

BOARD MEETING

Minutes of a meeting of the British Waterways Board (the **Board**) held at Holiday Inn, Bridgefoot, Stratford-upon-Avon, Warwickshire CV37 6YR on Thursday 31st May 2012 at 15:30 am..

PRESENT:

Mr T Hales	Chairman
Mr J Bridgeman	
Mr J Bywater	
Dr J Hargreaves	
Mr N Hugill	
Mr D Sutherland	

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 Director
Mr V Moran	Customer Operations Director
Mr Q Pickford	Financial Controller, Property & Venture
Mr S Salem	Marketing & Fundraising Director
Mr J Stirling	Technical Director
Ms L Berry	Canal & River Trust trustee, as an observer
Mr M Chande	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 S Shine	Canal & River Trust trustee, as an observer
Mr S Thurley	Canal & River Trust trustee, as an observer
Mr C Henderson	Inland Waterways Association, as an observer
Mr M Devin	Prism Cosec, Secretary of the Meeting

INTRODUCTION

The Chairman welcomed everyone to the meeting

DECLARATION OF INTERESTS IN MATTERS ON THE AGENDA

12/057 No interests were reported.

MINUTES OF THE PREVIOUS MEETING

12/058 The minutes of the meeting of the Board held on Wednesday 21st March 2012 were approved.

MATTERS ARISING

12/059 There were no matters arising not otherwise dealt with in the Agenda

CHIEF EXECUTIVE'S REPORT (BWB 3441)

12/060 Health & Safety Report:

The chart on page 5 of the Health and Safety Report was explained and considered and the Report noted.

12/061 Canal & River Trust: Mr Evans noted the further progress since the March Board meeting in finalising both the legislative and non-legislative documentation. In Parliament the scrutiny of the Transfer Order in the various Committees had been concluded and dates were awaited for the concluding debates in each House. Continued uncertainty over those dates was very frustrating as it was not possible to announce a firm date for the transfer but Monday 2 July was emerging as the probable date, with the media launch taking place on 12 July.

The Board congratulated the Executive on the very significant achievement of getting a transfer date of 2nd July in prospect.

12/062 HR Activity Report:

Mr Evans explained the plans for annualised hours to be introduced to a large sector of the manual workforce and reported that negotiations with the trade unions had been constructive, with the prospect that a national communications plan would be agreed by September.

Pay negotiations had been concluded with an announcement by the Trust to take place shortly. The trade unions were recommending acceptance of the pay proposal of a 3% increase (excepting directors) payable from August but back-dated to July.

TUPE consultations with TWT staff had been concluded and they would transfer to the Canal & River Trust in July with the exception of those working in Scotland.

FINANCE DIRECTOR'S REPORT (BWB 3442)

In the absence of Mr Ridal, Mr Pickford presented the Finance Report on his behalf.

12/063 Cash Balances: Mr Pickford explained the expected cash outflow from the No 1 account as a result of the conclusion of the winter works programme but observed that nevertheless the cash balances were healthy with effectively two months Defra grant being received in March as payments were brought onto a current month basis, instead of one month in arrears as had been the case. There would be a strong cash position going into the Trust

12/064 Commercial Capital Forecast: The forecast had not changed significantly from that presented to the March Board.

12/065 Preliminary results for the year ended 31 March 2012: The headline was the likelihood that the final accounts would show that 'Total Net Income' was £18.8 better than the Plan. Some £8m of the improvement is attributable to what was effectively a capital profit from the Wood Wharf transaction and therefore is a non-cash item. Furthermore £1m of corporation tax was payable on another joint venture leaving a £9.8m favourable variance.

Of this £5.6m was expended in additional waterway spend in-year and £4.2 would be carried forward to the Trust to fund future waterway expenditure.

It was noted that the net assets on the balance sheet had largely returned to their 2007/08 values.

12/066 **Draft Business Plan** It was noted that the plan was essentially that of Canal & River Trust and was before the Board for information. It was work in progress and observations and comments were invited particularly as so many Trustees were present at the meeting. Comments and observations included:

- Principal Assets – 16.2% at grade D&E was a good legacy to the Trust with the network being handed on in a better condition than it has ever been in the modern era.
- Nevertheless more refined KPIs that focused on D4&5s and E4s would be useful tools.
- Principal asset condition grades would continue to be used for reporting purposes but 'distance from target' was more useful for management purposes.
- KPIs for Waterway Partnerships would be helpful and could be included in the Waterway Strategic plans

On conclusion of his presentation of the Finance Report the Chairman observed that Mr Pickford had stood in admirably for the Finance Director

SCOTLAND DIRECTOR'S REPORT (BWB 3444)

12/067 Mr Dunlop's report was received. The Board noted the final Scotland Business Plan that had been agreed by the Scotland Committee under the delegation arrangement. Mr Dunlop explained that it provided a one year interim balanced budget. The Board agreed that the plan was appropriate in the context of the continuing business of the Board in Scotland.

12/068 Mr Dunlop advised the Board of a joint venture opportunity that was being pursued on the lowland canals.

12/069 The Chairman noted that the arrangements for populating the Board following the departure of the England & Wales members on the transfer to the Trust taking place were well advanced. He noted that Mr Dunlop would then be a member of the Board and that the England & Wales members were sad to say 'goodbye'. They offered those continuing on or due to join the Board following the transfer all good wishes.

OPERATIONS REPORT (BWB 3443A)

12/070 Mr Moran's report was received and noted. Of particular note was the reported year end expenditure of £20.3m on major works compared to the start of the year plan of £15.2m.

Mr Moran reported that in April rainfall was 200% above the long term average and that the Leicester section of the Grand Union had been re-opened. Emergency work had been undertaken to prevent a potentially significant breach on the Monmouthshire & Brecon Canal and further works would be needed this winter.

The announcement of an operations based Apprenticeship Scheme with two posts in each waterway unit was welcomed

PROPERTY (BWB 3443B)

- 12/071 Mr Mills report was received and noted.
- 12/072 [Confidential material exempt from disclosure under s.43 Freedom of Information Act 2000 removed]
- 12/073 [Confidential material exempt from disclosure under s.43 Freedom of Information Act 2000 removed]

MARKETING (BWB 3443C)

- 12/074 Mr Salem's report was received and noted. Mr Salem gave further information about the proposed media launch of the Trust
- 12/075 Mr Salem reported that discussions had taken place with the Welsh Assembly Government's Business Minister Edwina Hart to generate interest in funding opportunities in Wales. A memorandum of understanding with WAG was under consideration.

CORPORATE SERVICES (BWB 3443D)

- 12/076 Mr Johnson's report was received and noted.

CONCLUSION

- 12/075 The Chairman noted that this was likely to be the last occasion that the Board met as a body responsible for waterways throughout Great Britain and that the majority of Board members would be departing. They all wished both BW (to trade as Scottish Canals) and the Trust well in the future.

He also noted that this would be the last time Mr Henderson would attend as an observer. It had not been an easy position for him and he had 'played in straight' whilst being forthright in some of his advice to the Board.

He concluded by thanking the Executive Directors for their achievements of recent years in bringing about an innovative solution to the future sustainability of Board's waterways in England & Wales. Mr Hughill further commented that it was also a real achievement to 'keep it all going' and to produce good year-end results whilst the whole transfer process was under way.

DATE OF NEXT MEETING

In Scotland, to be determined.

There being no further business the meeting concluded at 5:20pm.

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 relied 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.