddle steamers, with priorities assessed *inter alia* by reference to the extent to which they contribute to the charitable objects of the Society (i.e. "for the public benefit to acquire, preserve and exhibit in sailing condition one or more examples of paddle steamers or paddle propelled vessels AND to acquire, preserve and exhibit a collection of marine equipment with a view to educating the public in the historical significance of paddle steamers". In this paper these objectives are summarily described as the "operating" and "educational" objectives.

High priority should clearly be given to the Society's own ships, as these are the ones for which we have primary responsibility. Other relevant considerations are the degree to which a vessel has longer-term potential for contributing to the charitable objectives and whether the owner is itself a registered charity or some other publicly accountable body.

Applying these criteria we can review each UK paddle steamer as follows -

Waverley

Waverley is owned by PSPS through a charitable trust (WSN) in which we have a majority shareholding, She is the last sea-going paddle steamer in the world and is operated in public service on our behalf by a wholly owned subsidiary (WEL) of the charitable trust. Capable of carrying more than 800 passengers and presently operated on a nomadic business model in five areas of the UK, Waverley fully meets our charitable objectives and provides PSPS with the best vehicle for recruiting new members.

However Waverley's size, the passenger certificates necessary for her present business model, the inherent fuel inefficiency of steam power and her commercial vulnerability to bad weather, all combine to impose a high cost level which greatly exceeds the revenue she has earned in recent years.

Unless improved marketing methods can be introduced to substantially increase her revenue, or alternatively her business model revised to substantially reduce costs, her future operation will be dependent on significant annual grant aid. Such dependence exposes the operation to risks which, as the owning charity, we cannot control, so for long-term survival it is a need best avoided or at least minimised.

Any commitment to annual grants from the Society must be kept within the reasonably likely limits of what we can afford, and on present scales this can only be a very small proportion of what is needed.

PSPS support strategy for Waverley Immediate top priority for funding.

Kingswear Castle

Owned by PSPS through a charitable trust (PSKCT) in which we have a majority shareholding, KC is operated in public service on our behalf by a commercial company (Dart Pleasure Craft Ltd.) under a 15-year charter agreement which safeguards the charitable status. Capable of carrying up to 235 passengers and being operated on relatively short (and therefore easily affordable) trips, KC fully meets our charitable objectives. Also, as she is relatively small and can be operated on passenger certificates which impose low regulatory and cost burdens, she is the best prospect for long-term operational survival.

Under the charter agreement the trust is responsible for funding major works above a specified level. PSPS has provided the trust with a capital sum of £327k to enable the trust to fund such works if and when required. This should be sufficient for the foreseeable future, and the trust's resources will be supplemented by the net proceeds of the annual charter fee. In the longer-term, top-up funding may be appropriate to the extent that interest earned on the fund does not keep up with inflation, or to replenish it when possible following expenditure.

Given that KC is now operating in her home waters on services similar to those for which she was designed, the strategy for the KC Trust should be to encourage the successful operation of the charter and ultimately seek to switch it from its present 15-year term into a continuous term.

PSPS support strategy for Kingswear Castle Longer-term top priority for funding in parallel with Waverley.

Maid of the Loch

Maid of the Loch is the last paddle steamer built in Britain (apart from the atypical case of Monarch). She is owned by a volunteer run charity, supported by its local authority, open to the public on static display in the Loch Lomond and Trossachs national park at Balloch, and adjacent to a well-used commercial leisure site with which there are good relations. She is thus highly relevant to PSPS's educational objective.

She is in good overall condition and her owners have realistic – albeit inevitably costly – plans to return her to service. As such she is the only MCA certificated paddler with any prospect of joining Waverley and Kingswear Castle in meeting PSPS's operating objective.

PSPS support strategy for Maid of the Loch High priority for funding. All practicable non-financial support.

Medway Queen

Medway Queen is an iconic ship, as much if not more for her wartime role as for being a 90 year old paddler. She is owned by a volunteer run charity which has struggled mightily against massive odds to secure her future from her one-time state as a submerged wreck.

