

MEMORANDUM TO THE BOARD

CHIEF EXECUTIVE'S REPORT

1. STAKEHOLDER RELATIONS

1.1 Scotland – Working in Partnership

The latest Highland Canals Steering Group was attended by Scottish Executive and other partners including HIE and Highland Council with the focus on promoting freight on the Caledonian Canal.

The Lowland Canals Steering Group, attended by Scottish Executive and other partners was held at Twechar with the focus on the Kirkintilloch Initiative where several canal-related developments are at the delivery stage including a 44 berth marina and a pedestrian bridge over the canal linking the marina to the town centre. The Twechar Masterplan had received £1m from the City Growth Fund. £0.5m had been set aside for infrastructure works to the canal with a view to future development.

1.2 Welsh Assembly Government

Wales & Border Counties met Andrew Davis, AM, on 23 January. This has led to new opportunities for developing relationships with potential access to funding through various departments within the Welsh Assembly Government. The forthcoming Welsh elections present a threat to the All Party Group and our other strategic Welsh Government relations which we are working to mitigate.

1.3 Gloucester & Sharpness Canal – Change to Winter operations

Our decision on revised arrangements for Winter operations on the Gloucester & Sharpness Canal was published on 1st December following a full consultation process. In meeting some of the user objections, the annual saving was £300k compared with £380k originally. Concerns continue, however, amongst local Parish Councillors. To allay these, we arranged a visit for them to the Kennet & Avon Canal on 24 February. The aim was to demonstrate the user operation of bridges and to seek to reduce fears and misunderstandings. This was achieved although it is clear that doubts and concerns still exist about access for emergency vehicles. We have a plan to overcome this and convince the people concerned in the coming months.

1.4 The Waterways Trust

BW South West have agreed to part fund a financial and business study of the Waterways Trust along with the Gloucester Heritage Urban Regeneration Company. BW's commitment is capped at £15K. This arises out of the request that the Trust made, in a meeting this month, to the SWRDA for emergency funding before the end of March. The SWRDA whilst prepared to offer some funding require far greater insight into the business and prospects for the Trust before committing financial assistance.

2. MARKETING & CUSTOMER SERVICE

2.1 Media Relations

The *Daily Mail* previewed the London Boat Show at the start of January, and included a section on inland waterways (“A broader view of Narrowboats”) in which BW was quoted promoting the leisure, environmental and tourism benefits of the inland network.

Third party-generated media coverage of Defra cuts to BW’s budget appeared immediately before the IWA-led protest flotilla past the House of Commons on 16 January. The *Sunday Telegraph* reported that boat owners were facing rising costs from various quarters, including the removal of the red diesel derogation and BW’s plans to raise licence fees by 10% plus RPI, year-on-year from April 2008. In the same edition (14 January 2007), Christopher Booker wrote a commentary article criticising Defra with the headline “Defra threatens to let the canals go to ruin”.

The following day’s *Daily Express* picked up the story, using the headline “Canals in crisis over £35m cuts” to announce plans to protest on the Thames outside Parliament, while *Sky News* used a helicopter on the day of the flotilla to capture the event and various interviews with those taking part.

Third party generated coverage on a regional and local basis was also notable during the first weekend of March, when a further series of ‘waterway blockades’ were staged across many parts of the network. This coverage was supplemented by the IWA’s appearance on *Radio Four’s* Farming Today after the publication of the Select Committee Inquiry report into Defra’s financial management regimes. We have responded reactively to media approaches for BW comment to these activities, ensuring alignment with Defra communications officials.

BW’s successful appeal against a Planning Enforcement Notice served on a set of leisure moorings on the Kennet & Avon Canal received brief coverage in the news section of *The Times*, but went on to prompt Richard Morrison to write an article on the value of waterways to the UK. This appeared in *The Times (Section Two)* under the heading “Canals – a calming, beautiful antidote to modern life”.

Commencement of works on the Liverpool Link received brief coverage, including an artist’s impression of what the Link may look like, in *The Times*.

We responded to Chris Evans, presenter of *Radio 2’s* weekday drivetime show, when he asked for information about boating and moorings. Quick action ensured that we were able to secure a brief interview slot within the same programme where Waterscape.com was promoted as a source of information on all moorings.

The success of ITV’s *Waterworld* series (originally shown in the West Midlands and now shown widely on cable and satellite services) continues to attract other producers to covering stories revolving around the waterways network. *Waterworld*, originally commissioned for just six, 30 minute programmes in 1999 is now in its seventh year, and has led to imitation series’ appearing in both the North West (*Locks & Quays*) and in London (also called *Waterworld*).

