

**ANNUAL REPORT
HEALTH & SAFETY MANAGEMENT SUPPLEMENT – JANUARY 2009****1.0 INTRODUCTION**

- 1.1 This Annual Report covers the calendar year 2008. As with the interim reports, it covers the 4 areas of risk – Assets, Visitors, Contractors and Volunteers, our People.
- 1.2 Progress on Occupational Health and Safety has seen the rate of ‘Lost Time’ injuries show no improvement over the year

2.0 SUMMARY OF 2008**2.1 General**

- 2.1.1 The major issues in 2008 were in the areas of Compliance, Minimum Safety Standards, and Occupational Health & Safety. Each is outlined below.
- 2.1.2 Directors continue to lead the business by setting themselves personal safety targets as follows:
- Conducting worksite safety reviews – a minimum of 4 per director.
 - Leading investigations of serious incidents including those involving the public.
 - Reviewing investigations of all reportable incidents.
- 2.1.3 The Chief Executive was involved in quarterly safety reviews of each area of the business, including each Business Unit. We have a series of both lead and lag indicators, which are tabulated and charted, showing what progress is being made taking a holistic view of Health and Safety Management.

2.2 Compliance

- 2.2.1 It became clear during 2008, that there were some significant areas of non-compliance. Audits concluded that we had sound standards and procedures, but that these were not always followed adding risk to BW, our people, and our customers. This is covered in more detail in Section 3.

2.3 Minimum Safety Standards

- 2.3.1 The introduction of Minimum Safety Standards as a subset of our new Customer Service Standards has had a significant impact.
- 2.3.2 The Orange Book shows that nationally we have achieved 93% compliance with Minimum Safety Standards. Some target dates were delayed due to financial pressure, but only after mitigation measures were put in place.
- 2.3.3 One standard, namely bollards in narrow locks, was criticised by experienced boaters. We are sure that the new standard does improve safety at narrow locks and we are working to convince the doubters. The key issue is that we must provide a safe environment for all our customers.

2.4 Occupational Health and Safety

- 2.4.1 The improvement in employee incident trend has stagnated through 2008. Our headline measure, the number of Lost Time Incidents, has increased by 11% compared with December 2007. 2 areas of the business (Workshops and BWML) have achieved over 12 months without a lost time incident. 2 business units have achieved over 12 months without a RIDDOR reportable incident. We will continue to focus on safe behaviour as a primary means of addressing the problem.
- 2.4.2 A series of workforce roadshows have been held covering the country. The roadshows have been run jointly with the Head of Health & Safety and senior Trades Union Safety Representatives. Over two thirds of the workforce attended putting forward ideas and opinions about why the improvement has stalled and what could be done to improve.
- 2.4.3 Our benchmark for comparing our safety performance with the construction industry saw drop back from the upper quartile. The benchmark is based on RIDDOR reportable incidents only. Although our RIDDOR's have increased, the vast majority do not result in major injuries.

3.0 ASSETS

3.1 Asset Management

- 3.1.1 Our asset management approach is set out in a document known as AIP. This document was reviewed with a revised AIP2008 issued in April. Revisions included the lessons learned from the Mon & Brec breach.
- 3.1.2 During the year, the Environment Agency as enforcement body for the Reservoirs Act sought to have canals included in the proposed new Reservoirs Act. We were able to demonstrate that our asset management approach was already risk based and that such an expansion of the Reservoirs Act was unnecessary. We received a Ministerial Direction requiring us to maintain AIP2008 and to ensure any future revisions were consistent with PAS55.
- 3.1.3 Deficiencies in the full execution of AIP were identified during the year. Audit identified non compliance with the competence requirements relating to Confined Spaces and also identified non compliance with the inspection and monitoring requirements re. Electrical Plant and Equipment. Appropriate management action was taken and reported to the Audit Committee.
 - 3.1.3.1 We are addressing non-compliance with standards and procedures through the development of a 3 tier Governance approach. Our standards and processes must be deliverable and proportionate; they must have clear checking requirements; and they must have a clear in-built audit trail to show compliance.

