

BOARD MEETING

Minutes of a meeting of the British Waterways Board (the **Board**) held at Yew Lodge Hotel, Packington Hill, Kegworth, Derbyshire, DE74 2DF on Thursday 27 January 2011 at 9.00am

PRESENT:

Mr T Hales	Chairman
Mr J Bridgeman	
Mr J Bywater	
Mrs M Carver	
Mr R Green	
Dr J Hargreaves	
Mr N Hugill	
Mr P Sarwal	

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	Director of Property
Mr V Moran	Customer Operations Director
Mr P Ridal	Finance Director
Mr S Salem	Marketing Director
Mr J Stirling	Technical Director
Mr C Henderson	Inland Waterways Association (as an Observer)
Mr C Stamp	Prism Cossec, Secretary of the Meeting

APOLOGIES

Mr E Prescott
Mr D Sutherland

INTRODUCTION

- 11/001 The Chairman introduced a brief discussion following the visit to the Sawley Marina the previous day. Management were asked whether there would be opportunities for BWML to run marinas in the London Docklands area during or after the Olympics. Mr Mills replied that there was legacy moorings contract being let but BWML would be required to tender.
- 11/002 The recent success that BWML had achieved in securing planning approvals for residential moorings was discussed and Mr Evans was asked to prepare a positioning paper on this activity for the May Board meeting. RE
- 11/003 The possibility of introducing greater enforcement powers for BW as part of the new legislation was also discussed and Mr Johnson agreed to report back on the subject to the May Board meeting. NJ

MINUTES OF THE PREVIOUS MEETING

- 11/004 The minutes of the meeting of the Board held on 25 November 2010 were approved.

MATTERS ARISING

- 11/005 **Three Mills Lock FFG Claw-back:** There were no further developments to report.
- 11/006 **Fountains Transfer:** Mr Moran confirmed that the Fountains contract extension would affect around 70 employees although some would have the opportunity to transfer into alternative vacant positions within BW rather than transfer to Fountains.

CHIEF EXECUTIVE'S REPORT (BWB 3413)

- 11/007 **Annual Health & Safety Report:** Mr Evans presented the Annual Health & Safety Report for 2010. Whilst it was pleasing that the number of serious accidents was reducing, the deteriorating trend in minor accidents was a cause for concern. He reported that management had considered this carefully and were convinced that all of the right actions were being taken; a view also recently confirmed by RoSPA. The behavioural safety DVD was expected to have been seen by most of the staff by the end of February.

The level of public fatalities on the waterways was discussed. Mr Evans explained that the statistics were included for the Board's information. He confirmed that whilst virtually all of the fatalities were not connected to any activities of BW (most being from natural or other unconnected causes), each incident was always considered to make sure that there were no infrastructure or other issues. Where there were particular "hotspots" BW would engage with other agencies to consider if collective action was needed.

- 11/008 **Civil Society:** Mr Evans reported on actions being taken by Defra to recruit transition trustees for the new waterways charity. The process was expected to be completed by April 2011.

Mr Evans further reported on discussions with EA concerning the move to the third sector and progress with the Government consultation exercise and the drafting of legislation. In the latter regard, Mr Johnson explained that the focus was being placed on getting an early Transfer Order following Royal Assent to the Public Bodies Bill.

Mr Evans was asked to circulate the draft objectives of the new charity.

RE

- 11/009 **Scotland:** Mr Dunlop reported the expected plans of the SNP and the Scottish Labour Party for the management of water infrastructure after the forthcoming elections. This would have implications for British Waterways and its ownership and governance in Scotland after 2012.

FINANCE DIRECTOR'S REPORT (BWB 3414)

- 11/010 **Cashflow:** Mr Ridal reported that the trading account had begun to reduce in line with the expected outflow of funds as the winter works programme

progressed.

Commercial capital balances were higher than planned because of delays in investment opportunities.

11/011 **Joint Ventures:** [Confidential minute]

11/012 **Business Plan:** Preparation of the Business Plan was in the progress. The impact of the reduction in grants on the operational capability of BW was discussed. It was anticipated that the plan would require the removal of £5million in employment costs and significant reductions in major works expenditure in 2011-12 and 2012-13. This latter reduction would require decisions to be made about a trade off to be made between functionality and asset management.

