

## **BOARD MEETING**

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Minutes of a meeting of the British Waterways Board (the **Board**) held at Brook Bank House Hotel, Bransford Road, Bransford, Worcestershire, WR6 5JD on Thursday 25 November 2010 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 E Prescott	
Mr P Sarwal	
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	Director of Property
Mr V Moran	Customer Operations Director
Mr J Stirling	Technical Director
Mr C Henderson	Inland Waterways Association (as an Observer)
Mr C Stamp	Prism Cosec, Secretary of the Meeting

### **APOLOGIES**

Mr P Ridal	Finance Director
Mr S Salem	Marketing Director

### **INTRODUCTION**

- 10/114 The Chairman welcomed everybody to the meeting. There was a brief discussion about the Droitwich visit and subsequent evening reception. The presentations to the Board had been excellent and it was felt that a "lessons learnt" review involving all of the relevant stakeholders in the Droitwich restoration project would be useful.

### **MINUTES OF THE PREVIOUS MEETING**

- 10/115 The minutes of the meeting of the Board held on 25 September 2010 were approved. There were no matters arising other than to note that there had been no further developments in respect of the attempted clawback of part of the freight facilities grant awarded at Three Mills Lock.

### **CHIEF EXECUTIVE'S REPORT (BWB 3410)**

10/116 **New Waterways Charity Project:** Mr Evans reported that there were two changes to director responsibilities to report to the Board in connection with the New Waterways Charity Project. First, given Mr Johnson's very heavy workload in connection with the Project, it had been agreed that for at least the next 12 months the new Head of HR (due to start early January) would report direct to Mr Evans. Second, given the Scottish Government's decision to retain the Scottish Waterways within the public sector, it had been agreed that Mr Dunlop would pass responsibility for the regeneration strategy to Mr Mills, once it had been approved by the Board.

10/117 **Health & Safety Report:** The Report on Health & Safety was noted. Mr Moran gave an update on the plan to improve behavioural safety across the network. He showed a DVD which had been specifically commissioned for use across the organisation using real-life incidents within BW in recent years to bring the message home about the importance of this subject. This was being used in a series of half day workshops currently in progress. The DVD was being well received.

In response to a question from Mr Bywater, Mr Mills confirmed that the allocation of responsibilities for health and safety within the BNP contract were very clearly defined.

### **FINANCE DIRECTOR'S REPORT (BWB 3411)**

10/118 **Cashflow:** In Mr Ridal's absence, Mr Evans presented the Finance Director's Report noting that cash balances continued to be high due to delayed expenditure on general and maintenance projects. He noted however that this expenditure would catch up by the year-end. The investment cash budget would also come into line with forecast once the WPP property purchase was completed.

10/119 **Government Grants:** Mr Evans reported that the Scottish Government had announced an indicative 13% cut in funding for the 2011 financial year. The funding for England and Wales was yet to be announced. Mr Evans stressed that the move to a new waterways charity was not being taken in consideration when determining the level of funding from the Westminster Government.

10/120 **KPIs:** A new format for presenting KPI's was welcomed by members of the Board. It was suggested that a presentation be given concerning the definition and calculation of the KPI's to help members of the Board understand how they are derived.

RE/PR

### **DIRECTORS REPORTS (BWB 3412)**

10/121 **CORPORATE SERVICES:** Mr Johnson's report was noted, in particular the appointment of Ms Gaenor Prest to the post of Head of Human Resources.

Mr Johnson noted the successful outcome as a result of bringing Judicial Proceedings against the Environment Agency in respect of ultra vires actions in relation to an impoundment licence application by the Small Hydro Company concerning a proposed scheme on the Yorkshire Ouse.

- 10/122 **Pensions Working Group:** Mr Johnson updated the Board on the status of discussions with the Pensions Working Group (PWG) concerning possible changes to the pension scheme.