With Heritage Lottery Fund support she is now at Gillingham (Kent) being restored with a new-build replica hull but retaining her original engines and some other artefacts. The intention is to place her on static display and she is unlikely to operate in passenger service. However she may become capable of steaming light ship between display venues.

As well as HLF support she has attracted EU funding, although this has been for employment / training objectives rather than heritage / educational ones.

The plans to open her to the public on static display make Medway Queen potentially relevant to PSPS's educational objective

PSPS support strategy for Medway Queen Medium priority for funding. Requests for non-financial support considered on merits.

Wingfield Castle

Wingfield Castle is a passenger / vehicle ferry owned by the local authority at Hartlepool and open to the public. She is therefore highly relevant to PSPS's educational objective.

The ship was thoroughly restored for her present role, but shows signs of cash shortage affecting her presentation and routine maintenance. PSPS might usefully take steps to see if volunteer support could be harnessed to help look after her.

PSPS support strategy for Wingfield Castle Low priority for funding. Initiate discussions with local authority owner to see if Society can help with volunteer support to maintain the ship's standard of presentation.

Tattershall Castle

Tattershall Castle is the only paddler in the UK – indeed one of very few larger vessels of any type – to make a lasting success as a commercial pub. This is more because of her location on the Embankment in London close to Trafalgar Square than to her particular qualities as a ship.

She was built as a virtually identical sister to Wingfield Castle but has been heavily modified for her current role, including removal of the paddle wheels and associated decorative sponson vents.

As a pub Tattershall Castle is open to the public, but apart from the fact that her engines can be viewed she is of little educational value and - to their credit - her owners do not pretend otherwise.

PSPS support strategy for Tattershall Castle No justification for funding in present use and

commercial ownership as a pub. Unlikely to have any priority in different circumstances so long as Wingfield Castle is secure. Preservation of engines and other artefacts desirable if these become under threat.

Ryde

Ryde is totally derelict and beyond saving for any purpose. She is effectively land-locked on an Isle of Wight site which has development value, and has been an embarrassing liability to a succession of developer owners.

PSPS support strategy for Ryde No justification for funding. Preservation of engines and other artefacts desirable if these become available at low cost. History of ship since withdrawal from service should be documented.

John H Amos

John H Amos is a paddle tug at Chatham. She is not accessible to the public and for all practical purposes is derelict. She is owned by the Medway Maritime Trust. This is a registered charity and has received some support from the Heritage Lottery Fund and other public bodies. The Trust is more akin to a private trust than to the membership type organisation such as PSPS. Its aim is “..... to pass on the experience of three decades to those who wish to preserve our maritime heritage and make that task easier to achieve.” Thus the Trust does not itself plan to do more than prevent John H Amos being totally lost.

PSPS support strategy for John H Amos No justification for funding in present use and ownership. In longer term, medium priority for funding if static preservation and public display becomes a practicable proposition and ownership becomes more publicly accountable. Otherwise preservation of engines and other artefacts desirable if these become available at low cost. History of the ship should be documented.

Monarch

Monarch is an atypical paddle steamer. She was built as a personal labour of love by Brian Waters, a long-standing PSPS member, a stalwart of the team which restored Kingswear Castle at Medway Bridge Marina and a valued supporter and volunteer during KC's Medway operating years.

Brian designed and built Monarch as a 12 passenger miniature paddler (42 ft. long) over some 20 years from 1984 and operated it on the Kentish River Stour from 2003 to 2007. He then sold it for service on the River Medina (Isle of Wight) and it is now owned by the small boat operator on the River Frome at Wareham. The latter planned to put her into service in 2013 but his was delayed by technical issues and service is now planned for 2014.

Once she is back in service Monarch will fulfill PSPS's operating and educational objective. The passenger experience will be very different from the traditional full-size paddlers such as Waverley or KC, but with a steam engine and paddle shaft open to view she will enable people to understand how such traditional vessels worked.

Recommended PSPS support strategy for Monarch Consider modest funding if needed to support operation in public service and the owner agrees a reasonable measure of public accountability and subject to obligations on the use of charitable funds.