3.2 Asset Condition

- 3.2.1 A clear business priority is to ensure a proportion of our major works spend is targeted on those assets in poorest condition, with the highest consequence of failure – namely E4, D5 and D4 assets.

- 3.2.2 Bridge 20 on the Trent & Mersey Canal partially collapsed when being crossed by a large tractor and trailer. The trailer fell into the canal, but fortunately there were no injuries. This failure was not related to asset condition, but was due to the bridge being overloaded. We are assessing the known and suspected use of our accommodation bridges to identify if there is a wider issue requiring business wide action.
- 3.2.3 There was a breach on the Stourbridge Canal on Sunday, 7th September 2008. The assessment had a Principal Inspection in 2000 and was graded as Condition C with a Consequence of Failure of 1. The breach was caused as a result of a rapid rise in water level following a rain storm leading to an overtopping of a localised low spot in the towpath. The canal was re-opened on the 18th December 2008.

4.0 VISITOR SAFETY

4.1 General

- 4.1.1 The focus on Minimum Safety Standards has been a major initiative, impacting on public and customer safety. Each Business Unit now has a clear programme in place to meet the standards.
- 4.1.2 The audit of visitor risk assessments raised two areas of concern. The first was that not all assessors had received the specific training set out in our standard. The second was a concern that some business units did not have a clear programme to give confidence that deadlines would be met. These concerns have now been addressed.
- 4.1.3 There were 4 HSE reportable injuries to customers in 2008. 2 customers were taken to hospital following falls after stepping into potholes when mooring their boats. 1 customer was seriously injured when a section of walkway fell from a guillotine lock gate. In the most serious incident, a 15 year old girl lost both her lower legs after being crushed by a swing bridge. She was with a group of young people who had unlocked the bridge and were apparently swinging it open and closed. A police and HSE investigation found no serious issues with the bridge.
- 4.1.4 A customer reported to us that while operating a paddle, she had fallen into the lock approach and had been drawn through the paddle/culvert into the lock. This is an unusual, albeit serious, incident which was not reported for some time.
- 4.1.5 We decided to carry out a test to replicate the incident. We were able to establish that someone not wearing a lifejacket could, in certain circumstances, be drawn into and through the paddle/culvert. Whilst we did video the test, the quality of the video is poor and we have decided to repeat the test and record using better video equipment as this has important customer safety implications.

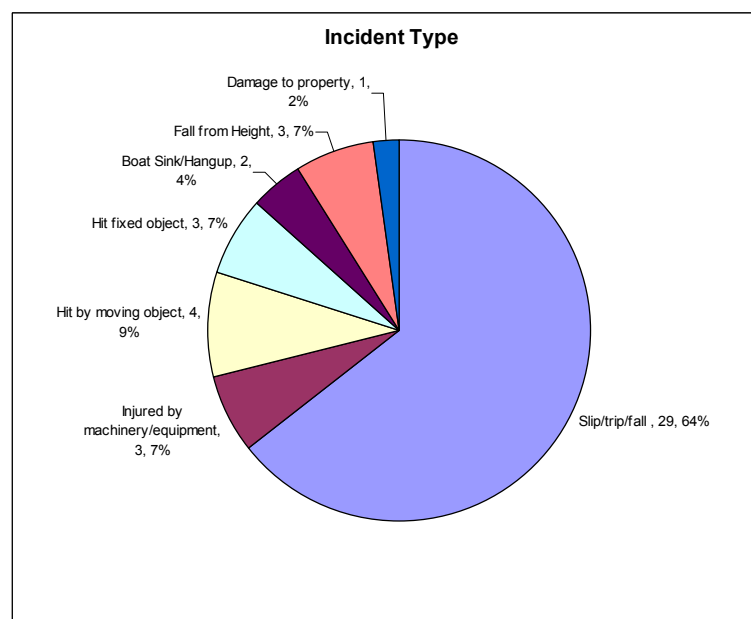
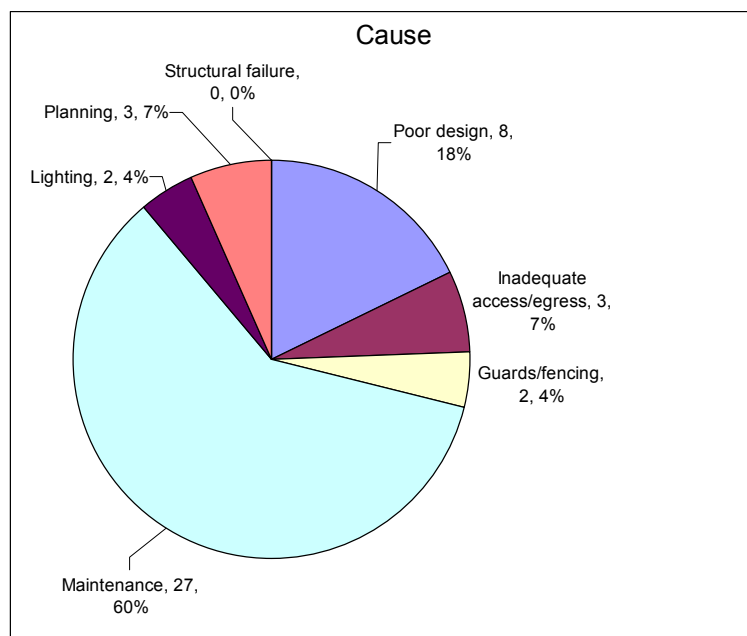
4.2 Boating Incidents

