

RC(O)_Hulls

REYC HULLS PAPER 2019 – SIZE AND SHAPE OF THE OFFSHORE FLEET

Introduction

1. The REYC's three strands of Offshore Activity are Offshore and Inshore Racing, Sail & Adventure Training (AT), and Cruising. A fleet of yachts is provided to support these activities, with the priority to maintain a yacht suitable for the Fastnet Race.
2. The current Fleet is:
 - a. **Trojan.** Trojan is a J109 built in 2007 and equipped to race to IRC and J109 Class Rules. She was bought by the Club in 2015 to replace Ilex as our racing yacht.
 - b. **Ilex.** Ilex is an X332, bought new by the Club in 2000. She served for 15 years as the Club's racing yacht before being detuned in 2016. Although still raced, she now used mainly for AT and Cruising.
 - c. **Right Royal.** Right Royal is a Dehler 32 bought new by the Club in 2012. She is used mainly for Cruising and is occasionally raced.
 - d. **Hebe.** Hebe is a 1998 Norfolk Smuggler 25. She is a small, gaff-rigged centreboard yacht available for cruising in the Solent Area. She was gifted to the Club in 2015.
3. The Club's 12-year Plan makes provision for the replacement of one of the three larger yachts in 2020. This will be funded from the Club's own resources (The Hulls Fund and the sale of a yacht or yachts) and with the aid of ASA (mainly Nuffield Trust) and RE Sports and Games Fund Grants.
4. **Aim.** The aim of this paper is to recommend the future size and shape of the REYC Fleet in order to allow decisions by AGM 2019 on yacht sales and acquisitions.

Recommendations

5. The Main Committee recommends that:
 - a. The Fleet should be reduced to a racing yacht and two cruising yachts of between 32 and 36 ft.
 - b. Hebe should be sold at the end of the 2019 Season.
 - c. Ilex should be replaced at the end of the 2019 Season.
 - d. Trojan should be retained as the racing yacht, and Right Royal should be retained for cruising.
 - e. A Working Group should be established to identify a suitable replacement for Ilex.
 - f. The Main Cttee is authorised, subject to financial approval from the Board of Trustees, to proceed with a hull purchase programme within the following parameters:
 - (1) Hebe sold;
 - (2) Ilex sold;
 - (3) A not to exceed financial envelope of £130K.

Factors

6. **Usage.** Usage has been steady over the last 3 years. Trojan has attracted 40% of total charters, Ilex and Right Royal 25% each and Hebe 10%. Ilex and Right Royal have covered their costs year on year but Hebe has never done so. Trojan generally runs at a slight loss in race-heavy years. In 2018, Trojan cost £44, Ilex £49 and Right Royal £65 per sailing day to run; per-day charter fees for Trojan were £120-130 and for Ilex and Right Royal £100-120. Hebe has cost the Club £191 per sailing day to run against a charter fee of £50-70 per day.

7. **Yacht Age and Condition.** Since purchase, the Club has maintained Trojan carefully, focusing on improving her racing capabilities. Her navigation systems have been upgraded and her main winches replaced and she competes on level terms with other J109s on the circuit. Although very well built, Ilex is now 19 years old and starting to show her age, particularly below decks. She has niggling problems with water ingress around the stanchions but remains a tough, seaworthy cruising yacht and members continue to race her on occasions. At 6 years old, Right Royal is comfortable, easy to sail and still looks good. She is not as robust as Ilex and is unlikely to age as gracefully. 21 year old Hebe is a very robust, classically pretty gaffer, and those who have used her thoroughly enjoy the experience. But her wooden spars take a great deal of maintenance, and her bowsprit and gaff-rig do not make her easy for inexperienced skippers.

8. **Maintaining the Fleet.** Although the Corps allows the Club three bosuns on the “Black Economy”, in future we are likely to have to manage with only two. For career reasons, we are unlikely to get a long-service bosun in the foreseeable future, and they are unlikely to be as experienced and skilled as their predecessors. Older yachts are almost invariably more demanding to maintain than newer yachts.

