

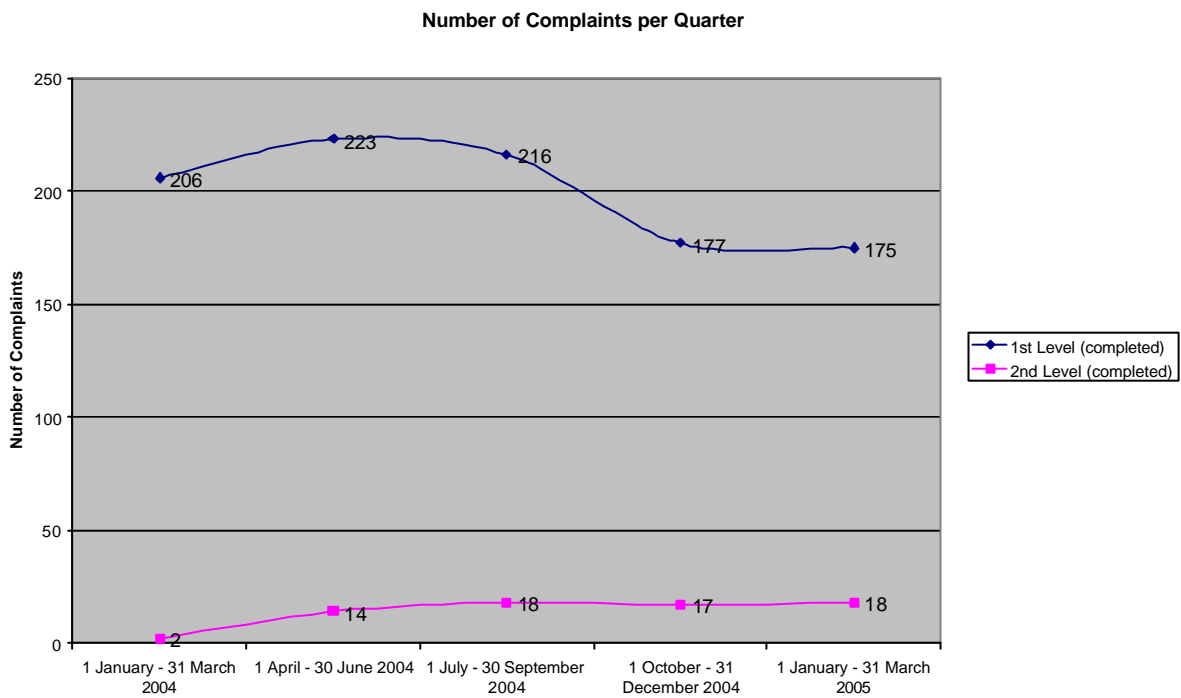
BRITISH WATERWAYS
CHIEF EXECUTIVE'S BRIEFING PAPER
JUNE 2005

1. STAKEHOLDER RELATIONS

1.1 Complaints Q4 2004/05

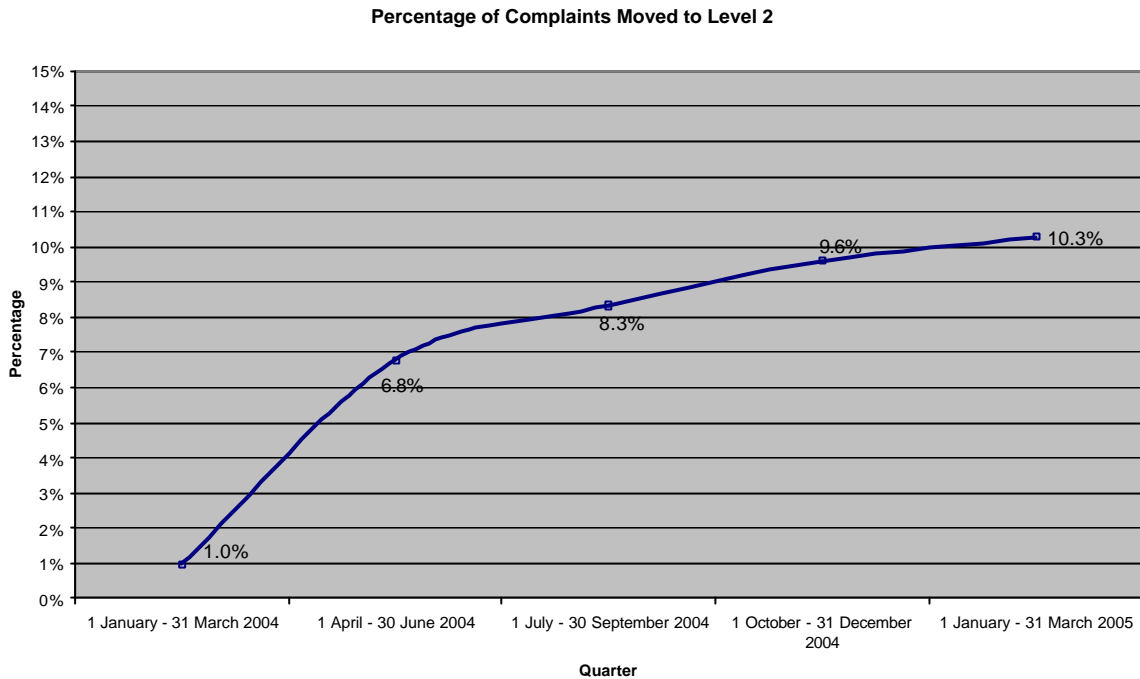
Complaints per Quarter

The number of 1st level complaints recorded as completed during the last quarter remained almost the same as the 3rd Quarter of 2004/05.



