British Waterways

CHIEF EXECUTIVE'S REPORT

1. STAKEHOLDER RELATIONS

1.1 User Groups

1.1.1 Grant funding – stakeholder reaction

Concern amongst user groups about grant funding has escalated sharply since my last report. A coalition of all the main user groups, including trade representation has been working to co-ordinate a campaign to explain to Defra how vital the waterways are for regeneration, how popular they are and how important it is to sort out funding arrangements. The outcomes of the campaign have so far included:

- Many letters to MPs and to ministers at Defra
- An Early Day Motion signed by over 150 MPs
- An adjournment debate which was cancelled when Parliament was prorogued for the Queen's speech (may be reinstated later)
- A special session of the EFRA committee in early December to ask the department about all of its cuts
- National, local and waterway press coverage.

We understand that further activity is planned by users including:

- Blockades of waterways on weekend 25-26 November
- Flotilla of boats on the River Thames on 16 January with associated media coverage.

1.1.2 Annual Meeting 2006

The meeting was held on 12 October at Austin Court by the canal in central Birmingham. This was the first time we had held the meeting outside London. We had about 111 guests, slightly up on London numbers and there was favourable feedback about the location and venue. We will return there next year. The discussion and question session was dominated by user concerns about grant funding.

1.1.3 British Waterways Advisory Forum

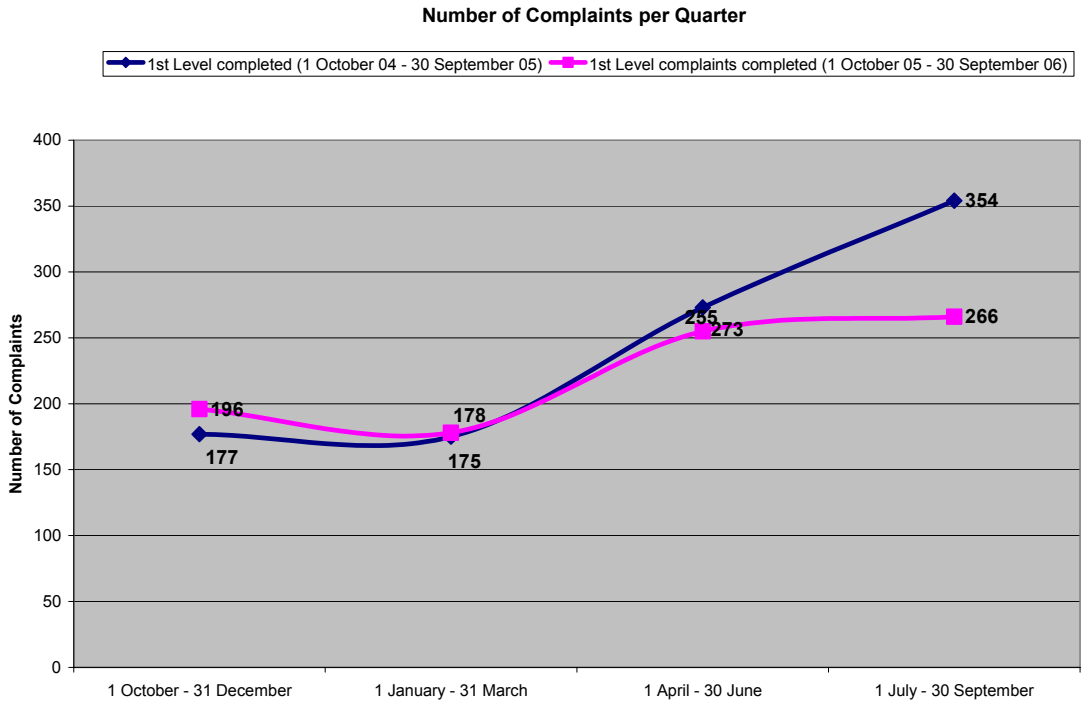
A full meeting of the British Waterways Advisory Forum was held towards the end of October. Topics discussed were safeguarding heritage, Defra grant cuts and BW's property portfolio. Howard Pridding, BMF's executive director, was re-elected unopposed as BWAF's chair, while David Fletcher, representing the RYA, was re-elected by ballot vote as BWAF's vice chair.