9. **Wider Issues.** The leaner Army and social pressures give soldiers less time available for sailing and other non-core activities, whilst budgetary pressures get tighter. JSASTC (now funded from the RN Budget) has been offered up as a Savings Measure a number of times, and last year for technical reasons JSASTC ceased to deliver training for much of the year. The ASA manages the Army's Offshore Racing Yacht (British Soldier) and owns an ex Kiel HR34 which is used to run RYA Courses. Presently our fleet is shaped to complement JSASTC's facilities, and we have provided a good share of crew to represent the Army. Were JSASTC to close and the requirement for Sail and Adventurous Training remain, the Army sailing clubs would have to fill the gap. As with all sports, we continue to encourage and prepare Sappers to represent the Army.

10. **Finance.** The Club is programmed to receive a yacht-replacement Army grant in 2020, which matches the aspiration in our own 12-Year Programme. Initial advice from the UK Agencies that sell our yachts suggests that if sold, the cash in hand from Ilex might be £35k, from Right Royal £67k and from Hebe £30k. The Hulls Fund, Army and Corps grants available are expected to total another £100k. Whilst this would not be sufficient to purchase a new yacht, it should be sufficient to buy a suitable second-hand yacht.

Conclusions and Deductions.

11. The REYC fleet should be reduced from four to three yachts, a Racer/Cruiser and two Cruiser/Racers. Trojan should be retained for the foreseeable future as our Racer/Cruiser and Hebe should be sold at the end of this season.

12. Although Right Royal will fetch more than Ilex if sold now and may not retain her value for much longer, because of her age Ilex should be replaced at the end of this season by a newer Cruiser optimised for training and cruising.

13. The Commodore should set up a Working Group under the Rear Commodore (Offshore) to:

- a. Advise and assist with the sale of Hebe and Ilex.

- b. To identify, seek approval for and purchase a suitable replacement for Ilex in 2020.

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Major
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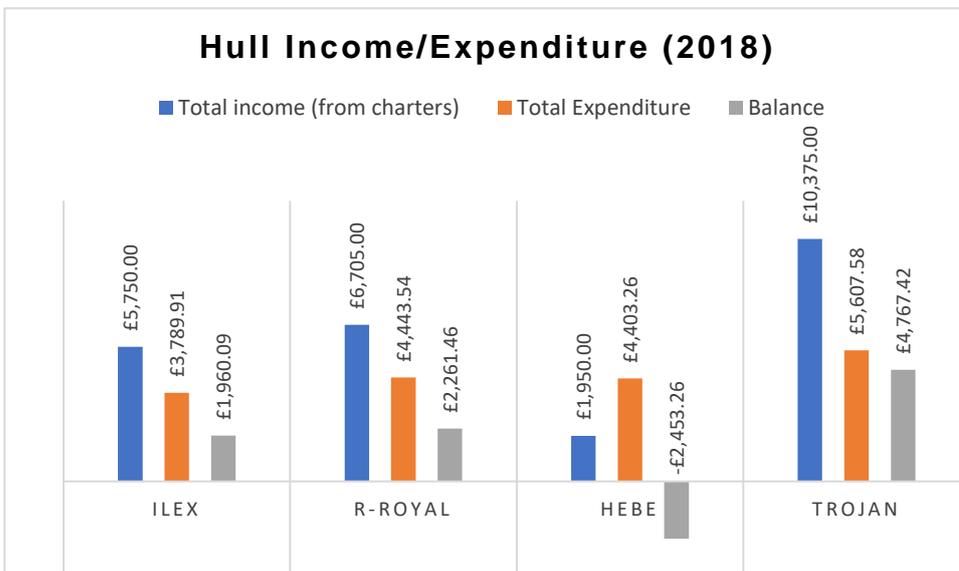
Annex:

- A. Fleet size and shape considerations.

FLEET SIZE AND SHAPE CONSIDERATIONS

Usage and Income/Outgoings for each yacht

Usage of the current fleet has been steady over the last three years with almost the same split between the fleet (Trojan takes 40% of charters, Ilex and Right Royal take 25% each and Hebe, 10%). Trojan is used equally for racing, cruising and courses, proving her to be a versatile hull; Ilex is used for mainly for AT, but is still popular for cruising and some racing; Right Royal offers comfort thanks to her pressurized water, temperature-controlled fridge, ample storage and wheel steering and is therefore mainly used for cruising. Hebe remains a 'unique selling point' and is particularly enjoyed by retired REYC members and senior officers who want to experience a different type of sailing.



