

BOARD MEETING

Minutes of the Board Meeting held at Fearn's Wharf, Neptune Street, Leeds, LS9 8PB on 16 July 2008 at 9 a.m.

PRESENT:

Mr T Hales	Chairman
Mr R Bowker	
Mr J Bridgeman	
Mrs M Carver	
Dr J Hargreaves	
Mr N Hugill	
Mr E Prescott	
Mr P Sarwal	
Mr D Sutherland	

IN ATTENDANCE

Mr R Evans	Chief Executive
Mr N Johnson	Legal Director
Mr V Moran	Customer Operations Director
Mr P Ridal	Finance Director
Mr S Salem	Marketing & Customer Service Director
Mr J Stirling	Technical Director
Mr S. Dunlop	Director Scotland
Mr S Mills	Director of Property
Mr C Howells	Assistant Secretary

APOLOGIES

Mr J Bywater

APPOINTMENTS

The Board congratulated Mr. Bowker on his appointment as Vice-Chairman.

The Board confirmed the appointment of Stuart Mills as Director of Property and a full member of the executive team. Mr. Mills was welcomed to the meeting.

The Board asked to have placed on record their appreciation of the contribution to BW of Mr. Froomberg, who had stepped down as Commercial Director after five years.

HONOUR

The Chairman was congratulated on his award of the C.B.E. in the Queen's Birthday Honours, for his services to the armed forces.

MINUTES

The Minutes of the Board Meeting on 22 May 2008 and of the telephone Board Meeting on 19 June 2008 were confirmed and signed.

MATTERS ARISING

08/60 Japanese Knotweed (Minute 08/50)

The Technical Director referred to a research study which had identified two possible solutions to the problem of Japanese Knotweed. He informed the Board that BW was a participating body in the group of environmental bodies exploring these solutions. He had copied the papers to Mr. Bridgeman who had raised the matter and they would review this further outside the meeting.

08/61 Cill Related Boating Incidents (Minute 08/52)

Mr. Stirling advised that most Local Authority conservation officers had now accepted the lock cill warning signs and these were in place. The Board reiterated its view that all signs should be in place by the end of July but accepted that temporary chained signs could be used at those locks where reaching agreement with the conservation officer might take longer.

08/62 2020 Strategy Review (Minute 08/55)

The Legal Director undertook to circulate to Board Members the Board's commentary to Ministers on the KPMG final report, the draft of which had been considered at the May meeting of the Board.

08/63 Book Asset Valuation (Minute 08/59)

The Director of Property reported that the Property Committee had agreed changes in the timing and the periodicity of valuations. These would be confirmed to the Board.

CHIEF EXECUTIVE'S REPORT

08/64 The Board noted BWB 3330.

Presentation on BW's non-core waterway activity

08/65 The Chief Executive gave a presentation on the major non-core projects in which BW was currently involved. Board Members commented on the extent and variety of this activity and the range of partners from all sections of the community. In all BW was contributing to some £20 billion of regeneration across the U.K.

The Board agreed that the full value of this work, which supported many key strands of the Government's agenda, and also BW's efficiency as a vehicle in delivering it, was not always fully appreciated. This needed to be captured in a presentation that could be taken to partners and to Government and which would reinforce the discussion of BW strategy currently underway. The Department for Communities and Local Government, in particular, should be aware of this.

Government Studies of British Waterways

08/66 The Chief Executive updated the Board on three Government Studies that were currently underway involving BW. These were a rewrite of "Waterways for Tomorrow" by Defra, a Shareholder Executive review of trading funds and 3 Defra public corporations and an exercise by the Treasury team responsible for Defra to set the appropriate cost of capital charge on BW assets. Mr. Evans showed how these related to the five workstreams currently in progress in BW as part of the Strategy Review on which there would be a report to the September Board.

Annual Meetings

08/67 Board Members were asked to confirm their availability for the BW Annual Meeting in Birmingham on 8 October and the BW Scotland Annual Meeting in Edinburgh on 16 September.

