

BOARD MEETING

Minutes of the Board Meeting held at The Holiday Inn, 500 Saxon Gate West, Central Milton Keynes, MK9 2HQ on 26 September 2008 at 12 noon.

PRESENT:

Mr T Hales	Chairman
Mr R Bowker	
Mr J Bridgeman	
Mr J Bywater	
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 S Mills	Director of Property
Mr V Moran	Customer Operations Director
Mr P Ridal	Finance Director
Mr S Salem	Marketing & Customer Service Director
Mr J Stirling	Technical Director
Mr M Bensted	Director London
Mr C Howells	Assistant Secretary

MINUTES

08/82 The Minutes of the Board Meeting on 16 July 2008 were confirmed.

MATTERS ARISING

Cill Related Boating Incidents (Minute 08/61)

08/83 The Technical Director reported that a small minority of local authorities were still objecting to the provision of the cill warning signs at listed locks. As a temporary solution he proposed to remove the yellow pictogram as this would be acceptable to the local authorities concerned. In tandem, applications for consent for the full signs citing the large number of local authorities that had already accepted them, would be prepared with a view to appealing any refusal. The Board endorsed this approach.

CHIEF EXECUTIVE'S REPORT

08/84 The Board noted BWB 3339. This included a full report on health and safety issues and risk together with a supplement.

Treasury Operational Efficiency Programme

08/85 The Chief Executive advised that the above programme included looking for opportunities for disposal of public assets and that the BW commercial assets could be at risk. He said that there was a strong case that BW was managing its commercial assets well and should retain them rather than having to sell any off. A paper putting this case was being submitted to Defra/Treasury.

English Partnerships/Housing and Communities Agency

08/86 The Director of Property reported that it was now considered unlikely that BW would come within the ambit of the English Partnerships initiative for Departments and their Agencies/NDPBs to deliver a quota of affordable housing from their surplus land holdings.

IWA Festivals

08/87 The Chief Executive referred to the significant investment by BW in time and resources, of circa £100k in total, in hosting the IWA National Festival at Atherley Junction and the Restoration Festival (Monty 08). This would be brought to the attention of the Council and its new Chairman to ensure they were fully aware of the benefit they received.

Boat Licence Prices from 1 April 2009

08/88 The Marketing & Customer Service Director referred to the work which had been undertaken with advice from the British Waterways Advisory Forum to ensure that the substantial boat licence price increase for 2009 was as fair as possible. There would be a final discussion at the November BWA meeting and full proposal to the BW Board Meeting later in that month. The percentages would be introduced in April as planned. He was grateful to the Forum for its contribution on this issue.

Edinburgh Quay

08/89 The Board approved the appointment of Katie Hughes, Senior Property & Regeneration Manager, Scotland, to the Board of Edinburgh Quay in place of Richard Curtis.

FINANCE REPORT

08/90 The Finance Director introduced BWB 3336 which covered:

- the latest cash position and the commercial capital forecast
- the trading results for the 4 months to July 2008 and the F4 full year forecast for 2008/09
- an explanation of the new layout of the Orange Book and KPI reporting, and
- a follow up report on BWML.

It was agreed to receive a full report at the next Board Meeting on the down/upside risk scenarios for BW's joint ventures.

The Board welcomed the progress with the new layout of the Orange Book (the Board and Shareholder Report) which was now shared with Defra.

CAVENDISH HOUSE, STOCKTON-ON-TEES

- 08/91 The Board considered BWB 3338 and approved the disposal of this investment property to AWG Wylie Children's Trust for £8.905 million plus VAT.

PROPERTY UPDATE REPORT

- 08/92 The Director of Property introduced BWB 3337.

The Board noted an update on the principal JVs including a strategy for ISIS. Mr. Mills undertook to brief Mr. Sutherland further on the latter outside the meeting.