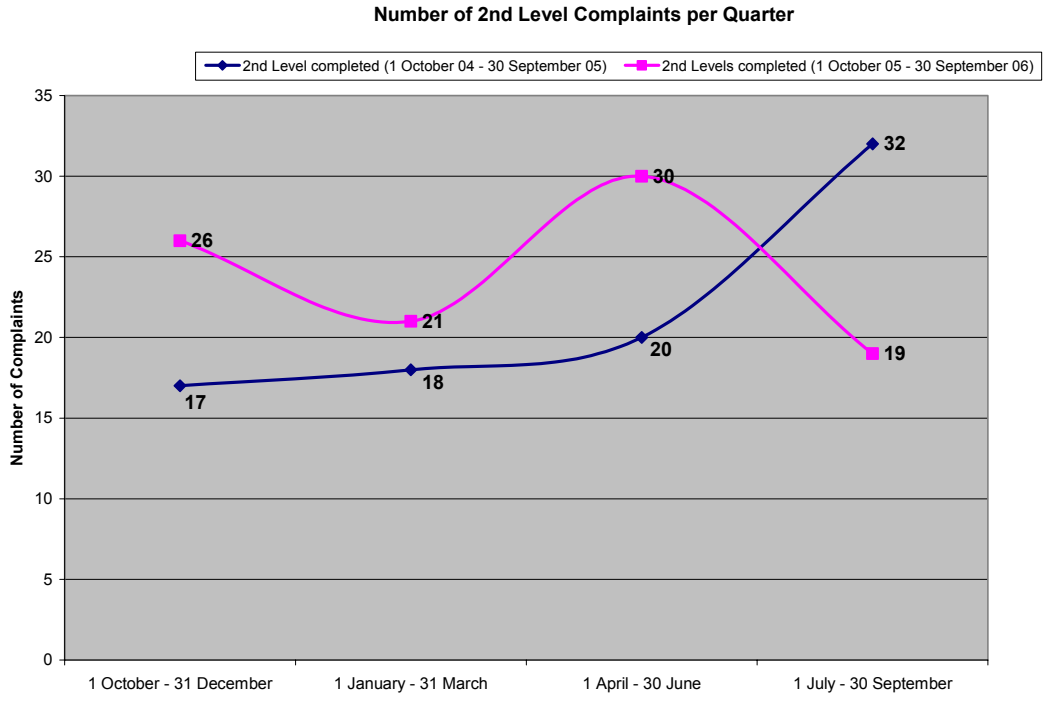
1.1.4 **Gloucester & Sharpness Canal – Change to Winter Operations**

The General Manager has spent significant time in the past three months dealing with the consultation process for the proposed changes to the G&S winter operations. This has included much correspondence, daytime and evening boaters' meetings, media interviews, trades union meetings and a challenging public meeting attended by 362 users, principally boaters. We now have a revised proposal involving reduced opening periods in the winter which meets some of the users' objections and which realises a £300k annual saving (original proposal £380k saving). The revised approach will not gain universal approval but we have clearly demonstrated our commitment to a meaningful consultation process.