Welsh Language Scheme

08/68 The Board welcomed the good progress of the BW Action Plan to implement the Welsh Language Scheme.

Pension Scheme

08/69 It was noted that following a consultation, the changes to the BW Pension Scheme were being implemented.

LEGAL DIRECTOR'S REPORT

08/70 The Board noted BWB 3333.

The Board welcomed the outcome of the Blue Green Algae prosecution (Tringford Reservoirs) with the Environment Agency offering no evidence. The Legal Director and his team were thanked for their work in assembling BW's case.

FINANCE REPORT

08/71 The Finance Director introduced BWB 3327 which covered:

- the latest cash position
- draft trading results for 2 months to May 2008 and F2 full year forecast
- general comments on changes to financial and KPI reporting.

Mr. Ridal highlighted the cash position which was being managed closely. The Executive hoped to be able to confirm the committed major works programme by the end of the month.

HEALTH & SAFETY MANAGEMENT REPORT

08/72 The Board received BWB 3331.

Members first considered a recommendation by the Legal Director on Board oversight and involvement in Health and Safety Management. Following a full discussion it was agreed that the role of Board Health & Safety champion, currently undertaken by the Technical Director, was no longer needed as the Board as a whole were responsible for Health and Safety. The Audit Committee would also continue its role as scrutineer of the robustness of health and safety processes.

Mr. Prescott then drew attention to the recent deterioration in the employee safety measures performance as a result of 5 RIDDOR reportable injuries in June. It was agreed that the undoubted concerted effort of the Executive team to address this was not evident in the Board report. A safety report by the Chief Executive would be the first item on future Board agendas.

The Technical Director then described the initiatives to re-energise BW's safety campaign. The emphasis in the National Safety Committee was now on workplace safety representatives who travel around the waterways and engage with BW people directly on safety issues. Workshop techniques based on actual safety incidents would start in August and be completed in October before the onset of Winter.

The Board were advised of the circumstances in which Jade Smethurst had tragically had both legs amputated after being crushed by a manually operated swing bridge in Droylsden, Manchester. The bridge (normally locked) had been opened and was being swung by a group of youths. The Chief Executive added that initial reports suggested the bridge key that the youths had used to unlock the bridge was stolen. Significant efforts were being made to encourage safe and responsible use of waterways in the area and there was a waterways dedicated community policing support officer in Droylsden.

EDINBURGH QUAY - EQUITY

08/73 The Board considered BWB 3328 by the Director of Property and agreed the following recommendation:

- the further investment of £0.8m equity in Edinburgh Quay Phase 2, increasing the approved total equity invested from £3.45m to £4.25m.

PROPERTY UPDATE REPORT

08/74 The Director of Property introduced BWB 3335 updating the Board on current market conditions and other key issues and on the principal joint ventures.

It was noted that the planning application for the Wood Wharf masterplan had been submitted to London Borough of Tower Hamlets on 20 June. It was expected it would be submitted to the October planning committee for approval.

Mr. Mills briefed the Board further on measures being taken in ISIS in response to the difficult conditions in the property industry. The Board would be kept fully informed.

On Gloucester Quays it was noted that the Swindon outlet centre was seeking to impose a radius restriction on some of its tenants who were considering leasing at Gloucester. This would be resisted and legal advice was being taken.

It was noted there would be a full update on the Waterside Pub Partnership at the next Board Meeting.

The Board agreed a recommendation of the Property Committee for appointments to Joint Venture Boards following the departure of the Commercial Director:

Gloucester Quays – Quentin Pickford, Financial Controller, Property & Ventures
ISIS – Robin Evans, Chief Executive
Pub Partnership – James Lazarus, Senior Development Manager.

No appointment to Wood Wharf was proposed at this time.

The approval given by the Chief Executive to the granting of an agreement for lease to Aquiva (Thames Quay) Limited for the long term mooring of a hotel ship in London Docklands was noted.

