

BOARD MEETING

Minutes of a meeting of the British Waterways Board (the **Board**) held at The Rendezvous Hotel, Keighley Road, Skipton, North Yorkshire, BD23 2TA on Thursday 21 July 2011 at 9.00am

PRESENT:

Mr T Hales	Chairman
Mr J Bridgeman	
Mr J Bywater	
Mr R Green	
Mr N Hugill	

IN ATTENDANCE:

Mr R Evans	Chief Executive
Mr S Dunlop	Director Scotland
Mr N Johnson	Corporate Services Director & Secretary to the Board
Mr S Mills	Director of Property & Enterprise
Mr V Moran	Operations Director
Mr P Ridal	Finance Director
Mr S Salem	Marketing Director
Mr J Stirling	Technical Director

Mr T Franklin	Transition Trustee, as an observer
Mr C Henderson	Inland Waterways Association as an observer
Mr J Dodwell	Transition Trustee, as an observer
Mr C Stamp	Prism Cosec, Secretary of the Meeting

APOLOGIES

Dr J Hargreaves
Mr P Sarwal
Mr D Sutherland

INTRODUCTION

11/097 The Chairman welcomed everyone to the meeting.

MINUTES OF THE PREVIOUS MEETINGS

11/098 The minutes of the meetings of the Board held on 19 May 2011 and 16 June 2011 were approved.

MATTERS ARISING

11/099 Mr Evans explained that the report on the Monmouthshire and Brecon Canal would be presented at the next Board meeting.

RE

11/100 Mr Ridal presented a summary of fees paid to external advisers in connection with the NWC project, noting that £404k had been committed for the 2011/12 year to date.

CHIEF EXECUTIVE'S REPORT (BWB 3425)

- 11/101 **Health & Safety Report:** Mr Evans presented the health and safety report. Mr Moran drew the Board's attention to the HSE investigation into the death of a 13-year old boy at Stourport. In particular he explained that other sites with similar public access and heritage characteristics as Stourport were being reviewed from a health & safety risk perspective. Mr Moran was also asked to consider whether there should be more safety signage at Pontcysyllte.

VM

Whilst the downward trend in the level of reportable incidents was welcome, the trend in respect of 1-3 day accidents was disappointing. Mr Moran confirmed that a more rigorous consideration of disciplinary action was being taken in incidences of poor safety behaviour.

- 11/102 **Transition:** The transition to the New Waterways Charity was taking up a lot of management time however the programme was keeping to schedule. The key challenge was the need for increasing levels of communication to a wide range of stakeholders. There had been over 350 submissions to Defra's public consultation (not 500 as previously reported). Overall the consultation responses were broadly supportive of the move to charity status with no common theme to the comments on or objections to the detail. Discussions between Defra and the Transition Trustees on Defra's response to the consultation were under way
- 11/103 **Pay and PRP Awards 2011:** Mr Evans confirmed that a settlement had been agreed with the unions in the 2011 pay negotiations.

FINANCE DIRECTOR'S REPORT (BWB 3426)

- 11/104 **Cashflow:** Mr Ridal reported that the trading account was following its usual pattern in line with waterway seasonal expenditure. The commercial capital account had reduced because of recent commercial property purchases. It was agreed that the cashflow forecast should demonstrate the cyclical nature of receipts and expenditure.
- 11/105 **Trading Summary:** Mr Ridal noted the commercial capital forecast [confidential commercial information removed]. Provisions in the accounts for the Scottish Settlement and NLF Loans were highlighted.
- 11/106 **Charity Format Accounts:** Mr Ridal presented the numbers in the Charity Accounting format.
- 11/107 **Bank Account Mandate Changes:** Changes to the signing mandate for the BW main bank accounts held with Natwest (as set out in the Appendix to these minutes) were approved
- 11/108 **KPIs:** A schedule of KPIs was reviewed and the continued reduction in the number of D&E condition assets to 17.1% was particularly welcomed.
- 11/109 **Forecast:** Mr Hales asked whether it might be possible for maintenance programmes to be increased given the current favourable cash and trading position. Mr Evans agreed to discuss this at the next management meeting.

PR

RE/PR

SCOTLAND DIRECTOR’S REPORT (BWB 3427A)

- 11/110 Mr Dunlop reported that the recent meeting with the Scottish Cabinet Secretary had gone well and provided a good basis for future discussions on budget.
The Disaggregation Oversight Committee had met for the first time on 15 July 2011. Initial feedback had been given to the Inter-Governmental Group with the key challenge being the timescale.

Mr Dunlop further updated the Board on pensions and year-end accounting issues that were expected to be resolved. A further issue around IT contracts and the payment for transitional arrangements would need careful consideration and Mr Dunlop advised the Board that a paper on the subject would need to be discussed at the next Board meeting.

SD

Further changes in key personnel at the Helix project were noted.

CORPORATE SERVICES REPORT (BWB 3427B)

- 11/111 Mr Johnson reported that the passage of the Public Bodies Bill (PBB) remained on track for Royal Assent in the late autumn.

Mr Johnson further noted that the principle for a Waterway Ombudsman Scheme for the successor body had been agreed by the Transition Trustees. The current Ombudsman had agreed to continue in office until June 2012. Mr Evans reported that his annual meeting with the Ombudsman, held recently, had gone well. Whilst the Ombudsman was generally happy with the way things were going, she was keen to see more “signposting” of the Ombudsman Scheme. The Fair Trade Committee would consider her report once it was published. It was suggested that it might be helpful for Mr Henderson to join that meeting.

NJ

Mr Johnson updated the Board on action taken to ensure BW procedures and Codes of Conduct were compliant with the UK Bribery Act, which had come into force on 1 July 2011. A further report would be made to the Audit Committee.