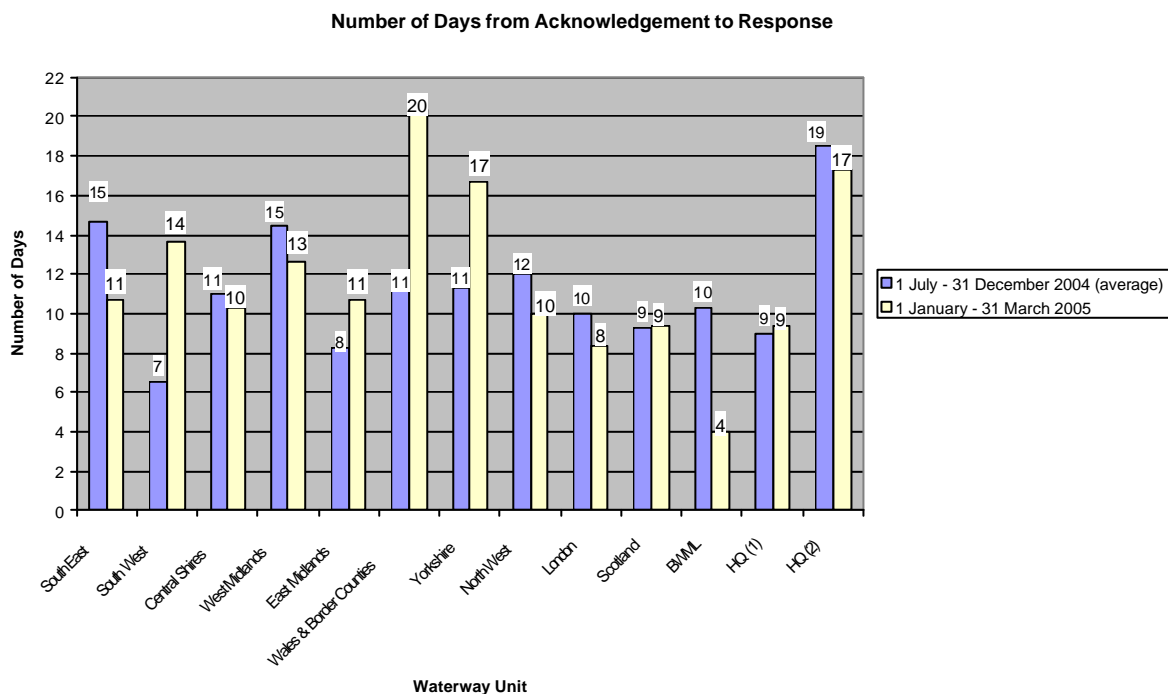
Numbers of second level complaints also remain static, increasing by one over the reporting period.

Percentage of Complaints Moved to Second Level



Individual Performance – Response Rates & Complaints' Volume

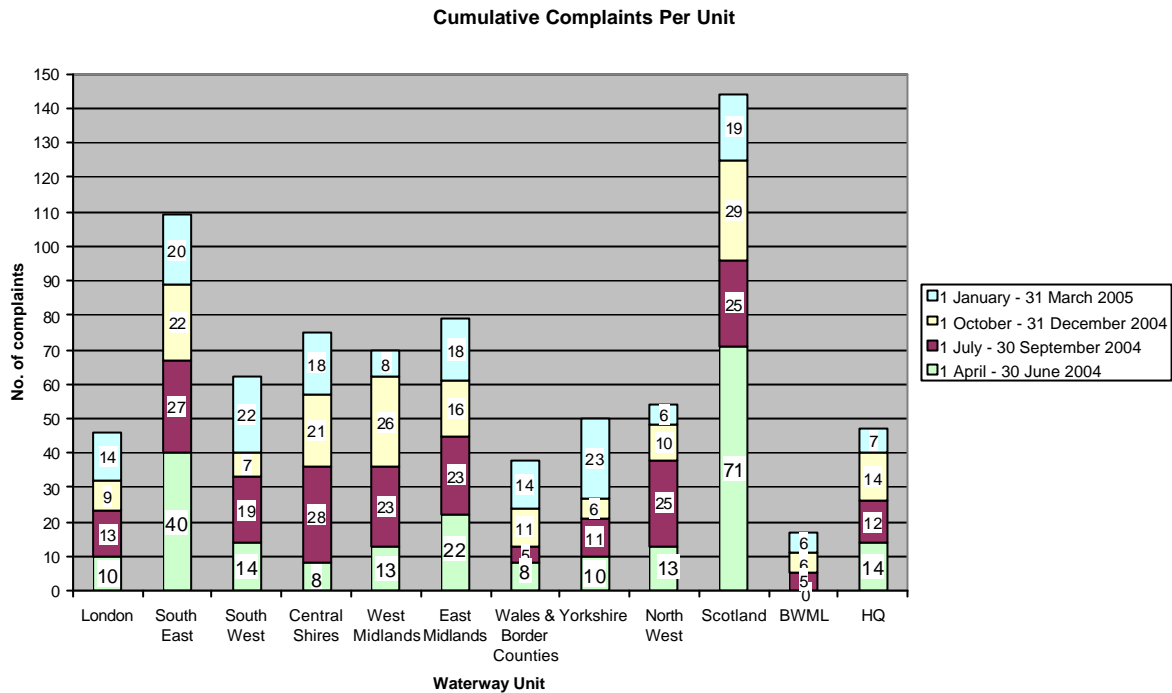
a) Average Number of days from Acknowledgement to Response



Improvements in response rates between reporting units is mixed, with seven units showing a reduction in numbers of days taken to provide a full response and six units showing an increase. It is notable that the units showing the greatest increase in days taken to respond are those where a new Service Manager has been appointed (Wales & Border Counties,

Yorkshire and South West), and as a result existing local procedures have been overhauled and any past problems exposed.

b) Cumulative Complaints Per Reporting Unit

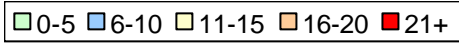


The significant increase in reported complaints by South West and Yorkshire waterway units has come about because of a local review of correspondence received during the previous quarter. It was found that a number of letters had been incorrectly recorded as non-complaints and these have now been addressed.

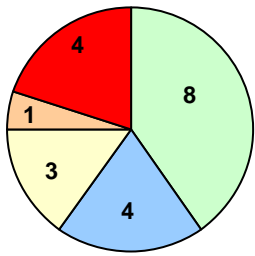
c) Completion Rates Per Reporting Unit (last quarter)

Seven reporting units have recorded complaints being responded to beyond the specified 20 working day time limit. For South West, Yorkshire and Wales & Border Counties units this is largely because of the reclassification of correspondence previously not classed as complaints. The Chief Executive has taken direct action with the other 4 units concerned which have not met the standard. During April and May there have been improvements, but South East and South West still show complaints being completed beyond 20 working days.

