

BOARD MEETING

Minutes of a meeting of the British Waterways Board (the **Board**) held at British Waterways, Fearn's Wharf, Leeds on Wednesday 25 January 2012 at 15.45.

PRESENT:

Mr T Hales	Chairman
Mr J Bridgeman	
Mr N Hugill	
Mr P Sarwal	
Mr D Sutherland	

APOLOGY:

Mr J Bywater
Mr R Green
Dr J Hargreaves

IN ATTENDANCE:

Mr R Evans	Chief Executive
Mr S Dunlop	Director Scotland
Mr A Gordon	BW 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 L Berry	Transition Trustee, as an observer
Mr T Franklin	Transition Trustee, as an observer
Ms J Cotton	Transition Trustee, as an observer
Mr J Dodwell	Transition Trustee, as an observer
Mr C Henderson	Inland Waterways Association, as an observer
Mr M Devin	Prism Cosec, Secretary of the Meeting

INTRODUCTION

12/001 The Chairman welcomed everyone to the meeting.

DECLARATION OF INTERESTS IN MATTERS ON THE AGENDA

12/002 It was noted that John Bridgeman and Jane Cotton had interests on account of both being members of the Pension Fund Trustee Board and that, accordingly, neither participated in the discussion of agenda item 12/009 below.

MINUTES OF THE PREVIOUS MEETING

12/003 The minutes of the meeting of the Board held on Wednesday 23rd November 2011 were approved.

MATTERS ARISING

12/004 Signage (minute 11/159)

Mr Moran noted that his report to the Board following his assessment as to whether additional safety signage was required at Pontcysyllte related specifically to high wind signage.

12/005 Redactions

Further to a request from Mr Bridgeman, Mr Johnson said that he would review the minutes of the meeting held on 23rd November 2011 before these were uploaded to the corporate website.

NJ

12/006 KPIs

Replying to a question from the Chairman, Mr Ridal that a comprehensive schedule of proposed KPIs would shortly be available for review by CRT. These would include KPIs linked to the conditional grant discussed in minute 12/008 below.

PR

CHIEF EXECUTIVE'S REPORT (BWB 3435)

12/007 **Health & Safety Report:** The health and safety report was received, the Chairman noting that this was longer than usual for the benefit of the transition trustees.

It was noted that the health and safety policies of both the CRT and BW Scotland required review.

RE/SD

In response to a question from Mr Franklin concerning BW Scotland, Mr Dunlop said that there had been an increase in the incidence of reportable accidents but that steps had been taken to address the underlying issues as a priority.

Noting the anticipated increase in the number of volunteers post-vesting as well as the forthcoming open days leading the launch of CRT, Mr Evans said that, in terms of health and safety, volunteers and attendees at the open days would be subject to the same health and safety requirements as third party contractors.

The Chairman was gratified to note that there had been a downward trend in the incidence of accidents over the past four years but noted also the stubborn level of lost working time injuries, which were being addressed by way of a range of behavioural programmes.

The Chairman noted also that there had been no serious injuries to contractors and that visitor safety remained a top priority. Although there had been 60 fatalities on the waterways during 2011, it was noted that none were associated with the infrastructure.

Mr Bridgeman, noting that it was the policy of the Health & Safety Executive to recommend that boards of directors nominate a health and safety 'champion', reminded the Board that, notwithstanding this, all directors had an equal duty and responsibility in law as regards health and safety. The CRT would consider this issue further in due course.

- 12/008 **Funding Agreement:** Mr Evans updated the Board concerning the current offer from Defra.

The current funding offer from Defra comprised a core grant of £39m for 15 years from 2012/13 (index linked).

For years 2013/14, Defra had agreed to a conditional grant of £10m for seven years from 2015, reducing to circa £4m by 2027, which would depend upon meeting conditions concerning towpath condition, maintenance of the waterways at a specified level of infrastructure asset condition and specified level of flood asset condition.

With reference to the pension fund deficit, Defra had offered a one-off payment of £25m spread across 2011/12 and the early months of 2012/13. A meeting of the pension fund trustees was scheduled to take place on Friday 27th January to consider this offer. In the meantime, the Chairman congratulated the executive for the way in which negotiations with the pension trustees had been conducted and thanked also the Defra ministerial team for their helpful and constructive approach to dealing with this issue.

Replying to a question from Mr Henderson, Mr Evans said that the funding agreement would be contractually binding and that in 2015 HM Government were required to decide whether to transfer the Environment Agency's infrastructure assets to the CRT, in accordance with Defra's policy. It was noted that such prospective transfer was subject to the availability of funds and to CRT agreement.