2.2 Political activity

On 15 January 2007 we organised a regeneration dinner at which the Waterways Minister met guests involved in a broad range of regeneration activities.

2.3 Efra Select Committee

Our written evidence was submitted in January. Oral evidence sessions began on 26 February and continued on 5 & 12 March. Tony Hales, Robin Evans and Jim Stirling gave evidence on 12 March.

Other organisations giving evidence have included, Inland Waterways Association, British Marine Federation, Institution of Civil Engineers, Regional Development Agencies (collectively) and Commercial Boat Owners Association.

The Committee will take evidence from the Parliamentary Waterways Group and Defra (the Minister) on 23 April. It is also holding an open evidence session (16 April) and making visits to Gloucester, Cotswold Canal and (probably) the Bow Back Rivers.

So far the evidence to the committee has been generally helpful and supportive. We continue to work with Defra to ensure the committee process does not interfere with our working relationship.

We would expect the Committee report to be published before the summer recess. The departmental response may not be for 4-6 months after that.

2.4 Welsh Language Scheme

BW's Welsh Language Scheme will be published on 2 April 2007, following a consultation period which ended on 19 February 2007. The Scheme has been prepared in accordance with the Welsh Language Act 1993, and sets out the service that BW will provide to the public in Wales with regard to Welsh language provision.

The Scheme will be published on britishwaterways.co.uk. A four-year Action Plan is also being produced, stating actions needed to comply with the Scheme, and people responsible for implementing those actions. This will also be available from 2 April.

2.5 Marketing Strategy and selecting an agency

BW is well into the process of selecting a marketing & PR agency to help it implement the Marketing Strategy.

The process has followed the Official Journal of the European Union (OJEU) guidelines for public sector contracts. The initial pre-qualification form was sent out to over 100 agencies, of which just over 50 qualified for the next stage. This was narrowed down to 18 agencies who have submitted an outline proposal, based on our brief.

A shortlist of 8 agencies has been selected for the final pitch.

The agencies will give final pitches on 16/17 April, and selection will be complete by the end of April.

2.6 Boats and Boating

Developments in the management of BW's online moorings business

BW's online mooring business comprises approximately 25% of the total long term moorings market on our waterways. This is made up of c. 4,500 'directly managed' sites (where we own the land and issue contracts to individual customers) and 1,500 'end of garden' sites, where we simply own the waterspace of the mooring.

The remaining 75% of the market comprises offline moorings (67%) and privately operated online moorings (8%).

This background is important to the understanding of three management challenges we are currently addressing.

- 1) the future pricing of moorings
- 2) 'unpicking' problems arising from localised permissions to boaters to assign the mooring when they decide to sell their boat and leave the mooring. An Ombudsman's case in 2005 highlighted the imperative to address this problem.
- 3) Implementing our long stated policy to limit growth and eventually reduce online moorings

1) Future pricing of moorings

In 2002 we announced a new policy of setting 'market rates' for our moorings. Previously they were set by a rigid matrix which specified a price formula related to the scale of facilities at a site and its location (for which no adequate score existed).

Since 2002 we have refined a methodology applied by local BW mooring managers that involves careful market competitor research and examination of waiting list data as a measure of excess demand. Using this, prices have steadily increased ahead of inflation, but the process is ultimately a matter of subjective judgement. We continually face a pricing dilemma: too low a price lays us open to accusation of predatory pricing from (albeit few) would-be off-line providers, while higher prices have been challenged from the consumer perspective and a handful each year are adjudicated by the Ombudsman. A consequence of this is that BW's mooring prices often still struggle to reach the market clearing rate. This result is accentuated for the relatively small number of official residential moorings. Proof of underpricing lies in the existence of waiting lists for almost all of our online moorings.

In order to improve the efficiency and effectiveness of pricing for our directly managed online moorings, we are developing plans to trial online auctions to set the price for a mooring berth when it becomes vacant. We hope to launch this trial in July 2007. The winning bidder will pay the bid rate for his mooring permit for the first contract period (currently 12 months, but we intend to extend all contract terms to three years, subject to the conclusions from the trial).

In future, if the trial is successful, we will use auction data to inform price setting for all other customers at the site upon their renewal. Current waiting lists will convert to 'expression of interest' lists which, alongside advertising, will be used to market the auction opportunities.

