

## **BOARD MEETING**

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Minutes of the Board Meeting held at Hilton Bath City, Walcot Street, Bath BA1 5BJ on 20 November 2008 at 10.30 a.m.

### **PRESENT:**

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

### **IN ATTENDANCE**

Mr R Evans	Chief Executive
Mr N Johnson	Legal Director
Mr S Mills	Director of Property
Mr V Moran	Customer Operations Director
Mr P Ridal	Finance Director
Mr S Salem	Marketing & Customer Service Director
Mr J Stirling	Technical Director
Mr M Bensted	Director London
Mr C Howells	Assistant Secretary

### **APOLOGIES**

Mr R Bowker

### **MINUTES**

08/100 The Minutes of the Board Meeting on 26 September 2008 were confirmed.

### **CHIEF EXECUTIVE'S REPORT**

08/101 The Board noted BWB 3348.

### **H.M. Treasury - Operational Efficiency Programme**

08/102 The Chief Executive referred to the Asset strand of the above programme being led by Gerry Grimstone that would include a review of whether BW should retain its canalside property portfolio. He and the Chairman would be meeting Mr. Grimstone on 9 December and would report further.

### **Welsh Assembly**

- 08/103 It was noted that Mr. Bridgeman would be meeting First Minister, Rhodri Morgan, on 3 December. The Chairman reminded the Executive that other Board Members had valuable personal contacts in other regions of the U.K. which they should call upon if needed.

### **The Waterways Trust**

- 08/104 The Chief Executive confirmed that the Trust was aware of BW's intention to give the two year's notice needed to terminate its funding agreement and was ready to discuss future alternative arrangements.

### **Pollution Incidents – North West Waterways**

- 08/105 The Chief Executive advised, in respect of pollution incidents on the waterways, that the Environment Agency recognised that the great majority were not caused in any way by BW. It worked closely with BW to minimise the damage caused and prevent recurrence.

### **Approval of Authorised Signatories to the Board's Seal**

- 08/106 The Board resolved that Anna Barton, Julie Smith and Tom Deards be authorised to authenticate the application of the Board's Seal and that the authorisation of Cornel Howells is revoked from 31 March 2009.

### **Rivers Lee and Stort – Disputes with Thames Water and the Environment Agency**

- 08/107 The Board welcomed the resolution of the dispute with the Environment Agency over payments for maintenance on the Rivers Lee and Stort. This had been achieved through the Alternative Dispute Resolution process with the outcome entirely in favour of BW. It was noted that Thames Water had agreed to the use of ADR in its dispute with BW and Lord Woolf had been appointed as the 'neutral person'.

### **Boat Licence Prices from 1 April 2009**

- 08/108 The Board considered a report by the Marketing & Customer Service Director and agreed the following recommendations:
- Boat licences should increase from April 2009 as follows:
    - (a) by 8.5% for private boats
    - (b) by 7.5% for hire boats
    - (c) by 8.2% for Gold licences (joint BW/EA licence – weighted average of respective standard increases – EA general price increase will be 7.8%).
  - No further effort should be expended in major reviews of pricing for boat licences, but we should make use as necessary of the principles for price differentiation set out by the Legal Director within BW's response to the BWAf September 2008 report.
  - BW reserve the option to introduce a higher licence fee for boats without a home mooring if alternative strategies for managing the problems of 'continuous mooring' prove unworkable.

## **Presentation on Health and Safety**

08/109 The Board received a presentation on Health and Safety in BW by Tony Stammers, Head of Health and Safety.

Mr. Stammers highlighted the significant improvement in employee lost time incidents over the past four years or so but also accepted that the recent plateauing was a concern. This plateauing was against a backdrop of a continuing downward trend in all injuries. The number of non-reportable lost time injuries was lower than the reportable more serious injuries, which was contrary to what could be expected. Mr. Stammers added that a better understanding of the underlying causes could emerge from the current workforce safety roadshows being run across the business.

Mr. Stammers concluded that BW was doing the right things to improve health and safety and he expected this would translate into results on the ground. One area where there could be improvement was near-miss reporting. Overall, however, BW had very few serious incidents or high potential near misses.

Mr. Bridgeman referred to the incident where a customer had fallen into the water and had been drawn through a ground paddle culvert. This could have been prevented if she had been wearing a lifejacket. He felt this underlined the importance of the awareness video for employees and boating customers. Mr. Stammers confirmed this would be available for the next boating season. He also advised that all water sports bodies were engaged in a campaign to promote wearing lifejackets and BW were giving this its full support.

## **FINANCE REPORT**

08/110 The Finance Director introduced BWB 3344 which covered:

- the latest cash position and commercial capital forecast
- trading results for the 6 months to September 2008 and F6 full year forecast for 2008/09
- an explanation of the procurement process for the new 5 year contract for desktop and server computing facilities.