A new paddler

Whilst it must be PSPS's aim that Waverley and KC (and hopefully Maid of the Loch) will be able to sail in public service indefinitely, it is only prudent to recognise that at some stage regulatory or economic changes (or both) may make it impossible for these old ships to continue. Indeed it is a remarkable tribute to the many people involved over the years that these ships are still sailing some 40 – 50 years after their original owners withdrew them.

With this background in mind, PSPS should be aware that some members are turning their minds to the possibility of building a new paddler to meet modern regulatory requirements and cost-effective crewing levels.

PSPS support strategy for a new paddler Encourage any party interested in researching possible new paddler designed to meet modern regulations and cost-effective operation. As a first stage could consider seed-corn funding – e.g. for design work – provided this were in accord with obligations on the use of charitable funds.

MV Balmoral

Although a diesel screw ship, Balmoral was effectively gifted to WSN by supporters of Waverley to operate in support of the paddler. From 1985 she was operated by WEL in tandem with Waverley, providing support in two ways -

- a) To cover for Waverley if required if the latter was out of service, and in such circumstances (even if continuing her own schedule) to maintain cash flow into WEL to enable continued employment of key staff.
- b) By increasing usage of key piers – particularly in the Bristol Channel – to increase the income of those piers and thus both the ability and justification for their maintenance and refurbishment.

The Memorandum and Articles of Association of WSN were altered to include Balmoral in the charitable objects of that company. By deliberate decision, the M&AA of PSPS were not so altered. Nevertheless PSPS made occasional grants for works on Balmoral, on the basis that this enabled her to continue to operate in support of Waverley. This stance was formally approved by the Charity Commissioners in 2005.

After the 2012 season, following several years losing significant sums of money, WSN and WEL decided to withdraw Balmoral from service as they saw no prospect of the losses being reversed and – whatever the benefits of Balmoral's operation for Waverley – they could no longer be afforded.

At WSN's request a Balmoral Strategy Group was set up. This advised on a way to return Balmoral to service, initially for 2014 but later amended to 2015, established MV Balmoral Fund Limited (MVBF) to raise necessary funds and sought charitable status for this company. Once charitable status was granted, PSPS paid over monies it had received over the years which had been specified

to be for the benefit of Balmoral.

At the 2013 PPS AGM discussion took place that the Society should provide full support for Balmoral and that to enable it to do so the PPS name should be changed to Pleasure Steamer Preservation Society. Although no formal resolution was placed to this effect, Council was asked to take the matter away for consideration. A paper was therefore submitted to the Council meeting on 29th March, and its recommend against against such a change was agreed.

Under the terms of the Charity Commissioners approval of 2005 it remains open to PPS to provide financial support for Balmoral, provided it is operated in support of Waverley. It is the declared intention of MVBF to operate in such a manner, although the details of how this would be achieved remain to be decided. If this can be achieved then PPS would welcome this outcome, and it would certainly not expect WSN to agree to charter or sell the ship to MVBF (or any other party) if it were to be used in a way which would damage Waverley.

Whilst it would be legitimate for PPS to fund Balmoral if it operates in support of Waverley, the reality is that any such funding would be as a substitute for funding Waverley directly. So long as Waverley requires regular funding support, it is likely to be more effective for PPS to allocate its available funds directly to her.

Nevertheless we should recognise that a significant number of PPS members appreciate the cruising opportunities Balmoral can provide, and also that a significant number will have joined the Society as a result of sailing aboard her. Therefore although the priority for using PPS funds to support Balmoral must be low, we should (as hitherto) seek good relations with MVBF, facilitate their work as long as it is in support of Waverley (including offering opportunities for them to appeal for funds from PPS members) and pass on any donations or bequests which are received by PPS and are specifically mandated for Balmoral.

PPS support strategy for MV Balmoral Charitable objects do not allow PPS to provide funds for motor vessels unless operating in support of Waverley. It is therefore unlikely as a general rule that funds could be provided to Balmoral. PPS would however expect to give reasonable support in other ways – e.g. reporting Balmoral news and engaging in joint working on matters of common interest - provided her operation is not inimicable to Waverley or other paddlers and provided assistance is reciprocated.

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