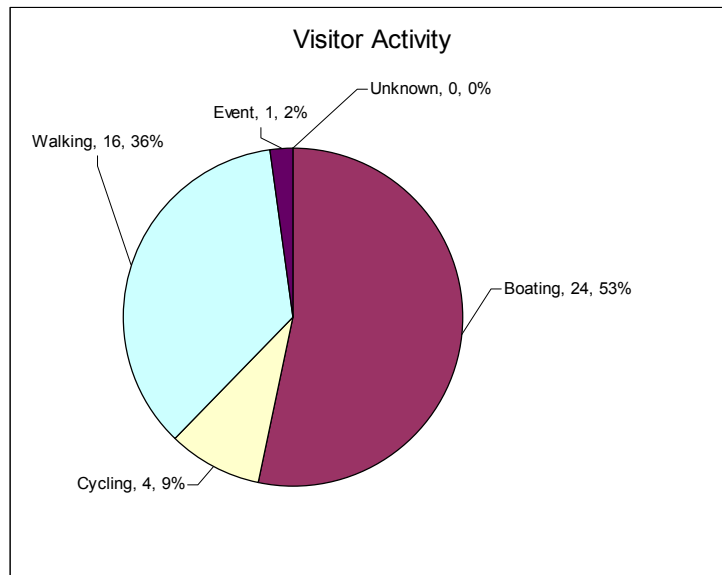
- 4.2.1 A series of cill related boat sinking incidents occurred in 2007 which prompted BW to conduct a program of placing warning signs and marking of lock cills during 2008.
- 4.2.2 There has been 1 report of a boat being sunk as a result of contact with a lock cill in 2008 and 4 near misses. This is a significant reduction on the alarming figure of 6 sinkings and 11 near misses during 2007.

4.3 All Incidents

4.3.1 The trend in incidents established over the past 2-3 years shows 15% of incidents reported by visitors are infrastructure related. A medium term goal of reducing this to 10% was set at the beginning of 2007. The Minimum Safety Standards take into account what was learnt from analysis of causes. Early signs are encouraging that this focus is starting to have an impact. The charts below indicate a reduction of infrastructure related visitor incidents in 2008 to 10.9% of incidents reported by Customers.