Mr. Sarwal asked why the Brentford property had been transferred into ISIS for a net £10.5m (£21m less BW equity contribution of £10.5m) when there was significant risk to the ISIS business. Mr. Mills replied that, in addition to the contractual obligation to undertake the property transfer and BW's funding obligations in respect of the ISIS Limited Partnership, the Brentford property would also provide additional security for other ISIS obligations which should reduce future cash calls on BW. On balance, therefore, the decision to proceed was felt to be in the best interests of BW.

The Board delegated a decision on future funding of the Gloucester Quay joint venture to the Property Committee. This would depend on the outcome of discussions currently in progress with HBOS and include a detailed appraisal of the return from the additional food and beverage investment.

The Board noted the approval given by the Property Committee to revise the terms of the option agreement with Canary Wharf for the acquisition of an area of waterspace at Herons Quays West, London Docklands. The approval given by the Property Committee to revise the terms of the Brentford sale to ISIS was also noted.

WATERSIDE PUB PARTNERSHIP UPDATE

- 08/93 The Board noted BWB 3340 by the Customer Operations Director.

It agreed a recommendation to maintain the partnership. The Board would keep the performance of this partnership under review and will revisit BW's strategy when the markets improve.

CORE WATERWAY/INFRASTRUCTURE

- 08/94 The Board noted BWB 3341.

The Technical Director gave an update on the Stourbridge Canal breach that occurred following heavy rain on the 6/7 September. The indication was that the River Stour had backed up following blockage at a bridge or culvert and that the flood water had then inundated the canal. Estimates of the cost of the repair works, which would be completed in early 2009, were between £500k and £750k.

The Olympic Waterway Restoration update report by the Director London was noted.

MOORINGS TENDER TRIAL OUTCOME

08/95 Mr. Salem introduced BWB 3342.

He referred to the one year trial in which BW sold vacancies on its managed moorings by tender on-line and the period of consultation that was built into the middle of the trial. With the consultation complete and the experience of the current tender system now gained, the Board was invited to consider recommendations for the way forward for the allocation of BW's mooring vacancies and for pricing the rest of the moorings, i.e. those which remained occupied.

The Board noted the results of the moorings tender trial to date and the responses to the consultation. It endorsed the recommendations set out in Section 2 of the report.

It was further noted that a full response to the consultation would be published in October with a copy made available for Board Members to comment on in advance.

BOARD COMMITTEES

08/96 The Board noted the Minutes of the Property Committee meetings held on 10 July and 1 September 2008 and of the Fair Trading Committee meeting held on 15 July 2008.

Mr. Bowker reported orally on the meeting of the Audit Committee held on 10 September 2008. Points included :

- the external auditors management letter for 2007/08 had not raised any issues for concern
- the Committee had undertaken its regular review of risks in BW. The Executive was considered to be well advanced in its preparations for managing change arising from the Strategy Review. Two new risks were the Treasury Review and commercial capital liquidity. The Finance Director had given reassurance on the latter
- the visitor risk assessment audit had raised important issues on the effectiveness of the implementation of policies and initiatives in BW more generally. The Executive would be reporting further on how this was being addressed
- Tim Langmaid, Audit Seconded and Senior Projects Manager, West Midlands, had presented the visitor risk assessment report. His work had been of a high quality and this reflected well on internal audit
- reports were received confirming the effectiveness of both the internal audit and external audit functions.

The Board approved a recommendation from the Audit Committee that its risk tolerance be increased from its present level of £2 million to £5 million.

FEEDBACK FROM BOARD VISIT

08/97 The Board expressed appreciation of the presentations by the South East Business Unit the previous day and the arrangements for the visits to Blisworth and Stoke Bruerne.

OTHER BUSINESS

Change to Bank Signatories

08/98 The Board considered BWB 3343 and resolved to approve the following changes to the Royal Bank of Scotland (National Westminster Bank) mandate:

Delete: James Froomberg, Director

Add: Vince Moran, Director

Add: Jim Stirling, Director

The resulting panels of signatories and signing arrangements were as set out in the memorandum.

Directors and Officers Liability Insurance

08/99 The Finance Director recalled that this policy was with AIG. Upon expiry it would not be renewed but placed with another institution.

DATE OF NEXT MEETING

20 November 2008 (South West Waterways).