

BOARD MEETING

Minutes of the Board Meeting held at British Waterways Offices, Waterside House, Waterside Drive, Wigan, Lancs. on Thursday, 19 July 2007 at 9 a.m.

PRESENT:

Mr T Hales	Chairman
Ms. S Achmatowicz	
Mr J Bridgeman	
Mr J Bywater	
Professor G Fleming	
Mr N Hugill	
Mr D Sutherland	
Mr T Tricker	

IN ATTENDANCE

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

APOLOGIES

Dr C Christie
Mr. R Bowker

MINUTES

The Minutes of the Board Meeting held on 13 June 2007 were confirmed and signed.

MATTERS ARISING

Sustainability (Minute 07/62)

07/82 The Chief Executive advised that two consultancies had been approached to provide the expert advice on BW's approach to sustainability that had been agreed at the previous meeting. This would include the wider ecological footprint on which Professor Fleming had provided information.

Corporate Plan (Minute 07/63)

07/83 It was reported that Defra agreement to the preamble to the 4 year Corporate Plan was still awaited before sending it to Board Members.

Market Pricing of BW Long Term Moorings (Minute 07/64)

07/84 The Executive confirmed that application of the equilibrium price arising from tendered moorings and the investment in new capacity that may be generated (and which would be by the private sector) were recognised as issues requiring careful presentation.

The Chief Executive added that in the East Midlands, giving notice to on-line moorers, under the on-line moorings reduction policy as off-line capacity increased, was revealing a significant number of unauthorised residential moorers. This would be a particular issue in the South East.

Freight (Minute 07/65)

07/85 The Marketing & Customer Service Director advised that the initial meetings to discuss the OXERA report on waterborne freight were now underway. Publication of the report would follow in two to three months.

Torque Standard – Waterway Locks (Minute 07/67)

07/86 It was confirmed that a Torque Standard based on 40 Newton Metres was being proposed for national application.

Commercial Projects (Minute 07/74)

07/87 The Board noted the Executive's decision not to proceed with the Merchants Quay acquisition.

CHIEF EXECUTIVE'S REPORT

07/88 The Board noted BWB 3283.

Stakeholder Relations

07/89 The Chairman briefed the Board on the telephone conversation he had had with the new Waterways Minister, Jonathan Shaw, M.P. Mr. Shaw looked forward to a close working relationship with BW and a number of current issues had been reviewed.

The Board welcomed the opportunity to work with the new Minister and his officials. It was noted that he had confirmed that the briefing paper that BW had prepared on its roles and opportunities in housing development had been well received. There was a discussion on how BW could best translate this into initiatives that supported the Prime Minister's housing agenda, particularly social housing. It was suggested that the Chairman should seek a meeting with Yvette Cooper, Minister for Housing, to brief her on the opportunities and also with Hazel Blears, Secretary of State for Communities & Local Government.

One further area where BW could contribute effectively to current Government concerns was agreed to be its expertise in understanding flood risk and mitigating its effects. This was again relevant to the housing agenda.

Cotswolds Canal

- 07/90 The Chief Executive referred to the schedule on the funding position for the Cotswolds Canal restoration attached to his report. *[Confidential information]*. Whilst it had not proved possible to bridge the remaining shortfall now, all the partners had pledged to continue to work to do so.

The Board agreed that with every possible effort having been made by the Executive, the risks of proceeding with the project were now acceptable, assuming that in principle agreements translated into contracts. The timing of this and announcements were a matter for the Chief Executive. The special nature of the project and that it did not create precedents for other restorations were points to be emphasised.

For the future, it was accepted that meeting BW's increased commitment would create hard choices in the next Business Planning round. Identifying a precise restoration budget for the next 4 year planning period and adhering to it strictly was a further essential.

Flooding

- 07/91 The Board expressed its appreciation of the work of waterway operatives in responding to the flooding emergencies in June. The Chief Executive described ways in which this effort was being recognised including special payments and a dinner. He would consider other suggestions put forward by Board Members including a "meet the Minister" photo call with other emergency services personnel.

The Chief Executive advised that an initial assessment of damage remediation costs following the June flooding was approximately £1½ million. He had advised Defra of this and would explore whether there was any prospect of funding to offset this. Professor Fleming felt that BW's role in flood alleviation was not properly recognised and recalled previous Government undertakings on providing funding for this.

2008 Board Meeting Dates

- 07/92 Amended Board Meeting dates in 2008 would be circulated for confirmation.

FINANCE REPORT

- 07/93 The Finance Director introduced BWB 3284, the Finance Report to July 2007. This contained:

- the cash position
- the trading results for the two months to May 2007
- An explanation of the F2 forecast.

In the discussion, Mr. Tricker welcomed the approach to managing the major works programme with a central review of priorities carried out in August and September using the F4 Results.

Mr. Sutherland suggested it was unrealistic to expect to secure the projected income from the ISIS Brentford scheme in the current financial year.