2) Sale of boats on moorings

On a small minority of BW's directly managed mooring sites in London and Oxford, mooring permit holders have been able to transfer the mooring when selling their boat, as a result of a historic licensing error. They have been able to sell the boat for more than it is actually worth. This 'premium' relates to the mooring and has arisen because people have been prepared to pay 'key money' to secure a scarce mooring and because the annual mooring fee is below market rates. Individuals have achieved a value to their advantage which relates to the mooring, in spite of the fact that the new owner has limited legal security of tenure of the mooring site.

The problem mainly applies to sites used for residence. The typical premium for moorings in central Oxford is around £50,000 and could be higher on some London sites.

We are keen to end this practice of allowing mooring assignments because it impedes market pricing of vacant berths and is unfair to other customers. However it will be highly contentious for the customers affected. We are exploring a range of options which we are assessing against the dual objectives of maximising financial return to BW while minimising reputational damage.

The 'do nothing' option will not address the Ombudsman's ruling that we should 'regain control' of our moorings without delay.

3) Reducing online moorings

Our market research indicates two important customer perspectives on the provision of online moorings:

- a) that the existence of long lines of moored boats reduces the enjoyment of cruising
- b) that one quarter of people with online moorings would prefer to be moored offline.

These findings confirm the view that offline moorings and marinas must play an increasing role in the provision of boaters' needs.

The establishment last year of our New Marinas Unit and new procedures for facilitating successful developments is showing early signs of success. Over 1100 new offline berths will have been opened in 2006/07 and we are on target to create a total of 4,000 in the period 2006/07 – 2008/09. Our target is to have influenced the creation of a total of 10,000 new offline berths by 2015.

In setting this target, we were guided by demographic trends that led us to forecast a net growth in market size between 2006 and 2015 of approximately 9,000 boats. Further growth in demand for new offline marina sites amounting to approximately 1,000 berths was expected to come from a reduction in supply of online berths and substitution by existing customers into offline sites.

The executive therefore decided that the time was now right to begin implementing our long standing commitment to curtail online moorings, many of which have been created relatively recently in order to address market shortage. We are therefore committing to closing one online berth for every ten offline berths within the same geographic market area. A briefing paper on this subject is currently with national boating user groups.

3. RISK ISSUES

3.1 River Ouse – Collision

An incident occurred on the River Ouse at midnight on the 25th February at Skelton Railway Bridge Goole. A vessel, carrying 1600t of feed, collided with the dolphins protecting the bridge carrying a local railway line. No injuries were sustained but damage to the dolphins was extensive. An investigation by the MIAB is taking place and we are working closely with them on lessons learnt. Our revised Port Safety Management Plan will reflect these lessons.

4. STRATEGIC PEOPLE ISSUES

4.1 Business reorganisation

The reorganisation of business units and central activities is largely complete and redundancy consultation has concluded. Overall headcount reduction is as follows:

Redundancies/reductions during 2006	19
Redundancies January to March 2007	125
Redundancies deferred to later in 2007/08	4
Deleted posts (net of new posts)	17
Total reduction	165

We were unable to achieve these reductions on a completely voluntary basis and seven individuals will have left on compulsory terms. Consultation concluded amicably with the recognised trades unions, except for an ongoing discussion about the number of people offered the option to leave on redundancy within the next six months should they judge their new role to be unacceptably different from their former role.

The estimated net reduction in payroll costs arising from the restructuring is on target to be in excess of £5m p.a. Further savings in excess of £0.5m p.a. arise from the vacation of the Birmingham office.

Business units have introduced a common structure designed to deliver greater focus, accountability and efficiency to their operations. We shall be striving for increased efficiency and improved customer service as the new structure beds in.

4.2 Employee survey

We are conducting a short employee survey during March to ascertain the satisfaction levels of our employees now that the restructuring and redundancy exercise is largely complete. This will provide a set of benchmark employee satisfaction figures from which we can measure our future progress.

4.3 Annual pay review

This year's annual pay negotiations have commenced with the recognised trades unions. We are exploring the possibility of a three-year deal and talks are centred on identifying a formula to determine future annual pay rises. From BW's perspective the deal must include achieving a commitment from the trades unions to co-operating with finding efficiency gains.

4.4 Payroll outsource

Outsourcing of the payroll function to LogicaCMG has been completed.

