

## BOARD MEETING

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Minutes of a meeting of the British Waterways Board (the **Board**) held at 1 Sheldon Square, Paddington Central, London W2 6TT on Wednesday 21<sup>st</sup> March 2012 at 12 noon.

### PRESENT:

Mr T Hales	Chairman
Mr J Bridgeman	
Mr N Hugill	
Mr P Sarwal	
Mr D Sutherland	
Mr J Bywater	
Mr R Green	
Dr J Hargreaves	

### 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	Property and Enterprise Director
Mr V Moran	Customer Operations Director
Mr P Ridal	Finance Director
Mr S Salem	Marketing Director
Mr J Stirling	Technical Director
Ms M Cassoni	Canal & River Trust trustee, as an observer
Ms L Berry	Canal & River Trust trustee, as an observer
Ms J Cotton	Canal & River Trust trustee, as an observer
Mr J Dodwell	Canal & River Trust trustee, as an observer
Mr M Devin	Prism Cosec, Secretary of the Meeting

### INTRODUCTION

12/028 The Chairman opened the proceedings with a formal welcome to Marisa Cassoni.

### DECLARATION OF INTERESTS IN MATTERS ON THE AGENDA

12/029 No interests were reported.

### MINUTES OF THE PREVIOUS MEETING

12/030 The minutes of the meeting of the Board held on Wednesday 25<sup>th</sup> January 2012 were approved.

### MATTERS ARISING

12/031 BWS: appointment of sub-committee of the BW Board (minute 12/014)

It was noted that the resolution as adopted had also delegated to Mr Dunlop, as Scotland Director and in respect of activities in Scotland, all of the powers

and authority as currently exercised by Mr Evans as Chief Executive for all BW activities in Great Britain.

12/032 Funding agreement (minute 12/008)

It was noted that the reference in this minute to index linking of the Core Grant needed elaboration. The Core Grant will be adjusted for inflation from year 2015/16 at three yearly intervals by reference to the GDP deflator predictions available on 31 March in the year of adjustment. This will continue to 31 March 2024 (for financial years 2024/25 to 2026/27). The maximum amount of Core Grant payable in any of the financial years 2022/23 to 2027/27 shall not exceed the amount paid in 2021/22 plus £10m

**CHIEF EXECUTIVE'S REPORT (BWB 3438)**

12/033 **Health & Safety Report:**

The health and safety report was received and noted.

12/034 **HR Activity Report:**

Mr Evans reported that the rolling programme of employee road shows had been well received.

12/035 **Canal & River Trust:** Mr Evans noted the achievement of significant milestones since the January Board meeting. The funding announcement had been well received by staff and at a joint workshop held on 18<sup>th</sup> February with canal society representatives there was a constructive attitude to future cooperative working with Trust.

Mr Evans updated the Board following the oral evidence hearing of the Efra Select Committee meeting on 13<sup>th</sup> March at which Mr Evans and Mr Hales gave evidence. Mr Evans was hopeful that the scrutiny period for the draft Transfer Order would be the default 40 days rather than an extended 60 days.

**FINANCE DIRECTOR'S REPORT (BWB 3439)**

12/036 **Cash Balances:** Mr Ridal explained the reasons underpinning a rise in the No 1 account cash balance including, inter alia, cash inflows from Wood Wharf and delayed expenditure on the waterways.

No further acquisitions were planned for March 2012 and there were no material cash/liquidity issues to report.

12/037 **Commercial Capital Forecast:** There was an assumed transfer of £5m in March 2012 from capital to revenue to fund anticipated deficits in the first two years of the draft business plan.

12/038 **Trading Statement (F10):** Mr Ridal highlighted the principal changes between the F10 (January) and F8 positions. There had been an increase in contribution from utilities following an agreement with National Grid in relation to the Regent's Canal tunnel. Some of the costs of launching the Trust would now fall into the early months of the next financial year. As noted in minute 12/036 above, the year-to-date figures on waterway expenditure were behind plan but cash outflows in relation to the waterways would be higher during the period March to May 2012.

12/039 **Draft KPMG Report:** Mr Ridal introduced a near final draft report, which now reflected the funding agreement concluded with Defra. A number of clarifications were discussed and these would relayed to KPMG. The Board further considered the process for finalising report and **it was agreed** that the Executive would resolve this issue with KPMG.

**NJ/PR**

12/040 **Draft Plan for 2012/13:** The Board received a draft of the Plan for the financial year 2012/13 which would include activities of both BW and the Trust. The draft was noted and the general direction of travel was approved, acknowledging that further refinement was still required.

Mr Ridal explained that next iterations of the Plan (once approved, intended for publication) would contain a broader spread of information. In this context, Mr Green suggested that the Plan should also include a compelling vision of the executive's sustainability agenda. Ms Cotton added that it may also be appropriate to identify within the plan the key corporate risks and the measures taken to manage/mitigate these. It was noted that Mr Evans currently presented for review at meetings of the Audit Committee a high level risk dashboard and that this might be incorporated into the business plan.

**PR**

**SCOTLAND DIRECTOR'S REPORT (BWB 3440A)**

12/041 Mr Dunlop's written report was received. The Board considered the draft 2012/13 business plan for Scotland noting that further refinement and detail was required (particularly as to the expected impact of the transfer to Canal & River Trust on the continuing business of BW in Scotland) but that the direction of travel was appropriate.

The Board noted that scrutiny of the performance of BW in Scotland against that business plan would be the responsibility of the Scotland Committee of the BW Board in accordance with the delegation arrangements approved at the January Board meeting.

12/042 In connection with the anticipated resignation of Messrs Stirling and Ridal as directors of Millennium Link Trust (in anticipation of their transfer to the Canal & River Trust) the appointment of Debs Hurst and Nicola Christie in their place effective from 1<sup>st</sup> April 2012 **was approved**.

