



"Scotland's canals have seen a huge transformation over the past few years and nowhere is this more evident than in the Lowlands. Key to this success has been a strong partnership approach and I look forward to continuing to work closely with BW and our other partners to ensure that our inland waterways continue to deliver a range of economic, environmental and social benefits for the people of Scotland."

Stuart Ogg, operations director, Scottish Enterprise Forth Valley & chair of the Scottish Lowland Canals Steering Group

## Scotland's canals part of the wider fabric of Scotland

British Waterways Scotland (BWS) is responsible for managing and developing a diverse network of canals, covering some 137 miles and including the magnificent Caledonian Canal in the Highlands, the picturesque Crinan Canal in Argyllshire and the Forth & Clyde, Union and Monkland canals in the Lowlands.

Scotland's inland waterways, particularly the Lowland Canals, are at a different stage in their evolution to those in other parts of the UK, and this combined with the individuality of each canal presents a unique set of challenges and opportunities.

In 2006 the team in Scotland made good progress towards its plans which are not only contributing to BW's UK vision but also ensuring that our waterways continue to be woven in to the wider fabric of Scotland.

### The Scottish Inland Waterways Agenda

Since devolution, BWS has received grant funding from the Scottish Executive. *Scotland's Canals An Asset for the Future* was launched by the Scottish Executive in 2002 and set the agenda against which we focus our resources.

Today our canals offer far more than the provision of water spaces for boating. Scotland's canals are responding to wider agendas in leisure and tourism, health and community development, regeneration and economic opportunity, and environment and sustainability.

Our baseline grant saw a real increase to £10.9m in 2006/07 up from £8.9m in 2005/06 and will increase further to £11.4m in 2007/08.

During 2006/07 we received additional ad hoc funding of £2.4m and a contribution of £1.5m towards a landscaping and public realm project at Port Dundas, bringing the total for the year to £14.8m.

### Delivering benefits

To ensure BWS delivers on its remit from the Scottish Executive, we continue to focus on three key themes: asset management; creating destinations; and enabling and delivering sustainable regeneration.

### Asset management

Our waterways are valuable assets that impact on many aspects of life in Scotland.

At the close of 2006/07, outstanding statutory maintenance arrears in Scotland stood at £3.7m, down from £6.2m at the start of the financial year. We remain on target to eliminate these arrears completely by 2012.

On the Caledonian Canal the then Transport Minister, Tavish Scott MSP, marked the completion of the ten-year lock refurbishment programme with a visit to Banavie in May 2006. This £20m investment has secured the long-term future of the waterway and provided a platform to continue to explore the development of a range of leisure and freight opportunities.

For the first time in many years the full length of the Caledonian Canal is now open for business for 12 months each year, an achievement we wish to maintain.



1. Rt. Hon. Michael Martin MP, Speaker of the House of Commons with Glasgow Lord Provost, Liz Cameron on *The Wee Spark* at the opening of the new canal basin at Port Dundas
2. Pupils from Dochgarroch Primary School, nr. Inverness were enthused about seeds and plants by heritage & environment manager, Olivia Lassiere

Thanks to the additional funding from the Scottish Executive we were able to bring forward a range of customer-focused improvements during 2006 including: new boater facilities across all Scotland's canals; embankment repairs; dredging; and towpath upgrades at key destinations on the Lowland canal corridor. Several areas benefited from the works including Bowling, Glasgow and Edinburgh in the Lowlands, the Crinan in Argyll and Corpach and Laggan on the Caledonian Canal.

### Boating

Transit traffic rose on all our canals during the year. The total number of boats licensed in Scotland in 2006/07 was 3,490, compared with 3,160 in 2005/06. (see table on page 25).

Our customer satisfaction survey showed that 97% of hire boaters in 2006 rated overall upkeep as OK or better, compared with 93% in 2005, while 68% said they would definitely recommend to a friend, just lower than last year's figure of 70%.

### Water Framework Directive in Scotland

The EU Water Framework Directive – the most important piece of environmental legislation in recent years – aims to promote the sustainable management of all waters, including canals in Scotland. Close working relationships with the Scottish Executive water team and the Scottish Environment Protection Agency (SEPA) have allowed us to ensure that SEPA is sensitive to the special nature of the canals as artificial structures.

### Creating destinations

In order to meet our overarching objective of increasing the use of and contribution which waterways can make we continue to focus on creating and developing high quality destinations at key sites across the network.