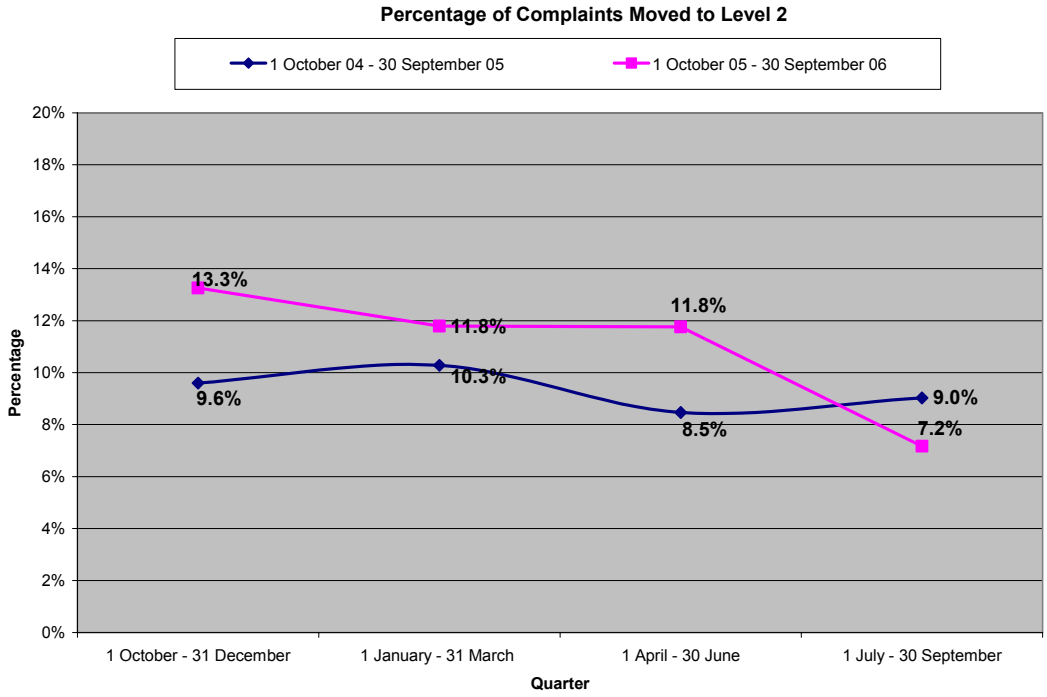
2. MARKETING & CUSTOMER SERVICE

2.1 Complaints Quarter 2 2006/07 – Volume at Levels 1 and 2





Percentage of complaints moved to Second Level



The number of complaints during Q2 follows a similar trend (though with fewer complaints in Q2 2006) as the same quarter in 2005/06. In both years, a general increase in the number of complaints at this time of year reflects the greater use of the network.

Although the overall volume of complaints is similar year on year, the number of complaints moved to the Second Level has decreased this last quarter. In Q2, 7.2% of complaints were moved to Level 2 compared to 9.0% in the same period in 2005.

The table below compares the number of complaints completed by month during the second quarter of 2006/07 compared with the same quarter in 2005/06. The total volume of complaints completed is lower in August and September 2006 and there is no change in July 2006 when compared to the previous year. Overall there has been a 24.9% reduction in complaints completed over the quarter.

	2005/06	2006/07	% change 05/06
July	104	104	No change
August	131	86	- 34.3%
September	119	76	- 36.1%
Totals	**354**	**266**	**- 24.9%**

The average number of days taken to respond fully to a complaint in Q2 stands at 11 working days. The percentage of complaints responded to within 20 working days rose to 98.1%, up from 97.3% in the previous quarter and 95.2% for the last financial year.

2.2 Waterways Ombudsman cases - 2005/06

	2005/06			**2006/07**	
	Q2	**Q3**	**Q4**	**Q1**	**Q2**
Number of cases accepted by Ombudsman	7	5	9	6	3
Number of cases completed	0	8	10	4	5
Number of completed cases with maladministration found. Includes (1) = partial finding of maladministration	0	6 (6)	5 (3)	2 (1)	1 (1)
Complaints accepted as % of BW level 2 complaints	22%	19%	43%	20%	16%

2.3 Customer Service Transformation

B2B customer relations

The B2B trade survey is complete and reports on the perceptions of a) boating business b) consumer facing businesses with which BW has a relationship c) consumer facing business with which BW has no current relationship. It points to key areas for improving BW's B2B relationships. The restructure supports this requirement and a plan is being developed to help the business develop further.