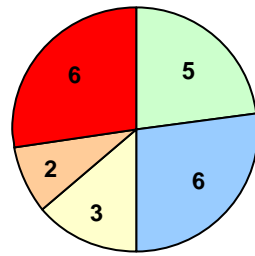
c) Completion Rates Per Reporting Unit (last quarter)



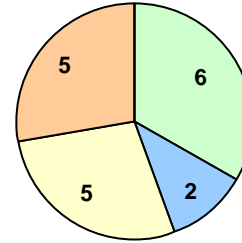
South East



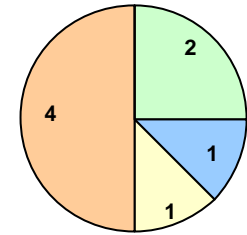
South West



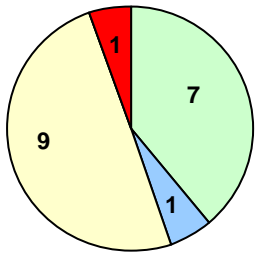
Central Shires



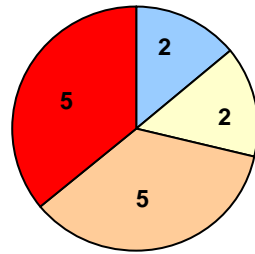
West Midlands



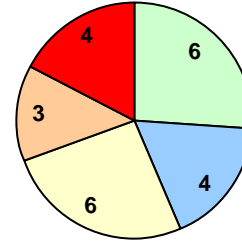
East Midlands



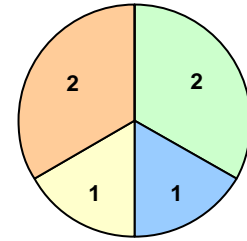
Wales & Border Counties



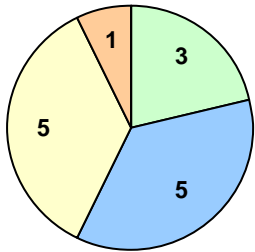
Yorkshire



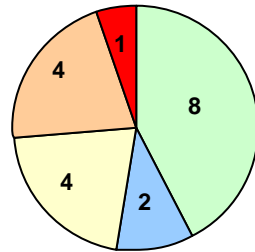
North West



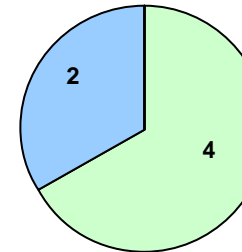
British Waterways London



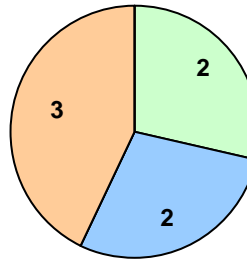
British Waterways Scotland



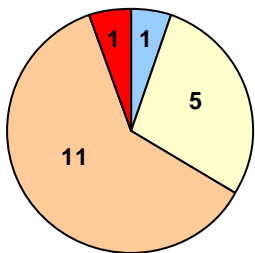
BWML



Headquarter – Level One

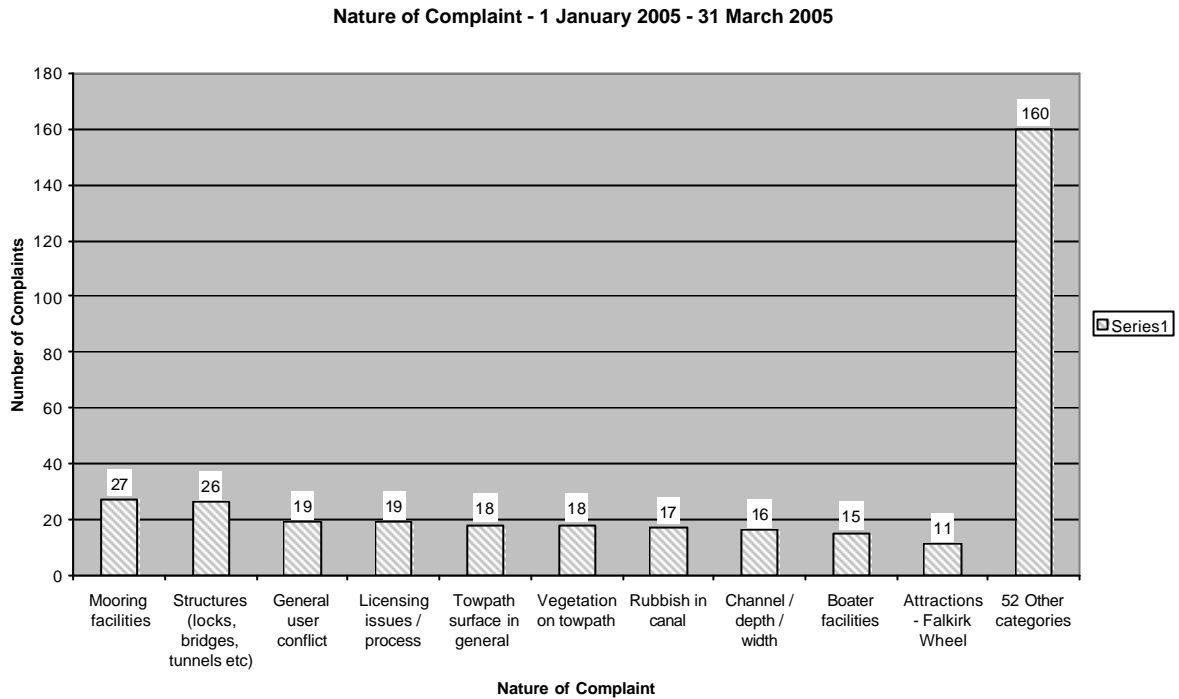


Headquarters – Level Two



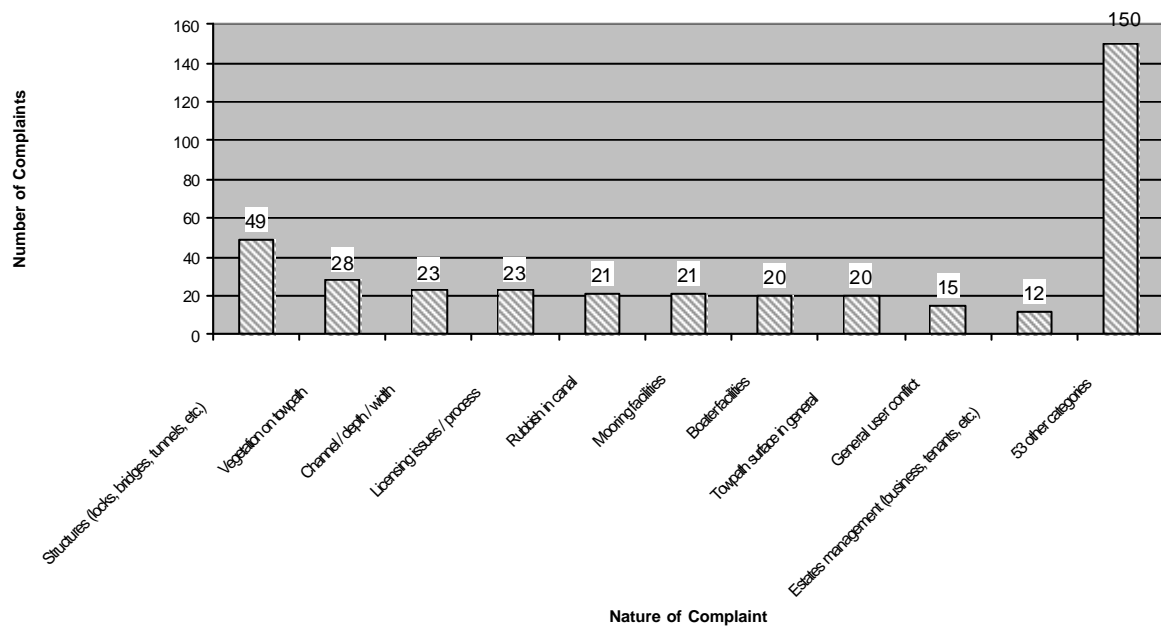
Complaint Areas

a) Nature of Complaint – 1 January 2005 – 31 March 2005



Mooring facilities feature as the most frequently complained about subject during this quarter. This is because of our notification in December 2004 of BW mooring fee increases for the year 2005/06.

