

[These Minutes were agreed by the Board at its meeting on 2 February 2006]

FOR PUBLICATION

Minutes Nos. 05/124 to 05/151

BRITISH WATERWAYS BOARD

Minutes of the Board Meeting held
at the Malmaison Hotel, Piccadilly, Manchester on
Thursday 24 November 2005 at 9.00am

PRESENT:

Mr T Hales	Chairman
Ms S Achmatowicz	
Mr R Bowker	
Dr C Christie	
Professor G Fleming	
Mrs H Gordon	
Dr D R Langslow	
Mr T Tricker	

IN ATTENDANCE:

Mr R Evans	Chief Executive
Mr D Cochrane	Regeneration Director
Mr J Froomberg	Commercial Director
Mr N Johnson	Legal Director
Mr V Moran	Personnel Director
Mr P Ridal	Finance Director
Mr S Salem	Marketing & Customer Service Director
Mr J Stirling	Technical Director
Mr C J Howells	Assistant Secretary

APOLOGY FOR ABSENCE

Mr I M Darling

The Board welcomed Mr Stirling and Mr Cochrane to their first Board Meeting as Technical and Regeneration Directors.

Board Members expressed their appreciation of the contribution of Mr Sim to BW over 32 years, latterly as Technical Director.

MINUTES

The Minutes of the Board Meeting on 22 September 2005 were confirmed and signed.

MATTERS ARISING

Fair Trading (Minute 05/102)

05/124 Mr Tricker reported that despite the further extensive discussions involving the Executive, the Fair Trade group and the Chairman, BMF was not persuaded to participate in the preparation of the Code of Practice and the OXERA Review. A briefing had been issued to the marina and boatyard customers and the waterways press advising them of this and explaining that BW would continue to expedite these matters on the basis of its own legal opinion. The Board endorsed the Executive's view that it had no other option and that its approach should be robust but courteous. The Chairman added that he would offer to address the BMF Council.

A letter to the Board's of BW and BMF on the Fair Trading issue, which had been received earlier in the day from the Managing Directors of Black Prince Holidays and Alvechurch Boat Centres, was tabled. The Board discussed its response and it was agreed the Chief Executive would respond accordingly.

Scottish Annual Meeting (Minute 05/110)

05/125 It was noted that the next reception for MSPs would be held at the time of the Annual Meeting in Scotland in September 2006.

Olympic Games 2012 (Minute 05/121)

05/126 Referring to the proposed meeting of key stakeholders, the Chief Executive advised that a dinner was planned for this purpose at the Institution of Civil Engineers in January, possibly with the Deputy Prime Minister as the principal guest.

Waterways Ombudsman Committee (Minute 05/123)

05/127 It was noted that Mr Tricker had filled the vacancy in the BW nominated position on the Waterways Ombudsman Committee.

CHIEF EXECUTIVE'S REPORT & FINANCIAL REVIEW

05/128 The Board noted BWB 3206.

Financial Performance

05/129 The Finance Director presented the highlights of the financial performance to 31st October and the full year forecast out-turn.

Mr Ridal undertook to examine the implications for capital gains tax of accelerating arrears and of restorations.

The Finance Director also briefed the Board on the revised presentational format for the management accounts. He expected this to be available for the next meeting. The Board welcomed the new approach, which would give better performance comparisons across the business areas.

BW Leisure Attractions

05/130 The Board considered the report on the performance of the BW Leisure attractions at the Falkirk Wheel, the Anderton Boat Lift and Standedge.

On Falkirk, it was noted that charging for entry remained an issue. The Board agreed that this could not be entertained until such time that a sustainable and dynamic visitor package had been developed across the site. The proposed Waterside Pub Partnership pub would be a helpful development. It was agreed the Executive would update the masterplan for the Wheel site and report further.

In response to Board Members' suggestions for other initiatives to boost the visitor centres, the Chief Executive confirmed that linked packages with other regional attractions, including those of the Waterways Trust were already in place. The scope for using Waterscape for joint ticketing and creative marketing and for using small lottery projects for re-invigorating sites in partnership with the local community, would be explored.