He noted that excellent progress had been made on most of the issues with the employee representatives (including the unions) accepting many of the proposals in connection with the “soft closure” of the scheme. The key issue outstanding was a proposal from representatives from the employee side of the PWG seeking to replace a pensionable salary cap with a capped career average (CARE) arrangement as part of the soft closure proposal. This was discussed at length with a variety of points being made. In the course of the discussion, it was assumed that the impact on future service costs of the CARE arrangement, over a three-year period, would not be materially different from that for the pensionable salary cap.

It was agreed that the proposal made by employee representatives be accepted subject to a sub-group of the Board, consisting of Ms Carver and Messrs Hales, Hugill and Sarwal, satisfying itself that the financial impact, in terms of future service costs, would not be materially different to that anticipated under the original proposal for a pensionable salary cap.

TH/MC/  
NH/PS

Whilst recognising that this was not the issue under discussion, members of the Board expressed reservations about the long-term sustainability of a defined benefit scheme. Management were therefore encouraged to consider how to convey the concern of the Board concerning this wider matter to the employee representatives.

RE

The progress achieved by Mr Johnson and the PWG and the spirit in which discussions had been conducted were noted with appreciation.

- 10/123 **OPERATIONS:** Mr Moran assured the Board that the operations team were fully aware of the current underspend on projects and were focussed on making sure that planned expenditure was incurred and that, in future, expenditure was incurred in line with the phasing of the budget.

The new national dredging contract was going well. Mr Moran was asked to confirm the amount of additional dredging output that would result from the new contract.

VM

Consultation had commenced in respect of the proposed outsourcing of the vegetation and facilities maintenance contract to Fountains. Around 70 positions were subject to consultation although the eventual number of employees who would transfer to the new provider under TUPE was expected to be much lower than this figure. Mr Moran confirmed that due diligence was being conducted on Fountains’ financial status.

- 10/124 **PROPERTY:** Mr Mills explained that more attention and resource was being allocated to invest unallocated capital in accordance with the investment strategy. He anticipated that this would lead to investment opportunities which would require quick decisions between meetings of the Board, especially for smaller transactions. It was therefore agreed that the Property Committee be authorised to agree transactions up to £5 million on an emergency basis, if market pressure prevented the matter from being discussed by the full Board. In such situations, Mr Mills was asked to ensure

that the relevant papers were nevertheless circulated to the whole Board when they were circulated to Property Committee members.

10/125 [Commercially confidential text omitted].

10/126 [Commercially confidential text omitted].

10/127 [Commercially confidential text omitted].

10/128 **SCOTLAND:** Mr Dunlop's report was noted. The appointment of the new Chairman for Helix was noted. A copy of the letter from the Minister of Transport confirming the Scottish Government's decision to retain BW's Scottish operations and assets in the public sector was also noted.

10/129 **REGENERATION:** The Regeneration Report was noted, in particular the contract slippage at the Tees White Water Canoe Facility.

10/130 **OLYMPICS:** Mr Dunlop presented an update on the Olympics project explaining progress in respect of each of the workstreams – Hygiene & Maintenance; Commercial Opportunities and Engagement. Developing the Olympic Events Manual was the next priority. Discussions concerning legacy issues were progressing well. Mr Mills also highlighted activities being planned by Wood Wharf in anticipation of the Olympic Games.

10/131 **MARKETING:** Mr Evans presented Mr Salem's report. Preparations for the Annual Meeting were progressing well. The Board noted and approved the updated Welsh Language Scheme. Draft documentation in respect of consultation regarding increases to the boat licence fee and the renegotiation of operator agreements was presented and noted.

#### **BOARD COMMITTEES**

10/132 **Remuneration Committee:** Ms Carver briefly reported to the Board on the recent Remuneration Committee meeting.

10/133 **Property Committee:** The minutes of the meeting of the Property Committee held on 10 November 2010 were noted.

#### **ANY OTHER BUSINESS**

10/134 The next meeting of the Board would be held on 27 January 2011.

There being no further business the meeting concluded at 11.15pm.

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**Chairman**