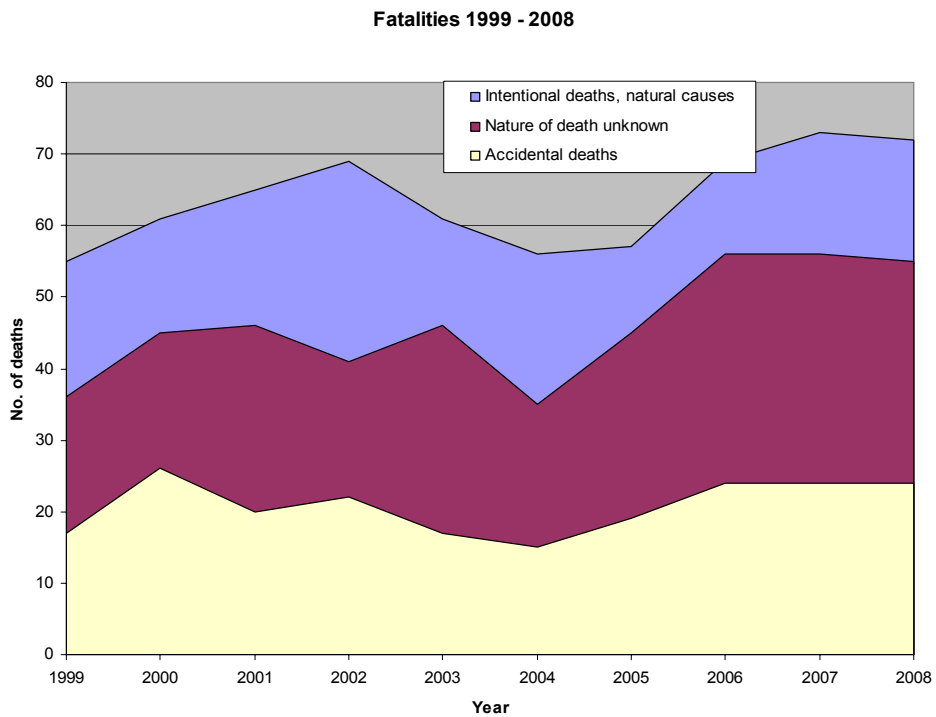
4.3.2 These are broken down as shown in the following pie charts. The following charts show the outcome of the analysis of the visitor incidents reported to BW in the first 9 months of 2008/9. 413 incidents occurred where loss, injury, or antisocial behaviour was reported by a customer. The percentage we identified following investigation which had an infrastructure related cause (i.e. a defect requiring remedial action) has dropped from an average of 15% in the period between 2004 and 2007 to 10.9% for the 9 months to December 2008.





4.4 Water related Fatalities

4.4.1 The following chart shows the trend of water related fatalities. They cover all incidents of which BW are aware where the deceased was recovered from the water. BW conducts an initial investigation to identify whether there are contributory factors within the control of BW and for appropriate incidents we advise the Coroner's court of our interest in the events.



4.4.2 72 deaths reported in 2008 :

24 Accidental

17 Intentional (includes suicides, crime and natural causes)

31 Unknown

West Midlands	4
Wales & Border Counties	6
North West	12
London	9
South West	6
East Midlands	12
South East	6
Scotland	10
Yorkshire	3
BWML	4

4.4.3 We can detect no underlying issue behind these figures. It is possible that the increase is a result of better reporting.

4.4.4 We have mapped the location of the incidents, but, again, have not been able to detect any locational or social links.

5.0 CONTRACTORS AND VOLUNTEERS

5.1 Contractors

5.1.1 The Management of Contractors direction has been reviewed in light of the audit recommendations and experience within the business. The principal change is to introduce a category of contractor which will not need Achilles pre-qualification. In all other aspects they are managed as other contractors. These contractors will be restricted to low risk or short duration activities such as cleaning services, estate agency services and office equipment servicing.

5.1.2 There have been 2 'Lost Time' contractor injuries in 2008 :

- 19/9/2008 – An excavator driver working for Griffiths Civil Engineering & Construction was dismounting from a hydraulic excavator after completing pre start checks, when he fell backwards landing in the excavator bucket sustaining broken rib.
- 28/11/2008 - Apex construction, Lincoln Yard. An incident occurred which resulted in a machine slipping into the trench, with one track, which could have resulted in a total overturn of the machine, had it not got wedged in the trench. As a result, Gordon Nassau, the operator, sustained an injury to his ankle and is currently off work. The Contractor will be reporting this under RIDDOR as an over 3 day injury.