b) Nature of Complaint – 1 July 2004 – 31 December 2004



1.2 Our Plan for the Future 2005 – 2009

This was published in late May and Board Members have been sent individual copies. The Board has been particularly interested in the way in which we make the Plan available to a very diverse stakeholder audience. A copy of the main distribution initiatives is included as Appendix 1 to this briefing.

1.3 Licensing

• **Consultation on Fee Structure Begins**

In December 2005 the Waterway's Ombudsman ruled that our boat licence terms and conditions were unfair in respect of the differential charges made for shared ownership boats. The Ombudsman said that he believed that BW was not sufficiently clear on the criteria it applied to setting differential rates. We had to refund the difference between private and business licence fees for all commercially managed shared boats. We have now begun our promised consultation on licence fee structure in the light of the Ombudsman's decision.

With advice from economic consultants OXERA we have produced a clearer statement of the principles underlying our approach to boat licence pricing – namely cost-causation and efficient cost recovery. Consequently, the consultation contains three main proposals:

- (i) The re-naming of the two main licence fee categories from “business” and “private pleasure” to “higher rate” and “base rate” respectively;
- (ii) The reclassification of multi-user boats and continuously cruising boats into the higher rate licence category;
- (iii) Replacement of the threshold for small business turnover discount with a VAT registration criterion.

It is recognised that Item (ii) would be considered controversial by user groups, mainly in regard to continuous cruising.

• **Revenue Protection**

We are about to change the way we control evasion by moving away from whole-scale checking of all boats on the system to a more targeted approach tracking non re-newers and using all BW staff to check licences. Licence evasion currently stands at 5.8% Q4 c/w 7.4% Q2. Directors agreed an 11 point action plan on 24 May and implementation will begin in the summer.

There will be one national boat count in mid-winter 2005/06 carried out over a short period and pre-publicised rather than the four annual boat counts currently made over a longer period.

A conference for patrol and enforcement staff will be held in September to ensure understanding of new procedures and consistency of application.

1.4 **Media Relations**

During the period, we promoted a major freight initiative in West London, the Liverpool Link project, and the Waterways Wildlife Survey, all of which received national media coverage.

We managed communication of the changes to Watergrid to key media contacts and developed communications plans for the Waterside Pubs Partnership and Foxtan Pub opening.

We co-ordinated with DEFRA the release of the End-to-End Review findings to BW's key stakeholders and trade media and liaised on the announcement of the new Chairman.

Communications support was provided for recruitment of the new Ombudsman, the newly-formed BW Advisory Forum and Waterways Ombudsman Committee.

The first annual Towpath Tidy event was widely publicised to key stakeholders groups and through the local media, both before and after the event to encourage participation.

1.5 **Marketing - Customer Insight Programme (CIP)**

This is being developed by the marketing and commercial teams working with the waterways starting with a pilot in the South East Waterway Unit. The programme is being facilitated by consultants specialising in this area.

The CIP will:

- Define key customer segments for growth in numbers in line with the vision;
- Define service delivery standards to achieve customer delight;
- Link these to our growing leisure businesses (e.g. Waterside Pub Partnership) to maximise contribution;

The first stage involving customer research is complete. We have analysed the common themes emerging from this research and the conclusions are now being finalised. We expect to implement proposals this summer in the South East Business Unit.

We expect the CIP to be a major influence on our future development into a more a customer-focused business. It will be the subject of more detailed presentation to subsequent Board Meetings.

1.6 **The Scottish Executive**

The Minister for Transport, Nichol Stephen, MSP, paid a visit at short notice on 12 April to the Port Dundas Re-connection Works. He spent about 1½ hours with us. He received a short presentation on the project and then he was taken through the work site. This gave an opportunity to show the Minister the wider purpose of the regeneration of the canals and what still needs to be done along this stretch. Jim Stirling was also able to explain to the Minister the concept of the ISIS and Glasgow City Council joint venture. This will develop the area around Glasgow North and then release a share of the profit into a regeneration fund.

The Minister also attended the formal opening of Lochrin Basin, Edinburgh quay at the end of March. The Minister's office informed us that the press coverage and photo opportunities had been amongst the best of any event he had attended.

1.7 Scottish Canals Development Group

The second meeting of the Scottish Canals Development Group took place on 24 March and there have been two meetings of each of the sub groups, the Highland Canals Steering Group and the Lowland Canals Steering Group. These meetings have produced a common agenda and a shared vision, by the membership, of the positive impact on canal side communities to be gained through the development of Scotland's canal corridors. A large number of projects have been identified in the Highlands and the Lowlands. The Group will need to focus on where they can have most impact.

2. RISK ISSUES

2.1 Licensing of Small Passenger Boats

We have been considering our future licensing regulation approach to small passenger boats in the light of the forthcoming report of the accident to the trip boat "Swan". The boat capsized whilst taking a party of nine passengers on the River Avon in Bath. Fortunately, no-one was seriously injured. The following conclusions and recommendations in a report from Mike Barrett have been accepted.

- from April 2006 we will require all our licensed commercial operators to submit declarations of compliance with the Small Passenger Boat Code. The Code is a joint MCA/AINA document with voluntary status;
- we will also produce in conjunction with AINA a scheme of limited independent verification of compliance, utilising existing resources (e.g. BSS) with a target date of Spring 2007.

2.2 Incident - Bridgwater & Taunton Canal

On 18 May there was a serious incident involving our dredging contractor Land & Water on the Bridgwater and Taunton Canal. The Albert Street cutting on the approach to Bridgwater Docks has a series of permanently located (and listed) c.10m wide timber props about 4m above the water line. The investigation has determined that the jib of the dredger touched one of the props as the craft travelled through the cutting. This caused the timber prop – around a tonne in weight – to fall down striking the towpath and partly landing in the water. Nobody was injured, although this clearly could have been much more serious.