- 12/09 **HR:** Mr Evans reported on the range of initiatives in hand to address staff concerns about the transitional process and its impacts. The Board debated the relative merits of these initiatives, including staff surveys and group meetings, but it was agreed that the announcement of a funding agreement would be the event which was most likely to have a positive impact on staff morale.

FINANCE DIRECTOR'S REPORT (BWB 3436)

- 12/010 **Capital balances:** Mr Ridal noted that capital balances continued to move in line with plan.
- 12/011 **Bank facilities:** The Board noted the measures taken to mitigate the impact of the ongoing crisis in the Euro zone, including holding discussions with the major UK clearing banks and reducing deposits with Santander, a Spanish bank.

SCOTLAND DIRECTOR'S REPORT (BWB 3437A)

- 12/012 Mr Dunlop's written report was received and noted.
- 12/013 **Board ratification:** A new heritage lottery fund had been launched to help organisations invest in their heritage assets. Funds had to be matched by sums raised from donations, legacies etc. An application had been submitted with the Waterways Trust Scotland for a £2m award. This in turn would require BW(S) to raise £4m over four years. Mr Dunlop was confident this could be achieved. The Boars ratified the application.

SD

- 12/014 **Board approval:** With vesting delayed until after April 2012, the

Chairman had proposed that, with effect from 1st April 2012, a Scotland sub-committee of the BW Board comprising Dr Jon Hargreaves (chair), Duncan Sutherland and the current Scottish government-nominated members of the BWB, operate as a sub-committee of the BW Board until the parliamentary process to achieve separation is complete. After due consideration, **it was agreed** to adopt this proposal. Terms of reference for the sub-committee were appended to Mr Johnson’s written report (Board paper BWB3437E below refers).

SD

OPERATIONS REPORT (BWB 3437B)

12/015 Reservoir levels continues to be a major concern, particularly so in the Midlands. £700k had been earmarked for actions to address this issue in order to maintain navigation.

12/016 Mr Moran supplemented his written report on Fountains Plc, a sub-contractor, which had informed BW before Christmas that they were experiencing cashflow problems. It was reported that OCS had acquired Fountains out of administration. Replying to a question from Mr Dodwell, Mr Moran assured the Board that Fountains had been paid only for completed works.

PROPERTY (BWB 3437C)

12/017 **Unit E, Redfern Parkway, Tyseley, Birmingham:** The Board noted the completion on 6th January 2012 of this acquisition, which had been approved by the Property Committee on Friday 2nd December 2011 under the authority delegated to it by the BW Board to approve investment proposals up to £5m in value. **The purchase price was [Commercially confidential information removed].**

12/018 [Commercially confidential information removed].

SM

12/019 **Gloucester Quays/Wood Wharf:** The Board noted the completion of both these disposals on 5th December 2011 and 17th January 2012 respectively and congratulated Mr Mills and his team for their efforts in completing successfully both negotiations.

12/020 [Commercially confidential information removed].

SM

(Jane Cotton left the meeting at 17:30).

12/021 **Board approval - appointment of director, Gloucester Docks Estate Company Limited ('GDEC'):** **It was resolved** to appoint Aiden Johnson-Hugill to the Board of GDEC to represent the interests of British Waterways on the board of GDEC, a private company limited by guarantee incorporated in 2008, inter alia, to provide management, administration and promotion of Gloucester Docks.

SM

MARKETING (BWB 3437D)

12/022 Mr Salem’s written report was received and noted.

(Mr Sutherland left the meeting at 17:40).

CORPORATE SERVICES (BWB 3437E)

12/023 Mr Johnson's written report was taken as read.

12/024 **Transitional provisions for annual reports and accounts:** The transitional arrangements had assumed that the 31st March 2012 year end would coincide with vesting. With vesting now delayed on account of the protracted parliamentary process as described in Mr Johnson's written report, the Audit Committee at its meeting on Wednesday 11th January had resolved to prepare statutory accounts for the financial year ending 31st March 2012, these to be approved by either the pre- or post- transfer BW Board as appropriate at the time. The accounts for the 2012/13 financial year would include a full note documenting the transaction as an asset disposal. It was noted that the draft Transfer Order could be amended to reflect this change. The advantage of adopting this methodology would be to facilitate comparison of the accounts with the prior year. The Audit Committee's recommendation had since been put to Defra who were now discussing it with the Scottish Government.

BOARD COMMITTEES

12/025 **Audit Committee:** The minutes of the meeting of the Audit Committee held on Wednesday 11th January 2012 were noted.

12/026 **Property Committee:** The minutes of the Property Committee meeting held on Friday 2nd December 2011 were noted.

DATE OF NEXT MEETING

12/027 Wednesday 21st March 2012 at 13:30 (Paddington)

There being no further business the meeting concluded at 18:00.

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 BWs 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 BWs 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.