Customer Contact Strategy

A business wide review of telephone traffic and the nature of customer enquiries has been undertaken with a view to determine a customer contact strategy that delivers improved service and is more efficient. The final report from the consultants will be delivered by the end of November. We will then put a contact strategy to Directors for approval.

Talking to Customers
A BW *Talking to Customers* programme is out to tender. Its objective is to:

- Raise awareness of the power of the communication process, whether face to face, by telephone, letter, or electronic means
- Get participants to understand how the outcome of exchanges are determined by the nature, form and tone of communication and how they can control this
- Help BW people communicate with confidence and be more in charge
- Demonstrate how to achieve positive outcomes when it is necessary to say no
- Illustrate how conflict can be managed constructively
- Urge BW people to approach and engage with customers at every opportunity
- Encourage group and team work across all functions and positions in the business.

Moments of Truth
The Moments of Truth team has reported to CST board and recommended service standards. These have been accepted for implementation at destinations from 2007. It has proved to be a significant and successful project that has involved cross functional teams and established customer service champions in each business unit. These standards are to be integrated with technical standards to arrive at a clear and consistent set of customer service standards.

3. STRATEGIC PEOPLE ISSUES

3.1 Waterway Unit Restructure

I announced the proposed restructuring of waterways on 9 October. The new structure will deliver increased efficiency and effectiveness by focussing activities in three key areas – asset management, income generation and customer service delivery. The new structure which includes the merger of the Central Shires and West Midlands waterways will generate efficiency savings of around 120 office based posts which is equivalent to approximately 20% of total waterway unit office based positions together with the closure of our central Birmingham office.

3.2 Rationalisation of Central Activities

All central activities are being subject to a Zero Based Review with the aim of identifying around 20% payroll efficiency.

3.3 Senior Management Forum

We used the biannual forum of our top 100 managers to establish clear understanding of the recently announced restructure and clarify issues ahead of this year's business planning process.

3.4 Police Award

Two British Waterways employees involved in the care of West London's canal network are to be awarded an Operational Command Unit Commendation by Chief Superintendent Ian Thomas from MPS Marine Support Unit for their significant contribution in tackling serious and organised crime on London's waterways. The OCU awards, which are usually given to members of the Police Force, recognise extraordinary work in the service of the people of London.

4. LEISURE

4.1 Standedge

The Visitor Centre and boat trips have now closed down for the winter and will reopen next Easter. During the 2006 season, 9,196 visitors took the short boat trip (up 132% on 2005). Results from the self-completion customer satisfaction questionnaires were very encouraging.

In September, Standedge received Visit Britain's accreditation as a Quality Assured Visitor Attraction. In the quality assessment report by the Visitor Attraction Quality Assurance Service (VAQAS), Standedge was praised as "a real delight" and commended for providing "an excellent overall visitor experience".

4.2 Pontcysyllte Aqueduct World Heritage Site

The aqueduct has been confirmed as the prospective candidate site for the 2008 submission to UNESCO. This will provide a significant platform to publicise further the wider canal network through this iconic location, attracting visitors world wide.

4.3 Combating Licence Evasion

The addition of a third Patrol Officer for BW London demonstrates BW's commitment to tackling licence evasion in London. The new Patrol Officer is responsible for the whole of the Regent's Canal and parts of the Paddington Arm which will allow daily monitoring of all the visitor mooring sites in Central London, reduce overstaying and deliver better customer service to boaters. It will also allow us to effectively monitor and enforce the mooring guidelines for Continuous Cruisers and to concentrate efforts in West London where there is a more intense level of evasion, particularly in and around Uxbridge and Cowley.