The canal and towpath were closed at this location immediately whilst investigations took place. David Bligh visited the scene the following morning and concluded that there was no immediate danger with the remaining timbers. In view of the event in the Docks at the Whitsun weekend, however, precautions were taken by securing all of the timbers with ropes pending more detailed works in the coming weeks.

3. STRATEGIC PEOPLE ISSUES

3.1 Senior Management Appointments

Operations Manager, Yorkshire Waterways – David Crane, Engineering Manager, Yorkshire has been promoted to the vacant position.

Estate Manager, Central Shires Waterways – Adrian Middleton has been appointed to this post. Adrian joins us from Coventry City Council where he has been responsible for all aspects of surveying and property management.

Marketing and Customer Services – a minor re-organisation of the Department has been undertaken to improve effectiveness. Vanessa Wiggins, National Communications Manager, has left on redundancy and her responsibilities have been transferred to Eugene Baston who has been promoted to the new role of External Relations Manager.

3.2 General Pay Settlement

Negotiations with our recognised trade unions (TGWU and UNISON) reached an agreed settlement. We are increasing our Salary Bands by 3.5% from 1 June as part of a 13 month settlement to move the salary review date to 1 July from 2006. This change will fit much better with our performance management processes enabling appraisals to be undertaken after year end results are available and outside the hectic year end stoppage period.

This year's settlement also includes agreement to review and rationalise a number of allowance payments.

Rewarding our people through the Contribution Pay process has been implemented with around 60% of employees assessed as fully satisfactory receiving 3.5% salary increase. Less than 1% of employees were assessed as unsatisfactory performers receiving below 3.5%. Approximately 40% of employees were assessed as higher performers and received salary increases ranging from 4.5% to 7%. Bonus payments were awarded to 200 high performing employees averaging around £1000 per person. All payments are linked to the performance of Business Units and Business Areas.

Senior Managers (100 employees including General Managers) received salary increases averaging 4.7% with bonus payments averaging 9% based on EVC and personal performance paid to 90% of the senior manager group.

3.3 Internal Communications

A successful Senior Management Briefing Forum was held in March to assess business performance in 2004/5 and ensure that the senior

team were aligned for delivery of the 2005/6 business plan. Directors led key sessions during the day to bring alive the different business areas and inspire the senior team to deliver strong results in the year ahead.

3.4 Employee Mini Survey

During March/April 500 employees were randomly selected to take part in an opinion survey undertaken by independent consultants. 60% responded to the survey which is a high response rate for this type of survey.

Results obtained show very encouraging improvements in the satisfaction and motivation of our people within 6 months of our last survey. Positive trends towards recovering the high levels of satisfaction recorded prior to the business restructure in 2003 are evident

As an indication of the strength of improving satisfaction the following table shows the ten highest increases in satisfaction. Details of the full survey are available should Board Members require more details.

STATEMENT	2004 Result	2005 Result	Difference
Overall I feel positive about the work of BW	62%	79%	+17%
I feel comfortable with the speed of change within BW	31%	44%	+13%
Overall I am satisfied with the leadership of BW	30%	43%	+13%
I have confidence in the Directors of BW	27%	39%	+12%
I am involved in discussing the health and safety issues relevant to my job	72%	82%	+10%
I am satisfied with the opportunities I have to achieve my career aims	50%	60%	+10%
I support BW's vision for the future	66%	75%	+9%
Overall I am satisfied with BW's benefits package e.g. pension, holidays, sick pay	78%	86%	+8%
I understand how my job fits in with and contributes towards achieving BW's vision	69%	77%	+8%
BW makes a really positive difference to the communities near where I live	42%	49%	+7%

4. CORPORATE SOCIAL RESPONSIBILITY

4.1 Clean-Up Campaign Towpath Tidy

Feedback has been received on this year's Spring Clean-up and planning is already underway in the light of this for a similar event next year. The Clean-Up will be in the week commencing 3rd April 2006.

Particular attention in planning for 2006 will be given to a clear and consistent safety message with individually tailored safety arrangements – something which will be particularly valued by volunteers. Work on publicising the event and the co-ordination of national groups will begin earlier. The publicity will include specific messages, such as targets achieved, success in involving others (e.g. Parish Councils) and sustaining the improvements.

4.2 The Waterways Trust

The draft accounts for the year to 31 March 2005 report a net surplus that is ahead of their last forecast and budget. This is due to the improved trading performance by the museums in the last quarter, and a better than expected response to fundraising at the end of the year.

Income is lower than anticipated principally because of delays in bringing projects to a state of readiness for fundraising, in particular delays in confirmation of funding for the Droitwich and Cotswolds Canals, which have forced the re-phasing of the bid programme. The Trust assisted in obtaining an additional £280k of income for BW.

4.3 Fradley Reservoir

Fradley Reservoir project (completed as part of last year's Make a Difference Programme) has won the TWT/BURA Renaissance Award for the Natural Environment. The competition recognises projects that enhance and improve the local environment.

4.4 Mayor's Green Procurement Code

Following liaison between BW London and the Mayor's office, British Waterways was highlighted as the 400th signatory of the Mayor's Green Procurement Code in a news release sent to the London media and national environment titles. The Mayor also included the story in his report to the London Assembly together with comments about BW's efforts to recycle waste removed from the canals and to move more materials by barge.

5. PROPERTY

5.1 Rates

The canal network is subject to rating being part of the Central Rating List, which covers major infrastructure, such as railways. In 2001, BW successfully appealed the canal assessments for 1995 in England and Wales at a valuation tribunal, which decided that the values should be "Nil". This means that BW has not paid rates on the canal network for some 10 years (1995 and 2000 Lists). However, in the 2005 revaluation, the Valuation Office Agency (VOA) has proposed a list valuation of £1.725m for England and £75k for Wales. Early discussions with VOA failed to obtain a reinstatement of the "nil" valuation. In addition, the Regulations providing transitional relief in England excluded those assessments which were "zero" in the 2000 List. Therefore, the 2005 List is now in force and BW must pay

full rates of some £76,000 per month for 10 months based upon these assessments.

BW intends to appeal the assessments to the Tribunal and to request an early hearing on the basis that transitional relief is not available to us (the previous appeal only being heard 7 years after the 1995 List). Rates are payable during any appeal process. In addition, BW is exploring the possibility of seeking a judicial review of the regulations which set out the transitional relief provisions. Even an assessment of £5 in the 2000 List would have triggered a substantial reduction in rates paid over the next four years of transitional relief.

The three year plan included a provision of £200,000 to cover the rates payment (based on transitional relief) and a contingency for fees to contest the valuation. The plan will need to be updated at Quarter One Forecast to include the full £800,000 rates payment plus fees for the appeal.