11/013 **Pension Fund Valuation:** The triennial valuation of the pension scheme had been presented to the trustees in December and following further work it would be discussed by the trustees again in March. Mr Ridal reported that PWC had been asked to report to the Board that the actuarial assumptions being used in the valuation were reasonable and to present a short paper on the valuation for the next Board meeting.

PR

11/014 **HM Treasury Guarantee:** The Board approved, on the terms set out in Appendix 1 to these minutes, that an application be made under Sections 19 & 21 of the Transport Act 1962 to the Secretary of State for the Environment, Food & Rural Affairs for the maintenance and guarantee of the existing facility for temporary borrowings of £3 million for the financial year commencing 1 April 2011.

BWML INVESTMENT STRATEGY (BWB 3415G)

11/015 Mr Ridal presented a proposal for BW to subscribe up to £4 million as equity into BWML for the purpose of extending the activities of BWML via acquisition. Mr Ridal particularly noted that the current business climate was considered favourable for such acquisition activity. He also highlighted the difference in returns between the proposed plan compared to an “as is” scenario.

It was recognised that it was important for BWML to have a properly capitalised balance sheet and that the returns anticipated in the plan which compared favourably, for example, with property investment returns.

Following further discussion, the BWML Business Plan was approved and the principle of subscribing for up to £4 million of new equity was agreed.

DIRECTORS REPORTS (BWB 3415)

11/016 **CORPORATE SERVICES:** Mr Johnson proposed transitional arrangements for the Waterways Ombudsman Scheme in order to facilitate the transition to the new waterways charity. These proposals included the extension of the terms of the Ombudsman and the Chair of the Water Ombudsman Committee for a further year. The proposals were discussed and the Board resolved to make the temporary revisions to the Rules of the Waterways Ombudsman Scheme in the terms of the resolution as set out in Appendix 2 to these minutes.

Mr Johnson further reported that the initial stages of the pensions consultation had gone well with good attendance at the ‘roadshows’. The formal consultation would close on 22 February and a report summarising of the responses would be circulated before the March meeting of the Board for consideration by Board members.

NJ

A decision in the Bristol ‘continuous mooring’ case was expected soon.

- 11/017 **OPERATIONS:** Mr Moran confirmed that the operations team were making strong progress with its major projects and general works programmes. Subject to reasonable weather during February and March, he expected the budget to be fully expended by the end of the financial year.

Significant unplanned works as a result of the River Weaver Sluice failure, the Shropshire Union Canal Cutting Land Slip and the Monmouthshire and Brecon Canal Accommodation Bridge collapse were noted.

VM

The level of dredging activity planned during the coming year was discussed. Mr Moran explained that more spot dredging might be used in order to ensure that customer service was maintained.

- 11/018 **PROPERTY:** Mr Mills explained that the timetable for the proposed property management outsourcing contract had slipped a little however six bids had been received. It was agreed that the Property Committee should review the bids and determine which bidder should be recommended for appointment.

It was noted that the purchase of the Wednesbury industrial property had been approved by the Property Committee and the transaction completed.

Mr Mills reported that the Property Committee would be considering acquisition proposals at [confidential text removed] in February. Mr Mills confirmed that reports would be circulated to Board members.

SM

[confidential text removed]

[confidential text removed]

- 11/019 **SCOTLAND:** Mr Dunlop’s report was noted. He commented that attempts were being made to secure a meeting with the new Minister for Transport.

The Scottish Government’s *Build a Hydro Nation* Consultation was discussed. Given the ownership model that the Scottish Government had chosen for waterways in Scotland, the concept was supported by the Board. A response to the consultation would be sent in due course.

TH/RE

- 11/020 **ENTERPRISE:** Mr Mills presented the Enterprise Report showing that £18.1 million funding was expected to be received in the current year and his report outlined the number of initiatives that were in progress. In particular the Board noted the £951k grant received from the Heritage Lottery Fund for the Lune Aqueduct project which would greatly assist the conservation and enhancement works being undertaken there.

11/021 **OLYMPICS:** Mr Mills presented an update on the Olympics project noting progress with the Event Manual and commercial opportunities.

11/022 **MARKETING:** Mr Salem reported that the marketing plans for the first three years of the new waterways charity would be presented at the next Board meeting. He noted that a pro bono arrangement had been reached for branding for the new charity.

SS

Mr Salem noted that visitor days had been down in 2010 compared to 2009 with a number of contributing factors noted. Encouragingly, the numbers of volunteers continued to increase.

