

BOARD MEETING

Minutes of the Board Meeting held at Grange Manor Hotel, Glensburgh, Grangemouth, FK3 8XJ on 22 May 2008 at 9 a.m.

PRESENT:

Mr T Hales	Chairman
Mr R Bowker	
Mr J Bridgeman	
Mr J Bywater	
Mrs M Carver	
Dr J Hargreaves	
Mr E Prescott	
Mr P Sarwal	
Mr D Sutherland	

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 S Dunlop	Director Scotland
Mr C Howells	Assistant Secretary

APOLOGIES

Mr N Hugill

WELCOME

The Board welcomed Dr. Jonathan Hargreaves to his first meeting.

MINUTES

The Minutes of the Board Meeting on 20 March 2008 were confirmed and signed.

MATTERS ARISING

08/41 Corporate Manslaughter and Corporate Homicide Act 2007 (Minute 08/27)

The Board noted the briefing circulated by the Legal Director on this Act which included the HSE/IOD booklet on Leadership in Health & Safety and the Ministry of Justice guide.

It was noted that the Technical Director was the nominated Director to be the health & safety Director with responsibility to “champion” health & safety matters at Board level. The Chief Executive and Legal Director were asked to review this decision of the Board, which had been made some years previously, with external advice if needed, and confirm whether it remained appropriate.

CHIEF EXECUTIVE'S REPORT

08/42 The Board noted BWB 3322.

Chairman's Reappointment

08/43 The reappointment of the Chairman for a further 3 year term had been confirmed by the Waterways Minister.

Estates Liaison Meeting with Government

08/44 The Chief Executive highlighted the work that was in progress with Defra on a number of current policy issues, and two in particular that could have significant implications for BW. These were the proposed community infrastructure levy and development in flood plains. The former could have a particularly detrimental effect on BW if benefits arising under current planning gain arrangements (such as S.106 agreements) were not matched (or preferably enhanced) under the proposed levy. The Board agreed that canals must be seen as an essential part of communities infrastructure and therefore be eligible to gain from any levy.

British Waterways Scotland Group

08/45 Dr. Hargreaves reported on the progress of appointing new members to the BWSG. There were some strong candidates who would add to the diversity and interests already represented on the group. Further details would be circulated.

British Waterways Advisory Forum

08/46 The Chairman and four other Board Members had attended the bi-annual meeting of BWAFF on 16 May. All agreed it had been a constructive meeting and briefly updated the rest of the Board on the outcomes. BWAFF was growing into its role as a valuable forum at which to debate important policy issues affecting all users and beneficiaries of our waterway network.

Freight

08/47 Mr. Salem reported that suggestions that were being taken further following the Sea & Water round table meeting on 13 May included seeking an improved grant regime and raising the profile of inland waterways freight with town planners. His appointment to its Board would further assist a change in attitudes to waterborne freight within Government and town planners.

Employee Opinion Survey

08/48 The Board noted the improved scores in the 2008 employee opinion survey compared with 2007 and the work in hand to achieve further improvements. More effective communication with canalside staff on why difficult decisions had to be taken was agreed to be a priority.

SEPA Prosecution

08/49 The Legal Director reported that SEPA was prosecuting BW following a pollution incident at Birkenburn Reservoir, a feeder to the Forth & Clyde Canal. Silt had been washed from the Reservoir into Garrell Burn during dewatering. This was particularly disappointing as it had occurred during a period of very heavy rain and every action had been taken to minimise the effects.

Japanese Knotweed

08/50 Mr. Bridgeman referred to a newly introduced biological control for Japanese Knotweed. The Technical Director would consider its suitability for application in BW and report further.

FINANCE REPORT

08/51 The Finance Director introduced BWB 3319 which covered the following topics:

- the latest cash position
- the draft trading results for the 12 months to March 2008 and update on the audit progress
- comment on the 2008/09 Business Plan
- report on the outcome of the Pension Fund valuation
- the appendix containing the business plan milestone report for 2007/08.

The Board focussed on the 2008/09 3 Year Business Plan. This set stretching targets for commercial performance and cost control to ensure the maximum possible expenditure on waterway repair and maintenance. The total expenditure in this area remained below that required by the steady state model but it did rise from £85.5 million in year one to £112 million by year three. The Board noted with disappointment that there was insufficient funding to meet steady state standards but were assured by the Executive that they could hold the condition of assets at current levels.

The Board then turned to the level of optimism that was built into the plan and the scope for remedial action if needed. The Finance Director advised that the plan assumptions allowed for most of the potential downside and was considered to be about right. A particularly cautious view had been taken on JVs.

The Commercial Director amplified the approach to JVs by referring to the summary of risks in his memorandum (BWB 3320). His conclusion was that in the event of the downside scenario, when all the major initiatives referred to failed, the concern was not 2008/09 which should be robust with the downside already factored in, but the following two years. He reassured the Board, however, that even then there would be sufficient time to implement precautionary measures to manage the problems, e.g. planned commercial investments, constraints on major work expenditure. The Property Committee would be kept fully advised with meetings when key decisions were needed.

The Board agreed the Chairman's recommendation that they adopted the Business Plan on this basis, recognising it was a working document. All options would be referred back to the Board as they arose. This included cash flow, which was the key to a managed outcome.