These incidents have been addressed with the contractor by BU Managers.

5.2 Volunteers

5.2.1 There are now 16 volunteer organisations assessed as competent to self supervise. This is an increase of 10 since 2007. The volunteer organisations vary in size from national groups like WRG to local canal societies. Equally, the range of activities for which they are deemed competent varies.

5.2.2 Other volunteer activities are directly supervised by BW.

5.2.3 There have been no reportable injuries involving volunteers.

6.0 EMPLOYEE OCCUPATIONAL HEALTH AND SAFETY

6.1 Lost Time Incidents

6.1.1 The Board is aware that our headline measure is now 'Lost Time' incidents rather than RIDDOR reportables. There has been no improvement in overall Lost Time Injuries during 2008 and a marked increase in Riddor reportable over 3 day injuries. It is worth noting, that BW has a low rate of Riddor "major injuries" i.e. those involving broken bones. Many of BW employee injuries are near their potential for harm. On benchmarks involving "major injuries" only BW is a very good performer.

6.1.2 In 2007, 17% of 'Lost Time' injuries were as a result of road traffic incidents. Road traffic incidents are not reportable under RIDDOR and were not recorded previously when tracking 'Reportables'. BW has a program of driver assessment and training to address this risk. During 2008, the situation improved with no Lost Time Injuries as a result of Road Traffic Incidents.