BOARD COMMITTEES

11/023 **Property Committee:** The minutes of the meeting of the Property Committee held on 25 November 2010 were noted.

11/024 **Audit Committee:** The minutes of the meeting of the Audit Committee held on 12 January 2011 were noted.

ANY OTHER BUSINESS

11/025 The next meeting of the Board would be held on 24 March 2011.

There being no further business the meeting concluded at 12.15pm.

Chairman

Appendix 1: Application to the Secretary of State

It was resolved:

1. That in accordance with the provisions of the Transport Act 1962, applications be made:
 - a) Under Section 19, for the consent of the Secretary of State for the Environment, Food & Rural Affairs to the temporary borrowing by British Waterways otherwise than from the Secretary of State of such sums as may be required for meeting their obligations or discharging their functions under the abovementioned Act, provided that the aggregate amount so borrowed by British Waterways and outstanding at any time shall not exceed £3 million;
 - b) Under Section 21, for the guarantee of the treasury for the repayment of, and the payment of interest on, any monies borrowed by British Waterways pursuant to this Resolution.
2. That subject to the consent of the Secretary of State and the guarantee of the Treasury, arrangements be made for the temporary borrowing by British Waterways on the following terms and conditions.
 - a) British Waterways may borrow from the Royal Bank of Scotland (National Westminster Bank) such sums as may from time to time be agreed with the aforesaid Bank provided that:
 - i) Any monies so borrowed may be accepted by British Waterways as loans or overdrafts subject to repayment on demand; and
 - ii) The aggregate amount outstanding in respect of such loans or overdraft to British Waterways shall not at any time exceed the sum of £3 million;
 - b) British Waterways may repay at any time the whole or any part of the monies which may have been borrowed by them from the aforesaid Bank and shall in any case repay such loans or overdraft in full not later than 31st March 2012, or such later date as may with the consent of the Secretary of State be determined, being a date to which the guarantee of the Treasury is extended; and
 - c) Interest in monies borrowed by British Waterways from National Westminster Bank pursuant to this Resolution shall be payable at such rate of ½% above Bank of England Base Rate.

Appendix 2:

Temporary revision to the Rules of the Waterways Ombudsman Scheme

- A. The British Waterways Board ('the Board') recognises the declared intention of Her Majesty's Government to transfer the business of the Board in England and Wales to a new charitable body, using powers anticipated to be provided by the Public Bodies Bill currently before Parliament at Westminster.
- B. The Board further recognises that the Scottish Executive intends that the business of the Board in Scotland remain under the control of the Board pending the outcome of a consultation on proposals for its transfer to another public body.
- C. The Board considers that the future of the Waterways Ombudsman Scheme in its present form is uncertain pending further progress on the above proposals and that pending resolution of that uncertainty it is desirable to retain in post the present Waterways Ombudsman.
- D. The Board further considers that changes to the present membership of the Waterways Ombudsman Committee (including the filling of the current vacancy) is not desirable pending such uncertainty.

The Board therefore RESOLVES that with immediate effect and until 30 June 2012 the Rules of the Waterways Ombudsman Scheme ('the Rules') shall be revised with the following effect:

1. Any appointment to the Waterways Ombudsman Committee (including that of the Chairman) due to expire before 30 June 2012 under the provisions of paragraph 4 of the Rules may instead continue until that date.
2. The period of service of Ms Hilary Bainbridge as Waterways Ombudsman may, with her consent, continue until 30 June 2012 notwithstanding the provisions of paragraphs 9 and 10 of the Rules or the terms of any appointment by the Committee made thereunder.
3. The Chairman of the Waterways Ombudsman Committee need not appoint a person to the current vacant non-aligned position on the Committee under the provisions of Rule 2(c) until such time as he considers it necessary or appropriate but such that (i) there shall not be a vacancy after 30 June 2012, and (ii) if he considers it likely that the Committee will seek to appoint the successor to Ms Bainbridge before that date, he will make the appointment to the vacancy on the Committee in sufficient time to enable the new member to engage fully in the appointment process for her successor.
4. These revisions to the Rules may be revoked by the Board or any successor to the Board in England & Wales at any time but to the effect that any term of appointment extended by these provisions shall not expire before three months from the date of such revocation or 30 June 2012 whichever is the earlier.

January 2011