4.5 Pension Trustee

I am currently a Trustee of the Pension Fund. I wish to step down and propose that Nigel Johnson takes my place as a BW nominated Trustee. The other three BW nominees are Campbell Christie, Susan Achmatowicz and Philip Ridal.

5. LEISURE

5.1 The Falkirk Wheel

The Falkirk Wheel received good press coverage following the press release from the Association of Leading Visitor Attractions reporting that the Wheel enjoyed the largest rise in visitors of any British tourist attraction last year up 48%. Visitors were drawn by the combination of the warmer weather and increased marketing of enterprising attractions such as the Winter Wonderland created in the run up to Christmas. The increase in visitor numbers did not result in an improved financial performance.

6. RESTORATION/REGENERATION

6.1 Olympics/Lower Lea Valley

The announcement of the go-ahead for the Prescott Lock on 28 February achieved good coverage in London TV and Radio, local newspapers and national press. A two week exhibition was held at Three Mills which included two open days at which around 100 members of the public attended each day and the overall response was extremely positive.

Boat trips are planned for: Waterways Minister; BBC Building the Olympic Dream; David Aaronovitch (columnist for The Times); the CEOs of English Heritage, LOCOG and PLA; Stratford City developers; and freight and tourism business operators.

6.2 Taylor's Boatyard

The HLF Regional Committee met on the 8th March and made a decision not to support the stage 1 application. A number of the buildings appear on Chester City's Building at Risk register. The project would have removed them from the list and there is now the risk that Chester City Council will take enforcement action to see the buildings improved, leaving BW exposed to a £750k repair cost. £600k match funding was to come from the Tower Wharf CTP development. The recently completed contractual arrangements have removed this funding stream. We are meeting with Chester City Council shortly to discuss next steps.

6.3 Helix Project

The development of the Helix project between Falkirk and Grangemouth continues apace with the target for submission to Big Lottery of 31st May 2007 coming closer. The canal reconnection has been fully developed and the design of the Kelpie displacement lock is nearing completion. 1/10th scale models of the Kelpies are presently being built by the artist at his cost, these will be available by mid May. The wider parkland development and community consultation are proceeding well.

7. CORPORATE SOCIAL RESPONSIBILITY

7.1 Coal Chutes - Smethwick

The West Midlands General Manager attended a site meeting (with Vaughan Welch and Laurence Hogg) to discuss the former coal chutes on the Birmingham Main Line Canal. The survey of the remaining built and natural features has been undertaken and interpretation works, which are expected to be 100% funded by the local authority, are being planned. Clearance of site vegetation is likely to be undertaken by voluntary effort.

8. LEGAL AND REGULATORY ISSUES

8.1 Planning Enforcement Appeal – Long term online moorings

The appeal by BW against a planning Enforcement Notice concerning a site of long term moorings near Pewsey, Wiltshire, on the Kennet & Avon Canal (notified to the Board at its September 2006 meeting) took place over three days in mid-December 2006. The Enforcement Notice raised significant issues of principle that threatened the ability of BW to manage moorings on its waterways and hence the revenues from those moorings.

The decision of the Planning Inspector was issued at the end of January and I am pleased to say that the appeal was allowed and the Enforcement Notice was quashed. The decision robustly upheld BW's long term view on the planning status of on-line moorings, thus providing certainty in an area that had for many years been a matter of difficult debate with local planning authorities throughout England & Wales.

Furthermore the Inspector made a full costs award in favour of BW – a relatively rare event in Planning Tribunal cases.

In addition to comment in the technical press, the decision attracted comment in both the news and editorial sections of The Times. It is also believed that the decision will be of indirect persuasive value in the difficult area of securing planning permission for new off-line mooring facilities.

8.2 Fatal Tractor Accident - Kennet & Avon Canal

On 13 March 2007 the sentencing hearing took place in Swindon Crown Court following on from the earlier guilty plea BW had entered for an offence under s.3 Health & Safety at Work etc Act 1974 that "it failed to ensure, so far as was reasonably practicable, that persons not in BW employment were not exposed to risks to their health and safety." In its prosecution, the Health and Safety Executive asserted that the practices adopted by BW for the use of tractors on the towpath had not been suitably assessed and were unsafe in the light of the deaths of two contractors in late 2004 who drowned when a BW tractor they were using for hedge cutting on a towpath fell into the canal.

I attended the hearing together with the Technical and Legal Directors and General Manager South West.