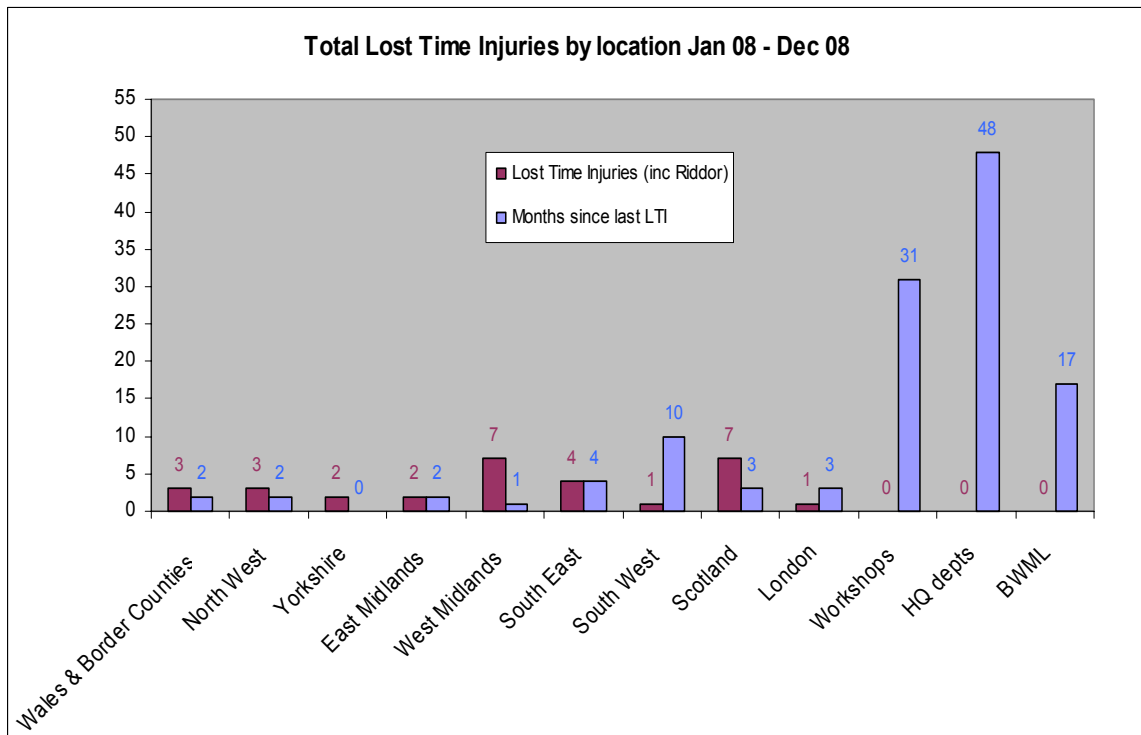
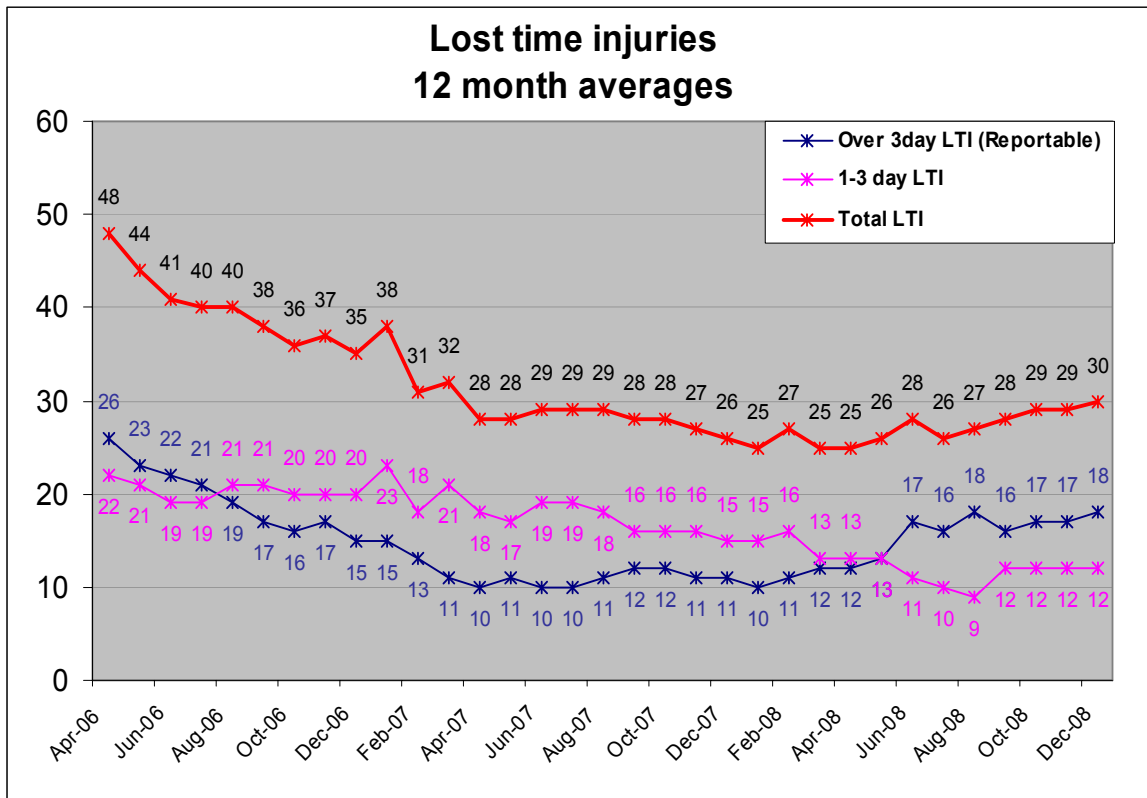
6.1.3 The overall trend in all types of injuries continues to be downwards when first aid cases and minor injuries are included (see charts below). During the workforce roadshows, the propensity to report was challenged, the workforce maintained that they were reporting incidents.

6.1.4 The workforce roadshows have been run jointly with the Head of Health and Safety and senior Trades Union Safety Representatives. Over two thirds of the workforce attended, putting forward ideas and opinions about why the improvement has stalled and what could be done to improve. In the coming weeks, the information gathered will be reviewed and a proposal for action put to the National H&S Committee.