BWML STRATEGY REPORT

- 08/75 The Finance Director introduced BWB 3329 which considered the options available for developing BWML and creating value. The Board noted that the Finance Director had been appointed Chairman of this subsidiary.

[Confidential Minute]

HELIX PROJECT

- 08/76 The Board considered BWB 3334 by the Director Scotland recommending BW's participation in the Helix Project.

It was noted that the allocation of £5m of Scottish Government grant to cover proposed BW commitments to the project remained to be confirmed. Mr. Dunlop advised that notwithstanding this he was confident that sufficient funding, with mitigation measures as needed, would be achieved to allow this project to proceed. The project would help deliver the great public benefit of Scotland's Lowland Canals. On this basis and with the endorsement of the project by the Scotland Members, Mr. Sutherland and Dr. Hargreaves, the Board approved the recommendations for BW's involvement in the Helix project as set out in the memorandum. There would be a further report to the Board.

CORE WATERWAY/INFRASTRUCTURE

- 08/77 The Board considered BWB 3332.

The report on core waterway delivery was noted.

The additional budget request for the Prescott Lock Project was approved as set out in the memorandum, i.e. £1.98m of funding with BW London seeking to recover this by further income contributions and reducing the scope of the contractors' claims. There would be an update at the next meeting.

Projects approved by the Chief Executive since the last Board Meeting were noted.

Board Members then considered a discussion paper on Stewardship Score. This was a response to a requirement from Government for a standardised method of showing whether the network was improving, deteriorating, or staying the same.

It was agreed that in order to establish the efficacy of any method, it was first necessary to run a number of scenarios retrospectively. There would be a progress report at the next Board Meeting and full report to the November Board. The system would need to be introduced at the beginning of the next financial year.

BOARD COMMITTEES

- 08/78 The Board noted the Minutes of the Property Committee held on 2 June 2008 and the Audit Committee held on 10 June 2008. In regard to the latter, Mr. Bowker drew the Board's attention to the outcome of the Committee's review on Management of Contractors and Confined Space. This had led to a debate on safety in BW more generally and ensuring that training met the needs of the organisation. A training audit was scheduled for July and extending its brief to cover the wider issues would be considered.

The Board also received a brief oral report from Mr. Bridgeman, Chairman of the Fair Trading Committee on the meeting held on 15 July 2008. A change recommended by the Committee to its terms of reference to provide for three meetings a year instead of four was approved by the Board.

It was also noted that the Remuneration Committee had met on 11 June 2008 and Board Members would be updated at the conclusion of the Board meeting.

FEEDBACK FROM BOARD VISIT

- 08/79 The Board asked that the Yorkshire General Manager and his team be thanked for the arrangements for the visit which had included Granary Wharf, Clarence Dock, Stourton and Thwaite Watermill. It was agreed that the stimulating debate arising from the presentation on the "Freight Challenge" and the boat trip on the Aire & Calder Navigation should be returned to at the first opportunity.

OTHER BUSINESS

- 08/80 **Bank Certificates of Deposit**

The Finance Director referred to the Board's approval to purchase Bank Certificates of Deposit at the last meeting (Minute 08/51). He requested further approval to sign the application form for the account with Fyshe, Horton, Finney and that he and the Legal Director be authorised to deal for and on behalf of the Board. This was agreed.

REPORT OF THE REMUNERATION COMMITTEE

- 08/81 All executives left the meeting and Mrs. Carver, Chairman of Remuneration Committee, briefed the Board on a review of executive pay carried out by independent consultants, Kepler. Our current terms were competitive with a balanced benchmark mix of public/private sector organisations with the exception of the lack of opportunity of a Long Term Incentive Plan. The Remuneration Committee had worked with Kepler to develop a scheme that was geared to addressing the long term need to improve on the current plan and create more economically sustainable waterways for the future. The Board supported the direction proposed by Remuneration Committee and agreed the scheme would be developed in greater detail.

DATE OF NEXT MEETING

26 September 2008 (South East Waterways).