The latest Association of Leading Visitor Attractions' figures showed that The Falkirk Wheel enjoyed the largest increase in visitors of any British tourist attraction last year. The iconic structure also reinforced its position as one of the country's leading visitor attractions with two awards, including one for 'Outstanding Achievement' at the 2007 Waterways Renaissance Awards.

Glasgow was awash with colour in September as a flotilla of boats gathered to mark the completion of a new canal basin in the heart of the city. A new £3.5m landscaping and public realm project at the site of the waterway extension at Port Dundas will help in the creation of a thriving canal quarter and new events space for Glasgow.

The Waterside Pub Partnership will start building a new canalside pub at Auchinstarry in June 2007 with opening scheduled for March 2008. Plans for a further outlet at Seaport Marina in Inverness are also being progressed.

Quay 2, the second stage of the Edinburgh Quay mixed-use project was launched in February 2007. Our imaginative joint venture with Miller Developments has transformed the area around Lochrin Basin and started the regeneration of the Fountainbridge corridor. For the second year running the opening party for the Edinburgh Fringe Festival was held at Edinburgh Quay.

The regeneration of Bowling Harbour progressed during 2006 while developments are well under way at Rosebank where residential flats have been erected beside the canal.

### **Waterside regeneration**

During 2006 we continued to create the solid foundations on which to build longer-term sustainable waterway regeneration across the network.

The Glasgow Canal Regeneration Project, a partnership between ISIS Waterside Regeneration and Glasgow City Council, will see the creation of a series of mixed-use developments and a number of new destinations across 1,000 acres of the Glasgow branch of the Forth & Clyde Canal over the next 15 to 20 years. In 2006 we reviewed our development approach to ensure the regeneration vision is right for the people of Glasgow and that local communities are fully involved in helping to shape the future of the area.

At Bowling we continue to explore the role of the canal in the wider regeneration of the area and we have also pushed forward our in-depth examination of the potential restoration of navigation along the River Leven from Dumbarton on the Clyde to Loch Lomond.

As a pivotal location on Scotland's canal network, Falkirk presents a number of regeneration opportunities. A study to identify the opportunities in and around the Tamfourhill area has been undertaken and we continue to work with our partners to ensure the canal plays a significant role in the masterplanning process.

We continue to be a key player within the Dalriada project in Argyllshire and with our community and public sector partners we are exploring the significant regeneration opportunities in and around Ardrishaig.

### **Working in partnership**

We cannot realise our vision for Scotland's canal network in isolation and we continue to forge closer working relationships with a broad spectrum of organisations in numerous policy areas.

Key to our partnership approach is the work of the British Waterways Scotland Group. Chaired by BW's vice-chairman, the Group meets three times a year and represents our corporate and commercial interests in Scotland's devolved political environment (see page 42 for more details).

We also play our full part within the Scottish Canals Development Group, a partnership chaired by the Scottish Executive that brings together organisations with a common interest in contributing to, and benefiting from, vibrant canals. Two further groups – the Highland Canals Steering Group and the Lowland Canals Steering Group – bring together our principal partners on a quarterly basis to discuss and progress projects.

Working with the Waterways Trust Scotland we also encourage community and voluntary sector engagement with our network.

### **Director's summary**

Much has been achieved over the past few years to revitalise the canal network, however, there is still a huge amount of potential to be unlocked. As our environment has changed, so too has BWS. We have embraced a more outward looking, customer-focused and dynamic approach to our business which in turn is making us more commercially astute. As we move forward we aim to develop our position as a partner of choice and to extend and grow our reputation for waterside regeneration and development.

We have had a very busy and productive year and I would like to thank our committed workforce, the Scottish Executive and our partners in the public, private and voluntary sectors for their continued support as we strive to develop the full potential of Scotland's canals.