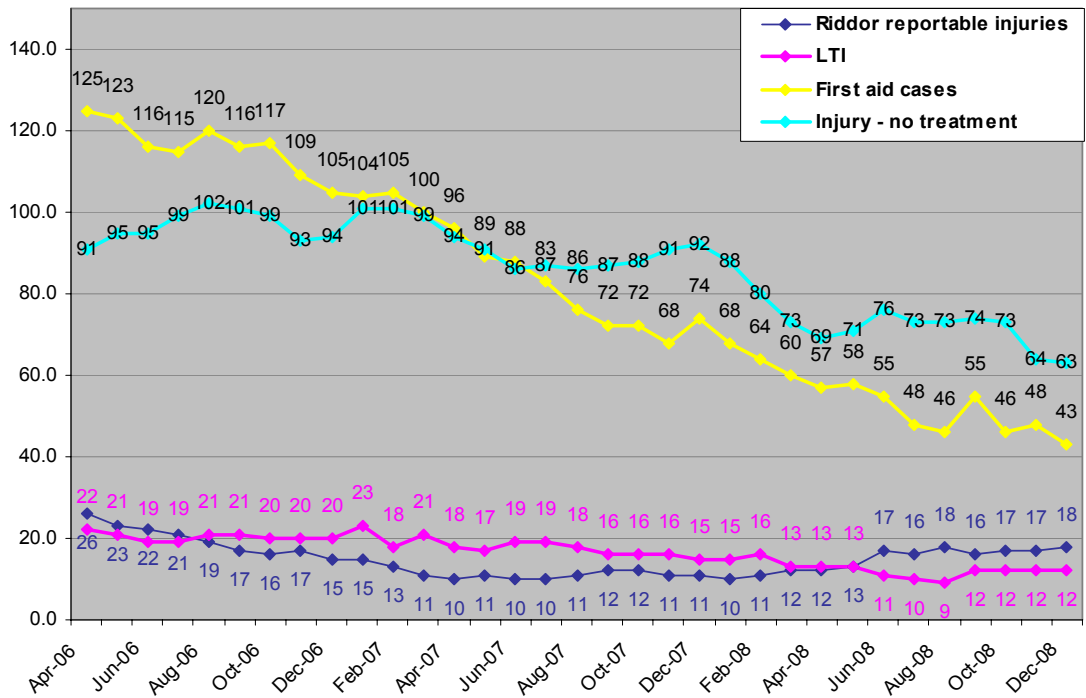
6.1.5 Progress against Targets 2008/9

- 25% reduction in Lost Time Injuries to B.W. employees (start point 25 for 12 months to March 2008) - **20 % increase**
- 25% reduction in Manual Handling Injuries (start point 37 for 12 months to March 2008) - *progress 28 for 12 months to December 2008* - **24% reduction**
- 25% reduction in Slip/Trip/Fall Injuries (start point 44 for 12 months to March 2008) - *progress 48 for 12 months to December 2008* – **8% Increase**
- 400 Worksite Safety Inspections by SMT members - *progress to the end of December 2008* - **566 inspections & 341 behavioural safety discussions recorded.**
- Achieve 75% of visitor risk assessment plan – **66% reported complete** (subject to audit)