Other points in the discussion included:

- The Board approved a recommendation to purchase Bank Certificates of Deposit up to a maximum maturity of six months adhering to the existing BW Treasury policies. A Crest account would be opened for this purpose.
- There was a need to review the contents of the Board and Shareholder Financial report (the Orange Book) to ensure they remained relevant to BW and Defra. Some streamlining for the Board with highlights flagged was suggested. It was agreed Board Members would let the Chief Executive and Finance Director know their views on this.
- The Executive were continuing to devise an effective measure of stewardship (maintenance, condition, service standards, availability etc) that could be reported on from year to year. A discussion paper with options would be circulated to Board Members before the next Board Meeting.

HEALTH & SAFETY MANAGEMENT REPORT

08/52 The Board noted BWB 3321 by the Technical Director.

Mr. Stirling highlighted the information he had provided on boating incidents involving fire and explosion which had been requested at the last meeting with particular regard to unauthorised residential moorings and poor condition boats. Mr. Salem added that the revised policy on residential moorings that was being developed would address the problems and create opportunities for more and better managed BW residential moorings.

On cill related boating incidents, it was agreed that notwithstanding the resistance from some Local Authority conservation officers, all warning signs would be in place by the end of July.

COMMERCIAL DIRECTOR'S REPORT

08/53 The Commercial Director introduced BWB 3320.

Updates on joint ventures at Wood Wharf, ISIS (with particular reference to Brentford), and Gloucester Quays were noted. It had been agreed to receive a presentation from ISIS at the next meeting of the Property Committee.

The Board noted the approval given by the Chairman and Executive Directors to the extension of the Canary Wharf Density Cap following consultation with the Property Committee, pursuant to the delegated arrangements for urgent approvals. It was agreed the BW London team should be congratulated on this outcome.

Following its request at the last meeting, the Board then considered the Business Plans for BWML and the Waterside Pub Partnership.

The Commercial Director explained the background to the formation of each of the JVs, their development and performance to date and their plans for the future. Following a review, it was agreed to receive strategic options papers on each (BWML in July and WPP in September, the latter as part of the Strategy Review then).

The Commercial Director reported there were no change of control issues for BW following the acquisition of Scottish & Newcastle by Heineken.

Finally Mr. Froomberg updated the Board on the residential property project and the communications exercise that had been undertaken to keep everyone and particularly tenants informed. A full report and recommendation was planned for the January Board meeting.

CORE WATERWAY/INFRASTRUCTURE

08/54 The Board considered BWB 3324 by the Customer Operations Director and the Technical Director.

The Board noted that Internal Audit had confirmed with regard to the Monmouthshire & Brecon Canal breach, that proceeding with the works on the basis of terms negotiated with the existing framework contractor did represent best value.

Mr. Moran also highlighted the ex gratia payments to hire boat operators on the canal with payment to one operator only remaining to be finalised.

He also referred to the integrated contract with Fountains plc which was to be a pilot for bundling together of a range of small contracts across the London and South East Business Units. He expected significant efficiencies to result from this as well as much improved vegetation management.

The schedule of projects approved by the Chief Executive was noted.

2020 STRATEGY REVIEW

08/55 The Legal Director introduced BWB 3325. This reported on the progress of the Strategy Review and sought the Board's agreement on a proposed public response by BW to the KPMG report to accompany its publication in June.

The Board received the final report by KPMG and agreed the proposal for a brief commentary and response to it. A draft of the latter would be circulated to Board Members for comment in advance.

ANNUAL REPORT & ACCOUNTS 2007/08

08/56 The Marketing & Customer Service Director introduced BWB 3323.

The Board noted the Executive's proposal to produce two separate documents to meet two distinct criteria, viz a technical report to meet statutory obligations, and a more reader friendly document to promote BW's waterways. Mr. Salem undertook to consider best practice sources recommended by Mr. Sarwal and Mr. Prescott to determine the best approach.

The Board endorsed the first draft of the Annual Report & Accounts 2007/08 and delegated the Chairman, Chief Executive, Finance and Marketing & Customer Service Directors to take the next steps required to design and publish the full document which will be signed off at the special June Board.

It was noted that a recasting of the BW vision statement, with a longer perspective up to 2020, was likely to be an outcome of the Board's Strategy Review later in the year.

BOARD COMMITTEES

08/57 The Board noted the Minutes of the Fair Trading Committee meeting held on 20 March 2008 and the Minutes of the Property Committee meeting held on 4 April 2008. In respect of the former, Mr. Bridgeman referred to the new Consumer Protection Regulations which (amongst other things) replaced the Trade Descriptions Act. The ramifications of this for BW, and measures to address them would be considered at the Committee's next meeting in July.

Mrs. Carver briefed the Board on the topics to be discussed at the meeting of the Remuneration Committee on 11 June.

The appointment of Dr. Hargreaves to the Remuneration Committee from 1st May was confirmed.

FEEDBACK FROM BOARD VISIT

08/58 The Board thanked the Director Scotland and his team for the arrangements for the visit the previous day which included the opening of the Waterside Pub Partnership's 'The Boathouse' Pub at Auchinstarry, together with Kirkintilloch Marina and the Helix site.

It was agreed that Dr Campbell Christie's retirement event that had followed in the evening had been both enjoyable and valuable in the light of the wide spectrum of stakeholder guests.

One overall conclusion from the visit was agreed to be the need to encourage more boats to use the lowland waterways and to look again at the moorings and licensing regimes in particular to see if more could be done in this regard.

DATE OF NEXT MEETING

19 June 2008 – Special Telephone Board Meeting to consider and approve final accounts.

16 July 2008 – Yorkshire.