**Steve Dunlop**  
Director, Scotland



### Boat licences in Scotland

	Under 3 months		Over 3 months		Total	
	06/07	05/06	06/07	05/06	06/07	05/06
Caledonian Canal*	1343	1145	134	167	1477	1312
Lowland Canals	144	126	232	232	376	358
Crinan Canal**	1565	1421	72	69	1637	1490
<b>Total</b>	<b>3052</b>	<b>2692</b>	<b>438</b>	<b>468</b>	<b>3490</b>	<b>3160</b>

\* In 2006/07 there were 83 commercial vessels operating on the Caledonian Canal (83 in 2005/06)

\*\* In 2006/07 there were 157 commercial freight ship visits to the Crinan Canal (131 in 2005/06)



Family enjoying a boat trip on The Falkirk Wheel

### 2006/07 Achievements

- 25m visits to Scotland's canals
- Visitors to The Falkirk Wheel up by 48%  
- the highest increase of any visitor attraction in the UK\*
- 97% of hire boaters rated overall upkeep as OK or better
- 10% increase in boat licences to 3,490
- Outstanding statutory maintenance arrears reduced from £6.2m to £3.7m
- Opening of the new canal basin at Port Dundas, representing the first step in the long-term regeneration of the Glasgow canal corridor
- Formal completion of the £20m, 10-year restoration programme on the Caledonian Canal, securing its long-term future
- Quay 2 regeneration launched in Edinburgh

\* Association of Leading Visitor Attractions Report

# Scotland Accounts

## Profit and Loss Account Scotland year to 31 March 2007

	2006/07 £m	2005/06 £m
Direct Income	6.4	6.9
Scottish Executive Grant	15.0	12.0
<b>Total Revenue</b>	<b>21.4</b>	<b>18.9</b>
Major works	(2.3)	(2.5)
Staff Costs	(5.5)	(5.2)
Depreciation	(0.3)	(0.3)
Other Operating Charges	(12.7)	(11.9)
<b>Total Expenditure</b>	<b>(20.8)</b>	<b>(19.9)</b>
<b>Operating profit/(loss)</b>	<b>0.6</b>	<b>(1.0)</b>
Profit on sale of investment properties	0.1	0.7
Dividends received from joint ventures	0.5	3.1
Interest receivable	0.2	0.3
<b>Profit for the financial year before tax (transferred to BW Group reserves)</b>	<b>1.4</b>	<b>3.1</b>

## Balance Sheet as at 31 March 2007

	2007 £m	2006 £m
<b>Fixed assets</b>		
Tangible assets	15.3	15.2
Investments in joint ventures	3.4	2.7
	<b>18.7</b>	<b>17.9</b>
<b>Current assets</b>		
Stocks	0.1	-
Debtors	5.4	3.8
Cash at bank and in hand	-	0.4
	<b>5.5</b>	<b>4.2</b>
Less:		
Creditors: Amounts falling due within one year	(5.0)	(4.1)
<b>Net current assets/(liabilities)</b>	<b>0.5</b>	<b>0.1</b>
<b>Total assets less current liabilities</b>	<b>19.2</b>	<b>18.0</b>
Provisions for liabilities	-	-
Deferred capital grant	(0.8)	(1.1)
	<b>18.4</b>	<b>16.9</b>
<b>Financed by:</b>		
Investment property revaluation reserve	5.2	5.2
Funding from BW Group	13.2	11.7
	<b>18.4</b>	<b>16.9</b>

**Note:** These accounts do not consolidate the accounts of joint venture companies.

**Grant receivable from the Scottish Executive**

	2006/07 £m	2005/06 £m
Grant received in year	13.0	12.0
Accrued grant at 1 April	(2.0)	(2.0)
Accrued grant at 31 March	3.8	2.0
	<b>14.8</b>	<b>12.0</b>
Deferred capital grant released to profit and loss account	0.2	-
	<b>15.0</b>	<b>12.0</b>

**Analysis of fixed assets as at 31 March**

	2007 £m	2006 £m
<b>a) Tangible fixed assets (net book value)</b>		
Freehold land, buildings and structures operational	4.8	4.9
Freehold land, buildings and structures investment	8.5	8.2
Craft plant and equipment	2.0	2.1
	<b>15.3</b>	<b>15.2</b>
<b>b) Investments</b>		
Loans to joint ventures:		
Balance at 1 April	2.7	7.7
Net movement on loans	0.7	(5.0)
<b>Balance at 31 March</b>	<b>3.4</b>	<b>2.7</b>

	Issued share capital £	Equity interest held %
Edinburgh Quay Limited	100	49
Timber Basin Limited	2	49

The principal activity of each joint venture is property development. Further details are explained on page 24 in the Scotland report. The aggregate amount of capital and reserves and the profit and loss for the year was as follows:

	Capital and Reserves £m	Profit/(loss) for the year £m
Edinburgh Quay Limited (31 December 2006)	0.4	0.5
Timber Basin Limited (31 March 2006)	-	-