In his sentencing remarks, HH Judge Douglas Fielding noted:

- Notwithstanding other contributory causative factors in the deaths (mainly occupation of the one-person tractor cab by both deceased) the incident would not have happened had BW discharged its duties correctly.
- BW had taken measures for the protection of those working canalside but fell short in implementing them.
- BW have taken "impressive steps to remedy the deficiencies drawn to its attention", and "Bearing in mind its size, it has a good safety record".
- "I accept that British Waterways has a profound commitment to safety..."

Having considered both aggravating and mitigating factors, the Judge fined BW £100,000. In addition BW was ordered to pay £32,386.10 investigation and legal costs of the HSE.

Programmes for improving BW management of contractors are on-going and subject to current audit attention.

8.3 EA Prosecution – Blue Green Algae incident; Grand Union Canal August 2005

At the end of January this year BW was served five summonses in a prosecution by the Environment Agency related to Blue Green Algae incidents on the Tringford summit of the Grand Union Canal in August and September 2005. Four summonses allege offences under the Water Resources Act 1991 of “causing polluting matter to enter controlled water” or knowingly permitting polluting matter to enter controlled water”. One summons alleges an offence under the Salmon and Freshwater Fisheries Act 1975 of causing “a liquid namely deoxygenated water” to flow into waters containing fish to such an extent as to cause the waters to be injurious to fish.

The prosecution raises some very important, but difficult, legal issues including the definition of polluting matter and whether its natural occurrence in a reservoir followed by transmission to a canal in the ordinary course of operation of that canal is an “entry” into controlled waters. The prosecution also raises significant evidential issues at a scientific level.

BW is presently considering its response to the summonses together with specialist advisers.

8.4 Procurement Card Misuse

In January a routine internal audit uncovered serious misuse by John Butterly (Education Manager of the WoW scheme) of his BW procurement visa card. Initial investigations disclosed clear evidence of use of the card for personal purchases with falsification of documents to conceal that misuse. For example, evidence showed that Mr Butterly authorised his card to pay for a hi-fi system, a fridge freezer and a window for his house. Accordingly, following a disciplinary hearing, Mr Butterly was dismissed for gross misconduct on 20 February.

Investigations are on-going and internal audit are reviewing all his card transactions for the past seven years and contacting the suppliers to determine the extent of the fraud. There are over 1,200 transactions with over 300 different suppliers. Our initial investigations would question the validity of 75% of the card's use leading to a loss of over £50k. Further legal steps are in hand and more information will be available at the Board meeting.

There was inadequate monitoring and control by his line manager over the use of the procurement card. The manager has been given a final written warning.

The spend on all procurement cards with significant use and those with any use by senior managers and directors has been investigated by internal audit with no other misuse discovered. The procurement card procedures are being reviewed and amended and will be reissued.

The Chairman of the Audit Committee and the external auditors were informed at an early stage of the investigation and a full report will be submitted to the next Audit Committee with details of further action taken.

8.5 Defra Financial Memorandum

This document sets out the terms on which expenditure requiring ministerial consent under the Transport Acts in England & Wales may be authorised. In particular it specifies the threshold levels of expenditure for which general consent is given. The document also sets out the detailed reporting relationship between BW and Defra. There is a separate Memorandum for Scotland.

The Defra Financial Memorandum has been largely unchanged since the beginning of the decade and we have recently concluded a long renegotiation of the document. Our primary objective was to achieve a significant uplift in the general consent threshold for commercial property projects and we have succeeded in this. The general consent threshold for Board approved commercial property projects has been doubled to £6 million with a new additional threshold for 'property only' acquisitions (i.e. no development expenditure by BW) of £10 million. Above those levels Defra consent will be required. The thresholds for HM Treasury consent have been increased to £10m and £15m respectively.

9. CORE WATERWAY

9.1 Freight

We have now received the final draft version of the Oxera report. It is being reviewed by the Freight Group and the Board Members with special interest in freight issues. The final conclusions need to be sharpened but the report is likely to support the argument that more freight traffic would increase social and environmental benefit, but that BW's true costs are not covered and current grant regimes need improvement.

9.2 Gales/Flooding

High winds and rain in late January caused widespread damage. In London alone, a dozen fallen trees were dealt with by BWL staff and contractors in various locations. On the River Lee, six windblown trees were removed from the towpath and navigation. On the Regent's Canal, one windblown tree landed on a boat on Delamere Terrace. There were no injuries. Numerous trees came down on the Grand Union line and Paddington and Slough arms.

Flooding has also been a problem locally, particularly on the River Soar where exceptionally high water levels have been managed proficiently by the operational teams.