STATUS REVIEW UPDATE

07/94 The Board considered BWB 3286 by the Legal and Commercial Directors.

This updated the Board on progress since the last meeting of appointing Consultants to undertake a review of future status options for BW. This included proposals for the formation of a project Board and outline terms of reference for the Review. Also included was an illustrative model of the type of revised corporate structure that could emerge from the Review, and which was capable of implementation under the current statutory framework for BW.

In a broad ranging discussion that followed, the Board considered the outline terms of reference in terms of the expectations of both Defra and the Scottish Executive, including comments from Dr. Christie on the latter and in respect of its own aspirations for a secure future for the waterways. It was agreed that the proposals in BWB 3286 should be further refined in the light of the Board discussion and feedback from Defra and the Scottish Executive. A further report and recommendations would be brought to the next meeting.

COMMERCIAL DIRECTOR'S REPORT

07/95 The Commercial Director introduced BWB 3285.

Projects for Approval

07/96 The following projects were approved:

- **Industrial Estate, Station Road, Langley, Buckinghamshire** – acquisition of long leasehold interest of land adjoining the Grand Union Canal for *[Confidential information]*.
- **Land at Hazelmere, Waltham Abbey** – disposal of site to Countryside Properties, London for sum of *[Confidential information]*.

This approval was subject to the Commercial Director providing satisfactory assurance to Mr. Hugill on points raised by him and Mr. Bywater in the discussion. [Post meeting note: Following these further discussions, approval was confirmed].

- **Land at Heron Quays West, London Docklands** – *[Confidential information]*.

The roles of the Director London and the Property & Development Manager in identifying the opportunity and carrying it through were commended.

- **Gloucester Quays** – Bank Loan Subordination.

The Board resolved as follows:

The Board noted that it was a condition precedent to the availability of the facilities to be made available to Gloucester Quays LLP (the Borrower), that BW and Peel Gloucester Limited (being members of the Borrower) would subordinate their right to repayment of loans made to the Borrower by them in favour of all indebtedness owed by the Borrower to Bank of

Scotland (BoS). As a member of the Borrower, BW would consequently be required to enter into a subordination agreement to give effect to this requirement. The Board noted that such subordination was a commercial requirement of BoS and that the funding for the Borrower would not be available unless such subordination arrangements were put in place. The Board approved the entry by BW into a subordination agreement with BoS to give effect to this arrangement on terms to be negotiated between BoS and among others BWB.

Projects for Noting

07/97 The following projects which had been approved by the Executive were noted:

- **Memory Lane, Leicester** – disposal of BW's freehold to Redrow Homes (Midland) Limited for the sum of *[Confidential information]*.
- **Market Place, Brentford, Middlesex** – disposal, subject to planning consent of 0.12 acre freehold site to Bugler Homes Ltd. for the sum of *[Confidential information]*.
- The update on **Wood Wharf** was noted.

It was agreed to receive a brief update on the review of BW office space in Scotland at the next meeting.

RESTORATION UPDATE – OLYMPICS

07/98 The Board considered BW 3287.

Concerning Prescott Lock, Bow Back Rivers, Professor Fleming referred to serious contamination that had been found within the river channel and suggested this should have been part of the prior investigations. The Chief Executive responded that there were investigations but specific issues were involved and he would ask the Director London to provide an explanatory note.

BOARD COMMITTEES

07/99 The Board noted the Minutes of the Audit Committee meeting on 7 June 2007.

PRESENTATIONS

07/100 The Board received presentations from Richard Mercer, Head of Utilities, on "Our Utilities Business" and from Heather Clarke, Head of Strategic Planning on "Hot Topics in Planning".

On Utilities, the Board commented on the wide range of innovative technological projects and the significant income secured by this largely 'unsung' part of the BW business.

The progress in raising the profile of BW's waterways in the national planning context was considered equally significant and it was agreed to have a more detailed discussion in the future on how planning impacted on strategy and the formulation of business plans.

FEEDBACK FROM BOARD VISIT

- 07/101 Board Members welcomed the opportunity to visit Wigan the previous day and view regeneration projects. The opportunity to meet many local BW people had also been valuable. Noting the presentations that had been made earlier in the Board Meeting, it was suggested there might also be scope for presentations during the Board visits, possibly tailored to a theme in the itinerary.

SEAL REGISTER

- 07/102 The Seal Register showing that Document Nos. 19389 to 19457 had been sealed since the last meeting of the Board was received.

OTHER BUSINESS

- 07/103 Mr. Bridgeman referred to the invasive plant species Ragwort which was predicted to be a particular problem this year. He asked whether BW had documented the extent of this and other invasive species (e.g. Japanese Knotweed and Giant Hogweed) and had a policy to deal with them. It was agreed to receive a presentation from BW's Paul Beckwith at Loughborough on this and also other harmful wildlife e.g. Zander and Mink.

DATE OF NEXT MEETING

20 September 2007.