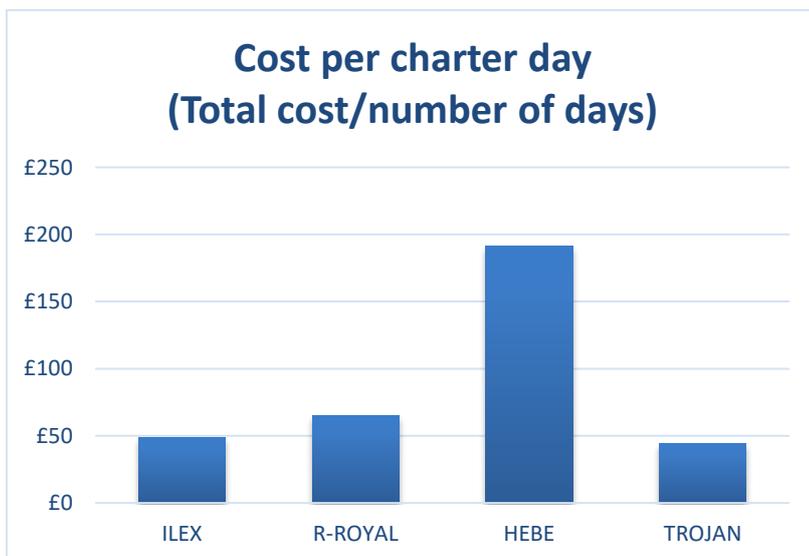
Based on charter income only from 2018, Ilex, Right Royal and Trojan all made positive balances, with Trojan being the most profitable.

Set against total annual expenditure per yacht, Ilex and Right Royal made similar profits, but in 2018 Trojan's was the most significant. In a typical sailing season*, Ilex and Right Royal generally break even, whereas Trojan makes a slight loss due to the cost of racing sails and repairs.

Hebe has never broken even. As her accommodation restricts her to mainly day sailing and she is more complicated to sail, she is not chartered anywhere as near as extensively as the other hulls.

All hulls except Hebe represent value for money.

*2018 was a very quiet year for racing.



When total annual expenditure is divided by total expenses, Trojan costs £44 and Ilex £49 per chartered day. Right Royal is £65 per day and Hebe is £191. The per-day charter fee for Trojan in 2018 was £120-130; for Ilex and Right Royal £100-120; and for Hebe, £75 per day.

Trojan and Ilex represent the best value for money, with Right Royal closely behind.

Hebe does not currently represent value for money.

Age and Condition of the Yachts

The age and condition of the REYC yachts being considered for sale are summarised below. Right Royal is in excellent condition whereas Ilex is looking tired and may require more structural and substantial cosmetic work in the next few years. Right Royal will fetch more in sale terms, but Ilex is likely to become a maintenance burden if she remains in the Club for the next 5 years. As she becomes more tired, she will also become less popular when compared with the other Service Yacht Club yachts and JSASTC's fleet.

Hull	Purchase Year / Age	2018 Est. Value (sale price*)	Remarks
Hebe (gifted Gaff rigged)	2015 / 21 years	£30,000	Hebe has recently had a new bowsprit and furler. Her engine has been reconditioned and her wooden spars and mast are varnished every year. Her hull is in excellent condition and she has had recent improvements such as shore power fitting. Hebe is Coded for use in the Solent.
Trojan (Racing)	2016 / 11 years	£73,000	Trojan has quickly become our most popular yacht. Close winded and fast, she is exciting to race. So far, major expenditure has been restricted to new navigation and sailing instruments, 2 new winches and some new sails. Trojan is Coded Category 2.
Right Royal (Cruising and some racing)	2012 / 7 years	£67,000	In spite of her relatively light build, Right Royal is in excellent condition. She will have new instruments fitted in 2019. Her sails are in good condition. Right Royal is coded Category 2.
Ilex (Sail and Adventure Training & some racing)	2000 / 19 years	£35,000	Dismasted twice Ilex also suffered significant damage to her hull when new. She received a refit in 2016 when her instruments and some of her electrical cables were replaced. She has had new batteries fitted in 2019 (engine and domestic). Her sails are in good condition and she retains some of her racing wardrobe as well as a cruising set of Dacron sails. Although in good condition, she is tired-looking on the inside and has had intermittent problems with water ingress through the stanchion bases. Her rigging has an insurance excess of £2,000. Ilex is currently coded Category 2.