5.2 Gloucester Quays

- **Planning**

The “minded to approve” resolution passed by Gloucester City Council in November 2004 is still being reviewed by the Government Office for the South West (GOSW). The GOSW Planning Team has still not submitted their recommendation to ODPM on whether the application can proceed or requires to be “called in” and scrutinised via a Public Inquiry. It was indicated, upon the calling of the General Election, that no decision would be made until after 5th May. Pressure is now being applied from all independent regeneration stakeholders in Gloucester (URC, SWRDA and EP) for GOSW to make their recommendation to ODPM to permit an early decision to be made.

- **Gloscat**

The Gloscat FE College has advised that their relocation proposals are now capable of delivery following the appointment of Bovis Lend Lease as their new contractor. This has necessitated the partial re-design of the scheme.

Subject to Gloscat securing an acceptable guaranteed maximum price contract award and final planning consent revisions being agreed by Gloucester City Council, the sale of the Gloscat site for £2.5m is scheduled to proceed in July 2005. At the same time, a tripartite agreement will be exchanged with English Partnerships and Peel. EP will procure the construction of a new canal bridge and the completion of the Inner Relief Road between Peel and BW’s landholdings and other “enabling” works to a total value £6m to advance the comprehensive re-development of Peel and BW landholdings.

- **Flood Compensation**

The Flood Compensation Agreement is now being drafted by the Environment Agency’s external lawyers and will be vetted and approved by the BW Legal Department prior to exchange in June.

Subject to the outcome of the “call-in” decision and conclusion of discussions with the Waste Regulation section of the EA, the removal of material from the Dock Branch Railway could commence as early as August 2005.

5.3 **Review of Sharpness Docks & North Warehouse**

This review was commissioned by the Board working group (George Greener and Terry Tricker) to consider the long term viability of Sharpness Docks. The outcome of the review was intended to help to clarify BW's strategy for the docks in terms of:

- supporting or otherwise an application to demolish the grade II listed North Warehouse;
- investing in major refurbishment works of the docks infrastructure; and
- progressing property development opportunities

The review recommends that the North Warehouse at Sharpness is **not** demolished.

The heritage value of the building in its current location and state of repair and in comparison to other buildings nearby is not overwhelming. Equally SDL's requirement to demolish the building to further the expansion of the docks and secure additional tonnage throughput is not compelling. The conclusion to not support the demolition is therefore based on a position of preserving BW's heritage reputation in accordance with the framework documents and our corporate plans.

It is felt that BW's commitment to SDL and waterway freight can still be demonstrated by a much closer working relationship with SDL and the local government stakeholders. This may ultimately lead to the release of additional BW landholdings to SDL on which to expand dock operations; BW investment in infrastructure repairs; and re-opening the rail connection. In parallel BW should work with the City and County Councils to explore opportunities for property development surrounding the docks.

The Board working group and the Executive have accepted the review's recommendations in full. They are now being implemented.

6. **RESTORATION/REGENERATION**

6.1 **Montgomery Canal – Conservation Management Strategy (CMS)**

Agreement in principle on the CMS was reached at a Partnership meeting in January and the final version of the CMS has now been issued to all partners for approval by the end of June.

6.2 **Bow Back Rivers**

BWL has hosted boat trips to the tidal Bow Back Rivers for a variety of officials and journalists. Approximately 50 people have so far been taken on these trips and they include key officials from different agencies and government departments with an interest in the London Olympic bid, Thames Gateway and sustainable transport issues. The trips have so far proved very popular and have helped to increase understanding of BWL's plans for the Bow Back Rivers.

7. CORE WATERWAY

7.1 Major Works Programme

A schedule is attached at Appendix 2 that lists the major works planned for this financial year, their cost and programme dates. This schedule will be updated and presented at each Board Meeting.

7.2 Trends in Lock Usage

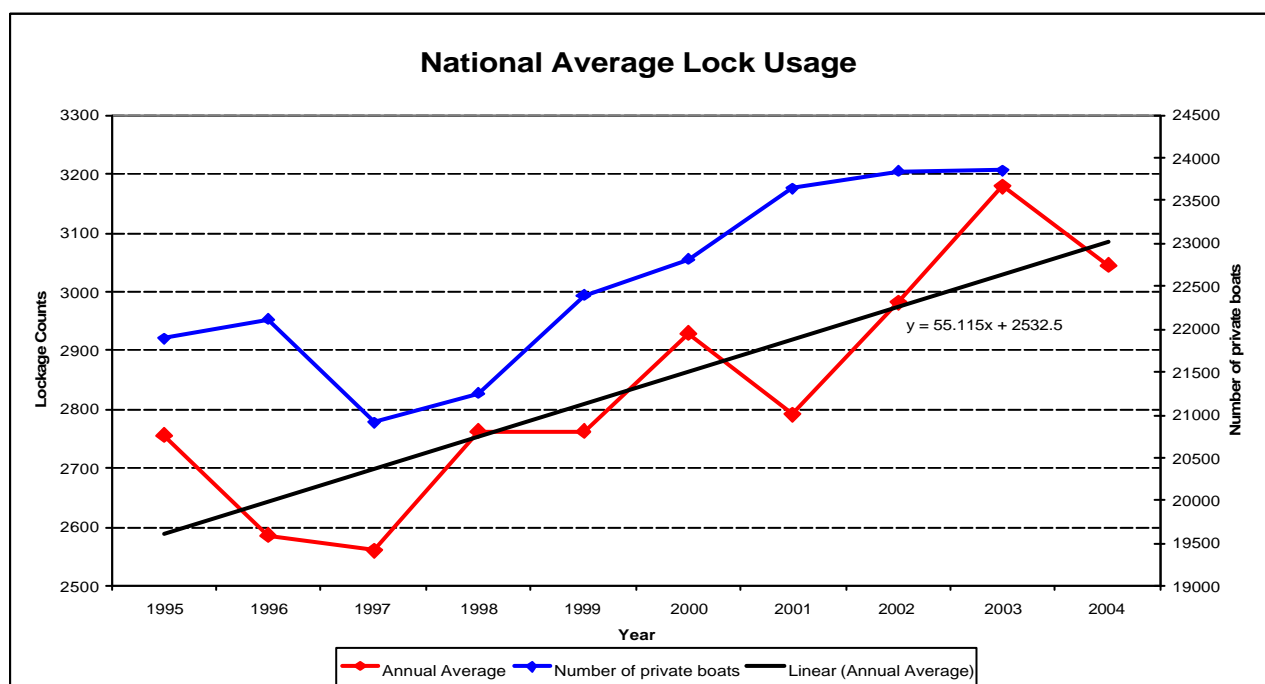
The latest of the Annual Lockage Reports, which have been produced since 2000, shows that there was a reduction in lock usage of 2% in 2004 compared to 2003. Taken in isolation, this would seem to conflict with our vision that the network will be more widely used. The directors agreed that the trend in lock usage should be analysed in more detail over the last ten years.