**SD**

12/043 **It was acknowledged and noted** that, in accordance with the general delegation of the governance of the business of BW in Scotland to the Scotland Committee of the Board, the Scotland Committee intended to open one or more bank accounts for the exclusive use of the business of BW in Scotland.

The Board **resolved** that Deborah Hurst be authorised to execute on behalf the Board and for the purposes of its business in Scotland (trading as Scottish Canals) a bank mandate that provides for the authorising of payments pursuant to that mandate by one officer each from the following two groups:

[Confidential material exempt from disclosure under ss.40 and 43 Freedom of Information Act 2000 removed]

Changes to the terms of above mandate that Deborah Hurst has by this resolution been authorised to execute on behalf of the Board may in future be authorised jointly by the Board members sitting on Scotland Committee of the Board, that is to say Jon Hargreaves and Duncan Sutherland.

- 12/044 Dr Hargreaves advised the Board that the Scottish Parliament had now confirmed the prospective non-executive appointments to the Board to take effect from the date of the transfer of the England & Wales business to the Trust.

#### **OPERATIONS REPORT (BWB 3440B)**

- 12/045 Mr Moran informed the Board of the measures being taken to address the acute water shortages now impacting a small proportion of the waterways network. Mr Moran assured the Board that everything was being done to keep the boating community informed of potential restrictions in the areas of risk.

#### **PROPERTY (BWB 3440C)**

- 12/046 Pursuant to the authority delegated to it by the Board, the Property Committee had on 1<sup>st</sup> February 2012 approved the purchase of an office building at Victoria Quays, Sheffield for a consideration of [...] Mr Mills reported that the purchase had since been completed.
- 12/047 It was reported that the 3-yearly price review of all BW-operated mooring sites had been implemented. The headline average increase across the network of 2.6% was duly noted.
- 12/048 Mr Mills was pleased to report that Isis had sold 100% of its residential units at Islington Wharf, Manchester.

#### **MARKETING (BWB 3440D)**

- 12/049 Mr Salem's highlighted the key features of his written report previously circulated. A single 03 number would shortly be introduced to coincide with the launch of the Trust to replace the existing customer service numbers that were confusing customers.
- 12/050 The Board was asked to note that a strategy was being developed setting out the Trust's approach to funding from the Heritage Lottery. The Board **agreed** that the application to the Heritage Lottery Fund for funding for the next phase of the restoration of the Montgomery Canal should proceed.

#### **CORPORATE SERVICES (BWB 3440E)**

- 12/051 **Parliamentary process:** Mr Johnson supplemented his written report with a verbal update on parliamentary scrutiny of the Transfer Order. In addition to hearing of the Efra Select Committee referred to in minute 12/035 above, the legal integrity of the Order had been considered by the Joint Committee on Statutory Instruments and that Committee indicated it had no objections or comments to make. Mr Johnson had also assisted in addressing the questions raised to date by the Lord's Merits Committee.
- 12/052 **Freedom of Information Act:** There had been a significant increase in the number of requests under the Act, which was placing a heavy demand on available resources at the present time. As a result, there had been some complaints to the Information Commissioner, principally about BW's failure to respond to requests within the statutory timeframe and Decision Notices had been issued by the Commissioner. The number of Decision Notices (9) was not disproportionate to the

number of requests made (1,105) and was similar in number to peer organisations. It was nevertheless acknowledged that BW's performance should be improved and the use of the Internal Audit function to assist collating the information for some of the more complex requests was being considered.

### **BOARD COMMITTEES**

12/053 **Property Committee:** The minutes of a telephone meeting of the Property Committee meeting held on 1<sup>st</sup> February 2012 were noted.

12/054 **Remuneration Committee:** Mr Green reported that a meeting of the Remuneration Committee had been held in March but that the minutes had yet to be circulated and approved. Mr Green accordingly provided a verbal update.

### **BOARD MEMBERS**

12/055 The Chairman noted that the term of appointment for both Mr Sarwal and Mr Green would shortly be concluding. He therefore thanked them both for the way their own particular skills and abilities had significantly added to the quality of the Board's deliberations.

### **DATE OF NEXT MEETING**

12/056 Friday 1<sup>st</sup> June 2012 (Stratford-upon-Avon)

There being no further business the meeting concluded at 2:15pm.

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**Chairman**

### **Freedom of Information Act Note:**

(1) The above minutes are partially redacted in that information is being withheld in reliance upon the exemption contained in s.43(2) Freedom of Information Act 2000. This is because the information withheld would or would be likely to, if disclosed, damage the commercial interests of a person. In these cases the information withheld concerns the terms under which commercial property transactions and other commercial transactions are proposed to be or have been entered into in the context of a competitive market and disclosure would, or would be likely to, damage the interests of the counter-party to BW in the transaction. In some cases the information withheld was competitive terms under which BW would be prepared to enter into transactions disclosure of which would, or would be likely to, prejudice the commercial interests of BW.

(2) BW considers that it is in the public interest to maintain the exemption where so replied upon. The reasons for this are (a) a very substantial part of BW's overall revenues required to support its public activities are derived from competitive commercial activities; (b) by s.134 Transport Act 1968 BW is obliged to carry on these activities as if it "were a company engaged in a commercial enterprise"; (c) disclosure of information that would, or would be likely to, prejudice BW's commercial interests or those of a counter-party would threaten the commercial revenues sought from such activity. A risk of loss or reduction of revenues available to be spent on the public functions of BW would be contrary to the public interest. Furthermore information on the overall performance of BW in conducting its commercial activities is available in aggregated form in its published Annual Accounts and the public interest in being able to judge such performance is facilitated by that provision of information.