5. RESTORATION/REGENERATION

5.1 Barnsley Canal

The feasibility study by Atkins was finally released last week suggesting that £258 million will be required for full restoration. BW will maintain a watching brief to see if the Barnsley Stakeholders can be influenced to help maintain the BW stretches of the Dearne and Don Canal at Swinton.

5.2 Montgomery Canal

Construction work has commenced on the £1.05 million Interreg funded element to extend the navigable length to Redwith.

Working with our Economic and Social Development team, Shropshire Union Canal Society was recently successful in securing £50,000 from the HLF Your Heritage Initiative. Work will start in earnest to restore the historic Crickheath Wharf on the Shropshire section of the canal.

5.3 West Midland Restoration/Regeneration

The GM attended a meeting with the Lichfield and Hatherton canals restoration trust and the Highways Agency to discuss the M6 widening project. Informal agreement was secured for the Agency to fund the restored canal crossing as part of the project. BW pointed out obligations under the Roads & Bridges Design Manual and PPG13.

One of the contacts made with local government is Wolverhampton City Council who propose a major regeneration project including a length of Birmingham Main Line canal. Also, the Black Country Consortium has been contacted regarding their Big Lottery Fund bid, which is one of only six projects selected to go forward to the next stage to potentially win a £50m grant. The BCC have already been awarded £500k to develop the bid to the next stage.

5.4 Port Dundas Opening

On Friday 29 September 2006 an event was held to celebrate the opening of the new canal basin at Port Dundas. The completion of this new waterspace on the Glasgow branch of the Forth & Clyde Canal represents the first stage in a long-term regeneration initiative for North Glasgow.

To mark the occasion the Rt Hon Michael Martin MP, Speaker of the House of Commons, formally named "Speaker Martin's Lock" at the entrance to the new basin.

5.5 HELIX Living Landmarks Bid

We have had the start up meeting with the Living Landmarks Officer and the Monitoring Officer and are proceeding to commission pieces of consultancy work to comply with the very short timescales for the bid next May.

A number of significant risks have arisen on this project regarding the position of the new boat lift and land ownership and the further problem of the need for a lifting road bridge on the A905, which is between Skinflats and Grangemouth.

Options are being appraised to mitigate these risks and BW is confident that suitable alternatives can be accommodated within the scheme. Relationships with the Forth Ports remain a critical issue.

6. CORPORATE SOCIAL RESPONSIBILITY

6.1 Sheffield "Blue Loop" Canal Clean-up

BW Yorkshire has worked with a consortium of youth and conservation groups in Sheffield to back ITV's Big Clean Up of the Blue Loop in September. The event was designed to encourage young people aged between 16-25 to get involved in community volunteering and focussed on the clean up of the canal and river paths between Sheffield and Meadowhall Shopping Centre. Around 300 volunteers donated their time to litter pick, remove graffiti, repair benches and railings, clean signs, cut back overgrown vegetation and paint lock gates.

7. PROPERTY

7.1 Loughborough Wharf

The reconstructed basin at Loughborough Wharf is due to be watered in mid-November. The Business Unit and developer/contractor William Davis are planning a photo opportunity to mark this key stage in the redevelopment of the site. Completion of the whole scheme is on programme for August 2007.

8. LEGAL

8.1 Threat to VAT refunds – VAT and Duties Tribunal

The judgment of the VAT and Duties Tribunal (in essence a specialist tax court) has recently been delivered in the challenge to our current treatment of VAT which results in some £20million of refunds. I am pleased to say that the challenge failed and that the Tribunal has upheld BW and HMRC arguments that the charging of VAT on river only certificates was a correct treatment under VAT law. Had the challenge succeeded, significant proportions of our VAT refunds would have been at risk. The boater that made the challenge has 56 days in which he may lodge an appeal from the decision of the Tribunal.