The limitation of the annual lock usage report is that by including each lock where measurement takes place the number of sites for deriving the average lock usage changes over time. This is due to increases in the number of monitoring sites, some old sites becoming redundant and some sites being out of commission for periods of the year.

In order to overcome these limitations a sample of monitoring sites was chosen not only with longer records but also for geographical coverage across the network. The final list of 23 sites included at least two from each waterway.

The data records for each site included the last ten years of annual lock usage. It was from these records that a national average lock usage was calculated for each of the ten years from 1995 to 2004.

The Figure below summarises this data, together with the number of private boats in each year (extracted from the Annual Report).



The graph shows that the annual average increase in lock usage has been 1.9% per annum over the last 10 years. This is much lower than the 3.5% increase experienced over the last 5 years. The number of private boats on

the network over a 9-year period also shows a very similar trend to lock usage with an increase of 1.5% per annum up to the end of 2003.

The reasons for the peaks and troughs is difficult to explain at a national level but may include the impacts of the boat safety scheme, foot and mouth and climatological factors such as the dry hot summers in 1995 and 2003. The dip in lock usage in 2004 may have been caused by the wet summer. However, other factors known to the waterways may be more relevant.

The Executive will be further analysing both lockages and pedestrian use of towing paths in July when the results of our Customer Insight Programme are available.

7.3 National Water Management Plan

We have been considering our long-term water resource requirements and the appropriate standard of supply. This has taken account of the potential impact of climate change, asset management, environmental legislation (especially the Water Framework Directive), boating growth and water losses. Worst, average and best cases were considered.

It has been decided that a minimum of 1 in 20 year's standard of supply is appropriate for planning purposes. This is felt to be the option that best protects the long-term vision for boating growth at a cost that is affordable to the business. Only the Rochdale and Huddersfield canals currently fail to meet this standard. There are no plans to improve supply to these two canals in the 3 year plan and we do not expect this will change. We will have a review every 3 years of its continuing appropriateness. Wherever opportunities for new water supplies emerge, we will take them to meet increasing demands from usage and the potential effects of climate change.

7.4 Principal & Intermediate Inspection Targets

A report has been received on our achievement of principal and intermediate inspection targets. The target was set in February 2002 that BW owned principal assets should have at least one P.I. by end March 2005. The only exceptions related to culverts (because of the difficult nature of preparatory works for inspection) and cuttings (deemed to be low risk). The target for these is March 2008. The report shows an overall achievement of 99.8% of target for P.I.'s. This achievement has been due to enormous efforts by our people over many years at Waterway and in the National Support Unit. Intermediate inspections of principal assets, which are carried out entirely by waterway based inspectors were 98.7% of target.

7.5 East Manchester – New Waterspace

We are currently working up an agreement with the New Islington Client Group, which will provide much needed secure visitor moorings in East Manchester. The new waterspace will be part of the construction of canal arms off the Ashton and Rochdale canals as part of the Group's 27 acre development, (comprising Urban Splash, EP and Manchester City Council). As well as creating a safe haven, BW will retain the income from its operation of the waterspace on a 99-year lease.

7.6 Droylsden Mooring Basin

Also in Manchester, we are planning to act as agents for the local authority (Tameside MBC) to design and supervise construction of a 20 berth mooring basin. The basin will form a safe haven at one end of the flight of 18 Locks on the Ashton Canal and will compliment the developments at

New Islington. There will be no BW financial contribution and no construction risk for us.

These schemes are fundamental to retaining the confidence of core customers in the North West network and exploiting the commercial opportunities in East Manchester.

7.7 Interreg IIIC Programme

Over the past few years, BW has become one of the largest recipients of Interreg funding, controlling £8.4m of grants, of which £4.1m has been spent on BW-related schemes. Achievement of this level of funding was greatly facilitated by the establishment of the VNE (Voies Navigables d'Europe) network on an informal basis. This enabled partnerships to be developed with public authorities throughout Europe.

Now there is an opportunity through the Interreg IIIC programme commencing in 2005 to establish VNE on a more formal basis, supported by EU funds. This is particularly timely, given future changes in EU funding regimes post-2006. Much of the traditional EU Objective funding through ERDF will shift to the new member states and away from the UK. However, at the same time the Interreg programmes will be strengthened, with the likelihood that funding through Interreg will be at least doubled.

Directors have approved the cost of BW of involvement in the VNE project of £33,100 over 3 years. Proposed waterway schemes to be covered by the programme will be submitted to Directors.

7.8 Irk Aqueduct Embankment Breach, Rochdale Canal

The Rochdale Canal breached on the morning of 23rd April 2005 on an embankment immediately adjacent to the River Irk Aqueduct near Middleton. Although there is extensive damage to the canal infrastructure, there has been little damage caused to Third Parties, limited to loss of a small section of garden and minor flooding damage to another garden. The waterway team responded quickly on the day and have implemented emergency works to ensure public safety, reduce flooding risk and ensure continuity of feed of water to the canal downstream. Options for the repair of the breach are being considered. Initial estimates indicate that overall costs for the repairs could be as high as £1m. We are engaging the Local Authorities and User Groups. We will not proceed with the repairs until we have greater certainty on the long term maintenance costs for the canal.

7.9 Caen Hill Flight, Devizes

We suffered a lock gate failure on the Caen Hill Flight on 17 May 2005. The flight was closed for 2 days whilst emergency repairs were undertaken by our own staff. The canal re-opened on Friday ahead of the weekend and so disrupted very few customers. There are significant issues with gates on this flight which we will have to address in the next business plan round.

7.10 Debdale Lock, Staffordshire & Worcestershire Canal

We had an emergency repair on the Staffordshire & Worcestershire Canal at Debdale Lock when an operative spotted movement in the lock wall as the chamber emptied. Work was undertaken to secure the wall over the next week, with the lock manned over the weekend to ensure minimum disruption to boaters.

7.11 Dog & Duck Abandoned Craft Safety Issues

Yorkshire Business Unit are working with Ian White supported by the EA to remove the discarded wrecks which have been left at the "Dog & Duck" site at Goole, which is the proposed location for the Intermodal terminal.

Notices are set to be issued to the owners giving them 28 days to comply with the MCA freight vessel standard. Where a certificate is not in place BW will inspect the craft utilising a marine engineer and, dependent upon the findings, the craft will be removed from the water and scrapped, or we will work with the owner to assist with compliance. Currently, there are in excess of 20 boats which give rise to safety concerns and environmental risks; the EA are also pressing on the latter.