Introducing his report, Mr. Ridal dwelt on managing the cash flow position in the current difficult market conditions and he updated the Board on the schedule included in his report. He advised that the risks to the plan, particularly in the joint ventures, were constantly revisited and measures to address any issues, kept under review, e.g. disposals.

## **PROPERTY UPDATE REPORT**

08/111 The Board considered BWB 3347 by the Director of Property.

*[Confidential Minute]*

Mr. Mills then updated the Board on the response from HBOS to the latest funding request from Gloucester Quays. Whilst the Bank had agreed the £10 million bond, it had unfortunately reduced the main facility from £100 million to £90 million. In the light of this, the Property Committee agreed that the mezzanine facility with Peel should be

increased from a maximum of £35 million to a new limit of £40 million, but only drawn down if needed.

The Board noted several positive developments despite the downturn including the outline planning consent for the Wood Wharf development, the imminent clearance of the debt by the purchaser of the land at Timber Basin, good progress at Edinburgh Quay and the completion of the agreement for the Aquiva floating hotel in London Docklands.

The Board noted a project update on Attercliffe, Sheffield, the approach to which had been endorsed by the Property Committee.

The Board approved a recommendation of the Property Committee for the disposal of Bromford Lane, Oldbury and Alma Street, Smethwick, West Midlands, for the sum of *[confidential information]*.

### **CORE WATERWAY REPORT**

08/112 The Board noted BWB 3349 reporting progress in the Core Waterway and infrastructure area of the business.

Good progress was being maintained on the Monmouthshire & Brecon Canal repair and the Stourbridge Canal breach repair.

After receiving a full update from the Technical Director, the Board approved the proposals for awarding the new Omnibus Framework contract for infrastructure works for 2009 to 2013.

The Director London, introducing his Olympic Waterway Restoration update, highlighted Defra's award of £2 million to the Prescott Lock Project from its Aggregates Levy Fund. It would also be allocating £2 million from the same fund for dredging of the navigation north of the Olympic Park.

Mr. Bensted expressed his appreciation for the work of London's Leisure Development Manager, Louise Fishleigh, in securing funding for various schemes prioritised by Transport for London and Olympic Delivery Authority as key cycling and walking routes into the Olympic Park.

Finally, the Board expressed appreciation of the presentation on Stewardship by the Technical Director the previous day.

### **SUSTAINABLE DEVELOPMENT**

08/113 The Finance Director introduced BWB 3345 which explained BW's approach to sustainable development and plans to communicate and set metrics.

The Board supported Mr. Prescott's view that this needed to become the DNA of BW as it moved to the 2020 Strategy.

The Chief Executive advised that whilst the Finance Director had led the Sustainable Development project up to the data capture, the Executive collectively would be responsible for its delivery.

### **BW REINSURANCE**

08/114 The Board considered BWB 3346 which explained the current claims experience from

Public Liability risks and the extent to which this was self insured through BW Reinsurance. It agreed the recommendation to subscribe up to £1m in equity share capital to BW Re on the understanding that £500k will be subscribed immediately in the respect of the current situation and the balance will be held in reserve as a contingency measure on condition that Board Members are provided with a full report by the Executive if subscription of the contingency sum is required for future solvency compliance in BW Re.

It was noted that both Defra and Scottish Government had approved the proposal.

## **BOARD COMMITTEES**

08/115 The Board noted the Minutes of the Audit Committee meeting on 10 September 2008.

Mr. Bridgeman reported on the meeting of the Fair Trading Committee the previous day where consideration of the Waterways Ombudsman Report 2007-08 for fair trade implications had been the main item. No systemic concerns had been identified. It was agreed that all Board Members would receive a copy of the report and they should raise any points with Mr. Bridgeman or the Chairman.

It was also noted that the Fair Trading Committee had considered the use of tracker devices to monitor continuous cruisers, but that any further steps would only be taken after a full review of the technology and consideration of the customer relations issues in any possible introduction.

The Minutes of the Property Committee meeting on 6 October 2008 and an update from the Chairman of the Committee on its meeting on 14 November 2008 were noted.

Mrs. Carver advised that she would be convening a meeting of the Remuneration Committee to review Directors' targets in the present economic conditions.

## **FEEDBACK FROM BOARD VISIT**

08/116 The Board reviewed the highlights of the visit the previous day to the Kennet & Avon Canal around Bath and to the Somerset Coal Canal. The South West Waterway team would be thanked for organising this.

In response to Board Members' questions on the safeguarding of water supplies to Bristol Water and the criticality of having risk assessments in place, the Chief Executive undertook to report further on this and other major water supply agreements, e.g. Thames and Llangollen.

The use of prison volunteers at Brimscombe and whether this could be replicated more widely was discussed. The Customer Operations Director advised that the lack of continuity of volunteers and limited Prison Service supervision capability meant that in practice the opportunities were limited.

## **OTHER BUSINESS**

08/117 The Chairman advised that an advertisement would be published in January inviting applications to Board membership.

## **DATE OF NEXT MEETING**

23 January 2009 (Clarendon Road, Watford).