9.3 Crossrail

Although all areas of impact on BW have not been agreed with Cross rail, a sufficient level of understanding has been reached between CLRL and BW to enable BW to decline to give evidence to the House of Commons Petition Select Committee. We have however reserved our right to appear before the House of Lords Committee if full agreement is not reached at that time.

9.4 Emergency Stoppages

Significant voiding was discovered on the Peak Forest Canal, Lock 15 and the canal was closed to navigation. Repair works are currently being completed and the lock flight will be open by 18th March 2007.

Voiding is worse than expected at Ribble Link Lock 1 to 3. Locks are currently being sealed by drilling and grouting. Work to be complete by 6th April for Ribble Link opening. Other significant structural concerns were discussed during a recent site visit with the Technical Directorate and the BU – a paper outlining the options will be presented to the Executive.

9.5 Mining Subsidence – Aire & Calder

Work to raise one of the largest locks on the Aire and Calder has been successfully completed on time and to budget (£926,000). Whitley Lock is about to suffer significant mining subsidence from the Kellingley Coalfield and UK Coal have funded preventative works. New stages of bank raising are being planned which will protect further stretches of the canal. (See item 10.7 below).

9.6 Lock gate failure – Sharpness

An anchor on one of the Sharpness middle lock gates failed in use last weekend. There was no damage to shipping or injury caused. This is a similar fault to another failure two years ago on a different anchor. It will cost around £25K to repair. This work will be completed in the coming 2 weeks or so. At present the port is operational by the taking of a level rather than locking vessels in and out. This means a much greater use of water. We are not short of this commodity at present!

9.7 Muirtown Locks – noise abatement notice

We have been served with a noise abatement notice by Highland Council following a complaint by a resident of a house adjoining Muirtown Locks regarding the noise caused by the overnight cascading of water over the Muirtown Locks. We are appealing specifically on the grounds of public safety.

9.8 Project Approvals

The following project is submitted for Board approval:

- **Kellingley Mining Subsidence – Aire & Calder – Phase 8.**

Authorisation is sought to spend £3,510k to undertake preventative maintenance works to the Aire & Calder Navigation. The £3,510k is based on an estimated cost for the works of £3,060k, plus an assessment of the residual risk, which is valued at £450k.

The works are based on the installation of 1350 metres of steel sheet piling and embankment raising downstream of Whitley Lock. This work should be completed prior to the subsidence from UK Coal mining at Kellingley Colliery, due to be completed by December 2007. Our consultant Principal Mining Engineer has predicted a maximum subsidence from the coal seam of around 1.5m, reducing to around 0.1m over the linear extent of these works.

The installation of steel sheet piling will allow for the freeboard standard to be maintained, whilst subsidence occurs, and will maintain the integrity of the navigation. It is proposed that these works would be undertaken using BW's direct labour and plant, with contract labour and plant hire used where necessary. BW will act as the Principal Contractor for these works, using the existing site establishment at Heck compound. This method of delivery has been effective for previous phases.

The Aire & Calder provides the major commercial link for navigation between Goole and Leeds. The existing bank protection is constructed of sheet steel piling, dating from around 1980, existing stone masonry wash wall and stone pitching. This bank construction is in need of extensive improvement to meet with modern waterway standards. Over sections where freeboards are lower, the wash from vessels overtops the existing bank, leading to an isolated weakening of the embankment soils.

An agreement between UK Coal and BW allows for a 90:10 split (UK Coal : BW) towards the cost of these works. This approval request deals with Phase 8. Any subsequent phases will depend on UK Coal's future mining proposals and will be dealt with as works are required.

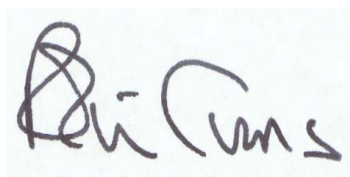
I have approved the following projects:

- **Stort Towpath Regeneration – Stage 2**

A further £67k net contribution from BW to match £372k additional funding from Department for Communities & Local Government to improve a 3km stretch of River Stort towpath (£214k gross/£72k net previously approved).

- **City Waterside Towpath Improvements – Stoke-on-Trent**

Increase in English Partnerships' funding from £525k to £725k with BW to contribute £10k of project management costs (previously nil).

A handwritten signature in black ink, appearing to read 'Robin Evans', is centered on a light blue rectangular background.

ROBIN EVANS

March 2007.