9. CORE WATERWAY

9.1 Kennet & Avon Canal – Lock Gates

Lock gates on the Kennet & Avon have been a particular issue in the past two months. One gate was damaged beyond safe use at Caen Hill after being hit by a boat causing closure of the flight for three weeks. Workshops rearranged production schedules to produce new gates in 6 days. Following delivery and a short delay in gaining conservation officer approval, the lock was re-opened ahead of the half-term holiday. We undertook a boat lift – for which we achieved excellent publicity on television, radio and national newspapers – to assist the hire boat operators. Initially 23 boats were on the wrong side of Caen Hill. Some operators made alternative arrangements leaving only 7 that had to be lifted. This operation cost £7k but generated a great deal of goodwill from the hire trade.

We have also had three lockgate failures on the K&A in the past two months. These are symptomatic of seriously decaying gates which requires significant expenditure to resolve. We have completed a condition study of all 104 sets of gates and now have a clear priority ranking to inform our works programme in the coming years.

9.2 Bridgwater & Taunton Canal – Possible Closure

Somerset County Council is seeking to build three new bridges over the Bridgwater and Taunton canal. Their plans show that one of these projects will “require” a closure of the navigation for 6-8 months. We are presently preparing our response which will include appropriate compensatory measures.

9.3 Invasive Plant Floating Pennywort on River Soar

We chaired a meeting with representatives from the Environment Agency and Leicester City Council on 9 October 2006 to discuss combating this plant that was a significant obstacle to navigation this Summer. The EA did not consider it to be a problem for flood risk management, which limited the resources they could provide to help tackle it. This position was to be reviewed, however, in the light of the significant growth of the plant in September. Guidance on strategies for removal and control have been provided to the maintenance team.

9.4 Lock Gates/Listed Building Consent

A stoppage has been postponed due to our inability to secure consent for the change in gate style to the baulk timber style gates being routinely produced at Bradley. We expect that other conservation officers will take a similar line in the future to listed structures, requiring replacement like-for-like, undermining the Repair Yard’s efficiency drive. We are working with the national heritage team to justify replacement using the modern gate style.

9.5 Brecon Abstraction/Habitats Regulations

Further to my September update, the Environment Agency have advised that their report will recommend that reductions should be sought from our River Usk abstraction on the grounds that they are unable to state categorically that the abstraction does not adversely affect the Special Area of Conservation. The EA were clear that they will not alter this conclusion that is based on a national approach. Their formal report will not be available until August 2007, however, while they undertake assessment on the River Wye, which may affect their conclusions.

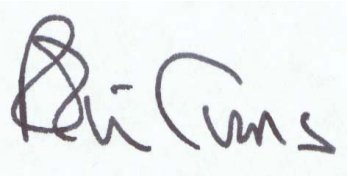
Our abstraction is not consented by EA but will be in the future under Water Act provisions. There is, therefore, a medium/long-term risk to BW regarding the abstraction. Our legal advice is that we are not obliged to undertake an assessment for the purposes of the Habitats Regulations. Given the risks, however, we expect to have to undertake research work ourselves to develop an alternative assessment of the abstraction and its impact responding to EA's concerns at an approximate cost to BW of up to £50k. This will be necessary to defend the abstraction volume requirements when the licensing issue arises.

9.6 Tree Management - London

The Tree Management Plan for London has been completely reviewed to identify trees that are recommended to "fell to ground" only, with no coppicing, pollarding or thinning included. We currently have 781 trees which fall into this category, with limited financial resources to meet this challenge. Gristwood and Toms have been selected to help us to deliver the recommendations of the Plan. A meeting has been set up to discuss the methods and practices to ensure that we get the best value for our monies, while at the same time significantly reducing the amount of "At Risk" trees on our navigations.

9.7 Waterbourne Waste

A prototype Multi Modal Refuse Collection Vehicle (MMRCV) is now being tested in Haringey. BW attended the inception meeting with TfL and the London Waste Authorities. If successful, the project has the potential to revolutionise the carriage of containerised waste by water.



ROBIN EVANS

November 2006.