- 11/112 Mr Johnson noted that two appointments needed to be made following the retirement of Mr Prescott. Consequently, it was proposed and agreed that Dr Hargreaves should be appointed as a member of the Audit Committee. It was further proposed and agreed that Jane Cotton, a Transitional Trustee be appointed as an employer-nominated trustee of the BW Pension Fund (as a director of BW Pension Trustees Limited).

- 11/113 Draft Terms of Reference for the Disaggregation Oversight Committee were tabled. It was noted that the first meeting of the Committee had proposed some changes to the terms of reference. It was therefore agreed that Messrs Hales and Sarwal be authorised to finalise the terms of reference of the Disaggregation Oversight Committee on behalf of the Board.

TH/PS

- 11/114 The Board, noting that:
- i) it has power under section 24 British Waterways Act 1995 to establish at the request of another person an undertaking carrying on the business in which the Board have skill or experience and, until such person is ready to manage such undertaking itself, to manage it on its behalf;
 - ii) that the Secretary of State for Environment, Food and Rural Affairs had announced her intention that the functions and property of British

Waterways in England and Wales should transfer to a charitable civil society body as successor to British Waterways in those nations; and

- iii) to facilitate such transfer it is desirable to establish a charitable company limited by guarantee in advance of the transfer and to provide to it such management resources and funding as are necessary for it to be fit and ready to receive the functions and property aforesaid;

RESOLVES that:

1. The British Waterways Board, together with the Secretary of State, do as subscriber for a company limited by guarantee to be known initially as NEW WATERWAYS CHARITY with charitable corporate objects enabling it to succeed to the functions and property of the Board in England and Wales;
2. that the Secretary to the Board, Mr Nigel Johnson, be authorised on behalf of the Board in its name to execute all such documentation and do all other acts as are necessary to enable the said company to be formed with the Board as a subscriber; and
3. that the Chief Executive, and such other officers of the Board as he shall authorise, may approve payment by British Waterways of such expenses and costs of the said company, and may provide such managerial and other assistance, as is necessary or desirable for its formation, establishment and preparation as a successor to the functions and property aforesaid until such time that the intended transfer is completed.

OPERATIONS REPORT (BWB 3427C)

- 11/115 Mr Moran highlighted the continuing benefits of using May Gurney noting that the proportion of compensation events had reduced from 23% to 9%. He also noted that the high priority defects programme was progressing very well with 37% of the annual target having been clear in the first quarter alone. The water resource position for the whole network was generally satisfactory.

The results of the 2010-2011 National Stewardship Score analysis had shown an improvement in the score to 113 from 107, mainly due to an increase in the Waterways Condition Index from 108 to 117. There had been a small reduction in User Benefit Index score from 107 to 106, although this may have been the result of poor data availability.

PROPERTY (BWB 3427D)

- 11/116 Mr Mills reported that the Property Committee had approved the purchase of Unit 1, BSA Industrial Estate, 198 Golden Hillock Road, Birmingham [confidential commercial information removed] and the acquisition had now been completed. The Loughborough Wharf and Aqua Birmingham investments were also discussed. [Confidential commercial information removed].

[Confidential commercial information removed].

In response to a question concerning hydro power, Mr Mills confirmed that the Government consultation on feed in tariffs had revealed a more positive potential outcome for hydro schemes and that the industry was now more optimistic about future investment.

ENTERPRISE (BWB 2427E)

- 11/118 Mr Mills reported that the restructured Enterprise teams were fully operational with income focused KPIs in place.

Mr Mills particularly highlighted the Tees White Water Course project which was opening in September.

An update was provided on the Community Payback initiative which was discussed. It was felt that the potential for this initiative was significant for the waterways and it was suggested that this be raised with ministers such as Kenneth Clarke and Francis Maude.

Mr Mills reported on progress with the London Olympics preparations. Management were still trying to find a solution to the security issues in respect of the towpath adjacent to the Olympic Stadium.

MARKETING (BWB 2427F)

- 11/119 Mr Salem noted continued progress with the volunteer schemes. A strategic review with the new Trustees was being considered for their September 2011 meeting.

Stakeholder communications continued to present a major challenge. Contact with MP's was a major area of focus. Mr Salem was asked to provide an update on communication briefings at the next Board meeting.

SS

- 11/120 A paper on Residential Boating Opportunities was discussed. It was recognised that there was a balance to be struck between maximising the opportunity whilst not alienating current users of the waterways. A proposal to assign a Development Manager and professional planning resource to this was agreed. It was also agreed that a working group be established to consider how best to take this forward. It was also agreed that the policy continue to be implemented on the River Lee and the Kennet & Avon Canal.

BOARD COMMITTEES

- 11/121 **Audit Committee:** The minutes of the meeting of the Audit Committee held on 8 June 2011 were noted.

- 11/122 **Remuneration Committee:** The minutes of the meeting of the Remuneration Committee held on 16 June 2011 were noted.

ANY OTHER BUSINESS

- 11/123 Following the site visit the previous day, it was felt that the role of Waterway Partnerships within NWC would need to be defined more clearly with criteria for success being established.

DATE OF NEXT MEETING

- 11/124 The next meeting of the Board would be held on 21 September 2011.

There being no further business the meeting concluded at 12.30pm.

Chairman

Appendix – Amendment to BW Bank Mandate

Approved changes to the mandate are:

[Confidential commercial information removed]

The mandate as amended is as shown below:

[Confidential commercial information removed]

Two signatories are required for all payments

Only one can be from Panel A. Whilst not being part of the SSC team, these are experienced finance professionals based in the Leeds office and provide a degree of independence from the SSC processes.

All members of Panel B are based in Watford and are experienced finance professionals.

One from panel C is needed for payments over £100k