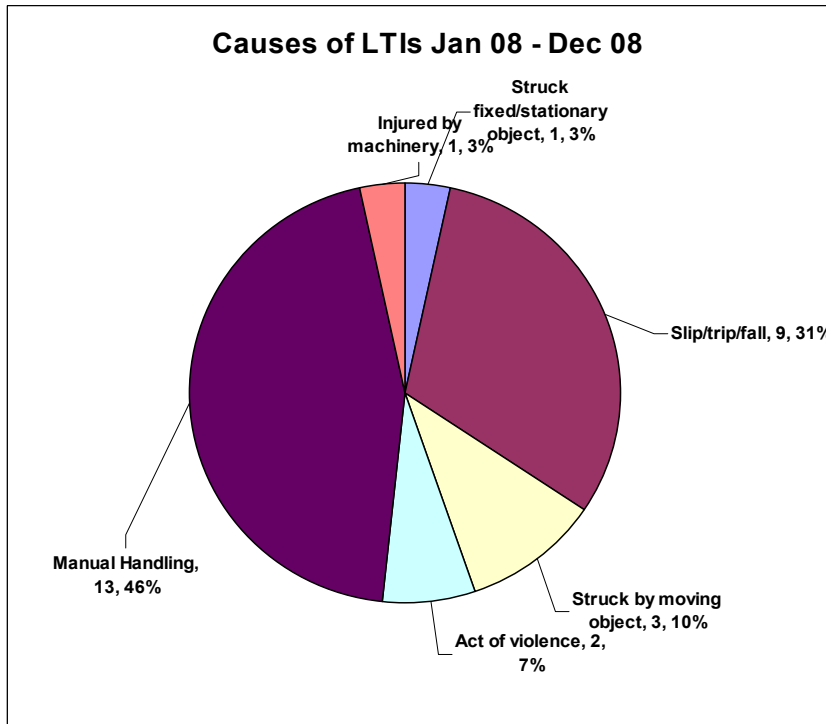
6.2 Performance Statistics



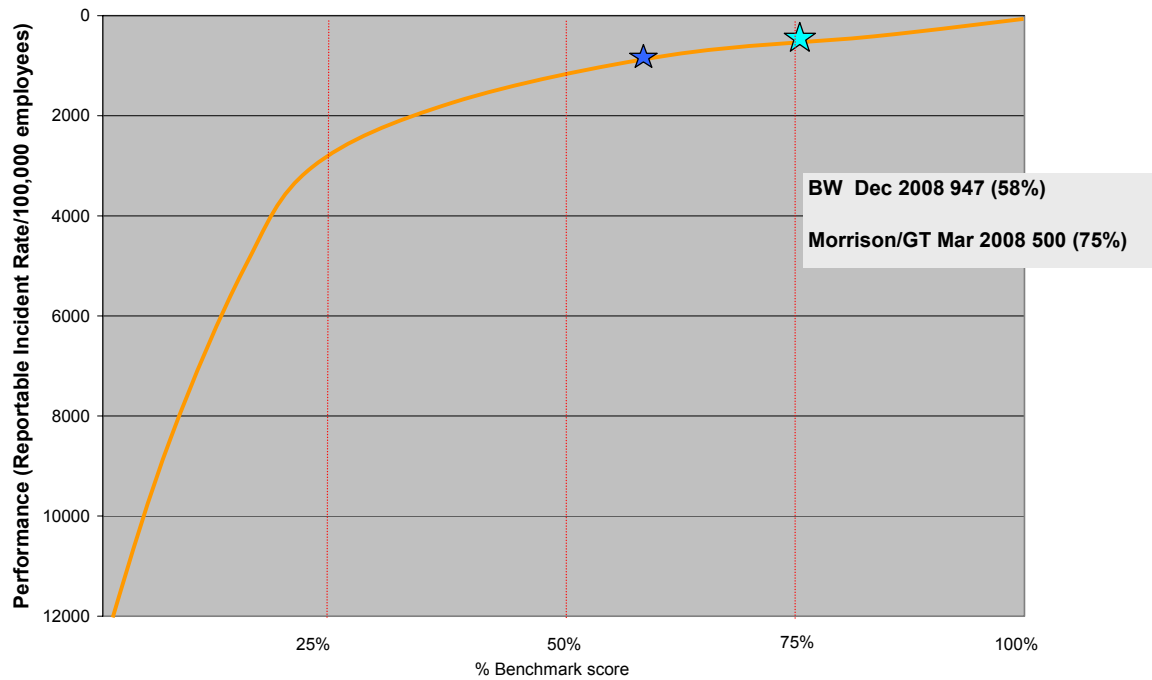
12 month averages - BW employees



Causes of LTIs Jan 08 - Dec 08



Construction Industry Safety Benchmark Data



6.3 Occupational Health

- 6.3.1 There have been further cases of Hand Arm Vibration Syndrome during 2008, the current total is 10 cases which have been reported to HSE under RIDDOR as industrial diseases. HSE scrutiny of reported cases resulted in a satisfactory outcome. The cases reported are as a result of historic exposure and increased thoroughness of health surveillance. BW now has a robust system for managing these risks.
- 6.3.2 A safety bulletin has been issued to the Business identifying practical measures for managing risk from Whole Body Vibration. Initial risk assessments indicate this is most likely to affect employers driving off-road vehicles. The guidance identifies particular machine types and implementation of possible control measures, such as task rotation, operator training and information.