The Chairman added that the underlying question for the Board was whether BW had the capability to run visitor attractions; and if it did not, whether others could do so better.

The Waterways Trust

05/131 The Board welcomed the intimations from the Waterways Trust that it wished to develop a closer understanding of BW's requirements and aspirations. BW's contribution to the Trust was a substantial one and it was proper that the relationship should reflect this. This was felt again to be an issue of capability; BW needed to determine what the Trust provided best e.g. running museums and ensure it focussed on that.

Central Rates Liability – Denial of Transitional Relief

05/132 The Board noted the update by the Legal Director and agreed that the Chairman should keep them informed in the event of developments.

Natural Environment & Rural Communities Bill

05/133 The Legal Director reported briefly on progress in securing a House of Lords amendment to the Bill for provision for additional BW's powers.

Chief Executive's Briefing

05/134 Board Members commented on topics in the Chief Executive's briefing:

- Dr Christie referred to the positive reception of Tavish Scott, MSP, the New Minister for Transport, to the briefing he had attended on the canals in Scotland. It was hoped the Minister would attend a waterway visit in the near future;
- the Marketing & Customer Service Director responded to concern about the markedly increased volume of customer complaints in

the Quarter 2 2005/06 report. There were reasons to suggest this was a spike with levels now returning to previous ones but this was being kept under close review. It was agreed to add complaints to the Waterways Ombudsman to future reports;

- Mr Salem gave additional background on the implementation of the updated 2001 angling strategy. There would be a further report following his meetings with NFA and NAFAC in the next briefing;
- The potentially substantial cost to BW of the Water Framework Directive and other waste/environmental legislation was highlighted. The Executive would keep this under close review.

HEALTH & SAFETY MANAGEMENT REPORT

05/135 The Board considered BWB 3202 by the Technical Director.

Mr Stirling highlighted the concerted effort that Directors had agreed upon to ensure that the rate of improvement in safety performance re-accelerated. It had been agreed that every reportable 3 day incident would be discussed by a Director with the employee involved.

10-YEAR PLAN: UNALLOCATED FUNDS – DISCUSSION PAPER

05/136 The Board considered BWB 3201 by the Chief Executive. This provided the basis for a wide ranging examination of future options for BW in terms of funding, structure and accountability prior to updating the 10-year Strategic Planning Guidance.

Following a review, the Chief Executive undertook to incorporate the comments made, including those that followed in correspondence, into an updated discussion document. This would be reviewed by the Board in January.

REGENERATION PROJECTS [BWB 3204]

05/137 The Board agreed the following regeneration projects submitted in accordance with the staged approval process agreed in BWB 3187.

- funding for the continued development of the phased approach to restoration of the Montgomery Canal in line with the recently completed Conservation Management Strategy (£510k over 3 years/BW contribution £255k);

A table of the project outputs would be provided (e.g. heritage, regeneration).

- implementation of the Liverpool Canal Link (total project allocation of £17,156 million, including a risk allowance of £3.7 million and a BW contribution of £0.39 million). Agreement was subject to satisfactory lease negotiations with Peel Holdings and English Partnership's commitment to their £1.7 million contribution;

Progress on the following projects was noted:

- Cotswold Canals;

The Executive confirmed that linking the canal to the network was a priority;

- Manchester Bury & Bolton Canal;
- Application to Big Lottery Fund Living Landmarks Scheme.

On the latter, the Board would be advised of the outcome of the discussions with BLF.

COMMERCIAL UPDATE & COMMERCIAL PROJECTS

05/138 The Board considered BWB 3200.

Investment & Disposal Strategy

05/139 The Board noted progress of the 2005/06 investment and disposal strategy.