*Taking into account cost of selling advertising, surveying, hardstanding costs etc.

Challenges of maintaining the fleet.

- Bosuns.** The current liability held by the Corps is three Bosuns (2 x OR 2-3 and 1 x OR 4). They are all "Black Economy" PIDs which are currently held at 21 and 39 Engineer Regiments. The continuing recruitment of bosuns (who stay for a period of 2 -5 years in post) is dependent on the Corps' (vice APC, Glasgow's) appetite for continuing to gap these posts in heavily committed field regiments. There is no guarantee that this will last forever, and it is foreseeable in steadily shrinking Army (which is also struggling with recruiting) that the REYC may have its allocation cut and eventually removed. **Therefore, the hull mix for the next five years or so should take this bosun manning uncertainty into account and be manageable with only two bosuns and sometimes, one (during sickness, compassionate and annual leave, courses, etc.).**

The skill set of the bosuns is also key; it takes time to build experience in a novice bosun. **Therefore, any hull mix should allow, where possible, for relatively ease of servicing and maintenance. It is not in the interest of the Club to keep hold of aging and maintenance-heavy hulls, which consume bosuns' time.**

- **Costs of maintenance.** Where possible, maintenance is carried out in house, but increasingly complex systems (including modern engines) need professional servicing. Sails are a major expense, but to remain competitive, our racing yacht will always require expensive laminate sails to be replaced relatively frequently. For the cruising yachts, long-lasting sail shape can be sacrificed for more durable Dacron sails. **We will continue to maintain only one of the three yachts for racing.**
- **Flexible fleet.** In order to continue to support the three strands of Offshore activity, and for the REYC fleet to be able to meet changing demands, the following need to be taken into account:
 - **Sailing Activities.** The REYC Offshore Division supports the full range of “big boat” sailing activities which are demanded by the serving and non-serving Club Members; with offshore racing and arduous adventurous training (AT) at one end, and inshore racing, family cruising and novice sailing at the other. The fleet should meet those needs with yachts capable of performing offshore in demanding conditions when required, but also sufficiently comfortable and well-appointed to meet the needs of family cruising. The difficulty for skippers finding a crew should also be taken into account **We will continue to maintain a fleet of easily managed and sailed yachts that can be lightly crewed when necessary.**
 - **Complimentary to but Independent from JSASTC & ASA.** In concert with the JSASTC and ASA, the Club’s objective is to develop sailors and promote good seamanship. This is achieved through AT expeditions, unit sail training activities, RE Sail Training Weeks (RE STW), and both inshore and offshore race training. Currently the ASA offers the opportunity for serving Club members to take part in Army-level racing on Yacht British Soldier and the JSASTC offers seaworthy yachts (Challengers, Victoria 34s and HR 342s) which provide skills development and AT opportunities for serving Members. In future, there may be forced reductions in the support given from either the JSASTC or ASA (eg possible future cuts in funding / increase in costs). **Together with the other Service Yacht Clubs, the Club may need to adapt to meet these shortfalls. Our future fleet must be appropriate and adaptable.**

Given the range of activities in which the REYC fleet is involved, both in support of its members and in providing sailing opportunities to Royal Engineer units, **it is recommended that three yachts be retained in the 32-36ft range and that the fleet remains a Racer / Sail & AT Training / Cruiser mix.**

Finance

The current forecast funds available for the purchase of a new hull are:

Source of funds (due as at 2020)	Amount
Hulls Fund (Restricted)	£30,250
Hulls Fund (Designated)	£10,000
Income from sale of Ilex	£35,000
Income from sale of Hebe	£30,000
Nuffield Trust Grant (Ilex replacement)	£25,000
SUB-TOTAL	£135,250.00
Reimbursement of Ilex's Townsend Trust	-£5,250
TOTAL	£130,000