7.12 Whitley Mining Subsidence

Works on Phase 3 are currently progressing well and are on programme. UK Coal has been invoiced £912,982 to date for our works at this site. The valuation to the end of April will take this figure to around £1.1m. Sustainability is a particular feature of the project: viz 65% of the volume of aggregates used are from a recycled source, £250k of sheet steel piles have been reclaimed for re-use on other projects; 10,000 tonnes of colliery shale will be transported by water from Kellingley Colliery as opposed to by road and used as fill material. It is also anticipated that 2,000 tonnes of dredging from Methley Tip will be utilised for topsoil material.

8. VENTURES

8.1 Waterscape

The business is currently on target to achieve most targets for Quarter 1.

The morale in the business is good and the team are rising to the challenges. The situation is being closely monitored and there will be a fuller report at Quarter 1. The MD post has been advertised after agency search did not yield a suitable candidate. Chris Shaw will remain interim MD until at least September.

8.2 Wood Wharf, Docklands

Financial close of the Wood Wharf transaction was achieved on 21st April 2005, after some last minute issues on title which were satisfactorily resolved without any change to the key financial outputs approved by the Board. The Partnership is now operational and is in the process of appointing key consultants to assist with securing of planning consents. Amongst the first group to be appointed will be master planners.

Also in Docklands meetings continue between BW and Crossrail dealing with issues relating to ventilation shafts in Limehouse and Cannon Workshops and the position of the proposed station at North Dock. British Waterways has appointed Parliamentary Agents to assist with the necessary petitions. It is hoped that these issues will be resolved without the need to go to Select Committee. BW and Canary Wharf are working together to ensure the proposed station enhances and contributes to our vision for docklands and the waterspace rather than the reverse. BW and CW have agreed to propose an additional link from the station along Bellmouth Passage to improve the access to Wood Wharf. This would add considerable value to the Wood Wharf development.

COMMUNICATING OUR FUTURE PLANS

APPENDIX 1

Campaign	Audiences	Detail	Date
BW Monthly	BW Staff	<p>A copy of the Plan was packaged up with BW Monthly and:</p> <ul style="list-style-type: none"> • Included a note from Robin telling people to take a 20-minute break to read it • A tea-bag and fun-size kit-kat was included as an incentive <p>Informal feedback has been really positive, with many people stating that this prompted them to read the plan. Formal feedback is being sought via Core Brief and Team Talk.</p>	19 May
Email	Plan Readers	<p>We have a dedicated email address: plan@britishwaterways.co.uk for readers to send us their feedback.</p>	19 May
Website	General Public	<p>We have a 'Plan' section on our website. All material is available at: www.britishwaterways.co.uk/plan</p>	25 May
Mailing from Robin	Key Stakeholders including business partners, the trade, environmental and heritage groups, voluntary bodies etc	<p>A copy of the Plan, along with a letter from Robin was distributed to almost 500 key stakeholders.</p>	25 May
Waterways Press Incl. Waterfront Magazine	Boaters	<ul style="list-style-type: none"> • The waterways press has been sent a copy of the Plan. Eugene Baston spoke to them individually at Crick Boat Show • Waterfront Magazine will carry an article on our plans in the next edition (autumn/winter). 	25 May onwards
Canalside Posters	Casual Towpath Visitors	<p>A set of four A4 and A5 posters, containing key plan messages aimed at the 'casual visitor' are being displayed on:</p> <ul style="list-style-type: none"> • our towpath information boards and office reception areas • Parish Council boards (they have also been sent to around 850 parish councils. Welsh language versions were also produced) 	25 May onwards
Individual Section Sheets	General Public	<p>Individual sheets have been produced for each section of the Plan and are available from Customer Services, at events, and on our website.</p>	End of May onwards
General Press Local Press Marketing Press	General Public	<ul style="list-style-type: none"> • A press release will be sent to local press highlighting the poster campaign, with a call to action for readers to 'ask for the plan' • The marketing press will be targeted, promoting our 'cost-effective' and imaginative communications campaign 	June onwards

ARREARS PROGRAMME 2005/06

PROJECT	NAVIGATION	TOTAL PROJECT COST £M	AUTHORISED EXPENDITURE 05/06 £M	PROGRAMME	
				Start Date	Completion Date
Repairs to six culverts at Milton Keynes. Works involve relining four culverts and grouting up and abandoning two culverts,	Grand Union Canal	0.70	0.70 Date 03/05	06/05	09/06
Brent Reservoir new wave wall and erosion protection to embankment	Grand Union Canal (Regents)	2.02	2.02 Date 03/05	10/05	03/06
Sharpness tidal basin jetties structural repairs	Gloucester & Sharpness Canal	0.65	No	10/05	02/06
Shebden Embankment stabilisation of embankment (3 year programme) using steel sheet pile diaphragm	Shropshire Union Canal	2.23	1.10 Date 04/05	10/04	03/07
Shenton Embankment. Embankment stabilisation driving steel piles and earth works to raise freeboard. (2 year programme)	Ashby Canal	2.80	No	11/05	03/07
Scout Tunnel Embankment HNC Canal bed relining to reduce leakage and increase stability	Huddersfield Narrow Canal	1.07	No	11/03	06
Ranicars Embankment Phase 2 Steel sheet piling to reduce leakage and increase stability	Leeds & Liverpool Canal	0.84	No	08/05	12/05
Lockgate and bridge repairs South Dock Liverpool. Part of the	Liverpool Docks	1.13	No	10/05	04/06

programme of works that was identified as part of the dowry at time of transfer.					
Dochgarroch Lock repairs and secondary grouting to various lock chambers along the canal.	Caledonian Canal	0.65	0.65 Date 10/04	11/05	03/06
Mechanisation of Keadby Lock gates, sluices and flood gates and new control building.	Stainforth & Keadby Canal	0.95	No	10/05	04/06

Dowley Gap Aqueduct. Relining of aqueduct	Leeds & Liverpool	0.50	No	11/05	02/06
There are 258 smaller projects below £500k with a total value of £22.8m. 118 of these have been authorised amounting to £9.5m.		22.80	9.5		
Total		36.34	13.93 (Budget 23.8)		
Dredging Arrears					
West London Dredging	Regents/GU	0.85 (0.45 net)	No	07/05	12/05
Middlewich Branch.	Shropshire Union Canal	0.60	No	09/05	03/05
In addition, these are £6.0m of smaller projects that make up the 05/06 dredging programme.					

Other Projects					
Kellingley mining subsidence works Phase 4 (Provisional)	Aire & Calder Navigation	1.50 (0.15 net)	No	08/05	12/06
Access improvement funded by Transport For London	London Canals	1.0 (0 net)	No	08/05	03/06