Wood Wharf

05/140 The Board approved the following recommendations:

[Text omitted as commercially confidential]

The Board also noted that a PPA has now been completed for the process leading to the formation of the Wood Wharf Partnership. This had been provided to the Audit Committee for information and was available to other Board Members.

Edinburgh Quay Update

05/141 The update was noted.

Easynet Update

05/142 The Board noted that following its confirmation by e-mail, the BSKyB offer to acquire BWB's entire shareholding in Easynet plc of 2.1 million shares at £1.75 cash per share had been accepted.

Commercial Expansion & Risk Management

05/143 The Board endorsed the recommended scale and risk management of BW Venture investments and the preferred route to increase capital available as set out in the Memorandum. The report was welcomed both as a clear exposition of the risks involved and in giving comfort on their management.

Mrs Gordon suggested that the risks underlying ISIS, particularly as it entered the delivery phase on projects, merited special attention. It was agreed a fuller report would be presented in February when ISIS had agreed its business plan. The frequency of further reports would be decided then. CDs of the ISIS developments presentations would be circulated to Board Members.

Icknield Port Loop

- 05/144 The Board agreed that BW should enter into a 10-year option for the sale of the Icknield Port Loop to ISIS Waterside Regeneration for the base land price of £20 million (indexed) plus overage.

RESIDENTIAL BOATING ISSUES

- 05/145 The Board noted a memorandum by the Legal Director (BWB 3207) on a number of issues relating to residential use of boats, including issues that had been the subject of lobbying to the Office of the Deputy Prime Minister.

[Mr Bowker declared an interest as a member of the Residential Boat Owners Association].

The memorandum recalled the evolution of BW policy on residential boating and described steps being taken to update and clarify that policy. The Board supported the approach of the Executive.

BW (1990) PENSION FUND – IMPLICATIONS OF THE FINANCE ACT 2004 & PENSIONS ACT 2004

- 05/146 The Board considered BWB 3203 by the Personnel Director.

The recommended Pension Rule changes resulting from the Finance and Pensions Act 2004 were approved (para. 4.1 of the memorandum). It was also agreed that the Trustee and Committee of Management roles should be reviewed with the aim of combining responsibilities for improved Governance and efficiency.

It was noted the proposals would be presented to the Pension Fund Trustee Board and the Committee of Management for their agreement prior to the preparation of a formal Deed of Variation to the Fund rules in advance of the 6th April 2006.

WATERSCAPE.COM – FUTURE STRATEGY

- 05/147 The Marketing & Customer Service Director introduced BWB 3205. This reported on the outcome of the review of the options for the future of Waterscape.

The Board agreed Option 2 relating to Waterscape as the on-line marketing arm of BW and with only the assured commercial activity included. The vision for the new in-house Waterscape and the arrangements for implementing it were also endorsed.

WATERWAY OMBUDSMAN SCHEME

- 05/148 The Board considered BWB 3208 and resolved to formally adopt the new rules for the Waterways Ombudsman Scheme as annexed to the memorandum.

AUDIT COMMITTEE

- 05/149 The Minutes of the meeting of the Audit Committee on 16 September 2005 were noted.

Dr Langslow, Chairman of the Committee, referred to the external quality review of internal audit. It had been agreed that Professor Andrew Chambers would undertake the review and his report would be considered at the Committee's January meeting.

The Board endorsed the Committee's view that the implementation of International Financial Reporting Standards should be deferred for a year.

FEEDBACK FROM BOARD VISIT

05/150 The Board considered the views expressed by North West Waterways' staff at the round-table discussions the previous evening. Themes had been:

- addressing anti-social behaviour;
- maximising use of our property to delight our customers;
- "new ways of working"
- the contribution of regeneration to exceeding customer expectations;

It was agreed the sessions had all been productive and the outcomes would be disseminated widely in BW including in "BW Monthly".

SEAL REGISTER

05/151 The Seal Register shows that documents 18,207 to 18,341 had been sealed since the last meeting of the Board was received.

DATE OF NEXT MEETING

2nd February 2006 (Wales & Border Counties)