



MEETING OF THE BOARD OF TRUSTEES

Minutes of a meeting of the Board of Trustees (the **Trustees**) of Canal & River Trust (**the Trust or CRT**) held at National Waterways Museum, South Pier Road, Ellesmere Port, Cheshire CH65 4FW on Wednesday 10th July 2013 at 9:00.

Trustees:

Tony Hales	Chairman
Jane Cotton	
John Bridgeman	
John Dodwell	
Frances Done	
Tom Franklin	(agenda items 13/045 to 13/051)
Lynne Berry	
Simon Thurley	
Steve Shine	

Apology: Manish Chande

Executive Directors:

Richard Parry	Chief Executive
Nigel Johnson	Corporate Services Director (and Secretary to the Trust)
Stuart Mills	Property Director
Vince Moran	Operations Director
Philip Ridal	Finance Director
Simon Salem	Marketing & Fundraising Director

Also in attendance:

Simon Bamford	Head of Water, Environment & Project Delivery, agenda item 13/046 only
Darren Parkinson	Group SCADA/ICA Manager, agenda item 13/046 only

Secretary of the Meeting:

Mark Devin	Prism Cosec
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Action

13/045 CHAIRMAN'S WELCOME

The Chairman welcomed all those present, extending a particular welcome to Richard Parry as new Chief Executive on the occasion of his first meeting and thanking Vince Moran for standing in as Acting Chief Executive following the departure of Robin Evans.

(Messrs Bamford and Parkinson joined the meeting)

13/046 AUTOMATING FOR EFFICIENCY AND CUSTOMER SERVICE

The Trustees received a presentation on the use of new technologies on the waterways network with the potential to deliver operational safety improvements and efficiencies. Darren Parkinson used case studies to illustrate the various

workstreams and how CRT was delivering efficiencies through better remote data collection and more sophisticated automation of equipment. A particular example was the prospect for more sophisticated automated operation of back pumps in series at lock flights etc with savings in pumping costs and more efficient use of water. Opportunities for remote operation large locks and bridges currently operator controlled were explained. Messrs Bamford and Parkinson invited questions.

Replying to a question from Lynne Berry on implementation costs, Darren Parkinson explained that these were being managed through the use of primarily in-house resource in design and the fact that in many cases changes to electro-mechanical hardware were minimal – the modifications were primarily to control systems. John Bridgeman enquired about the financial benefits of the project. These, explained Darren Parkinson, would accrue from, inter alia, savings on electricity generation and more efficient use of water resources.

The Trustees debated the broader question of how to reconcile the Trust's objective of facilitating and encouraging wider waterway usage with the use of new technology which, for some users, may prove challenging. In addition, any possible health and safety implications arising should there be a reduction of staff on, for example, tidal locks would require careful consideration. Vince Moran explained that there was already a great deal of user controlled operation of equipment (e.g. electrically operated lifting bridges) and that trained volunteers at lock gates could continue to provide assistance to boaters that sought it. The preservation of the customer experience was a key consideration in the implementation of new technologies, including the delivery of information to users of the waterways via the mobile network.

(Messrs Bamford and Parkinson left the meeting at 09:55)

13/047 ANNUAL PUBLIC MEETING

The Chairman invited feedback on the annual public meeting held the previous day. Notwithstanding the generally constructive atmosphere of the meeting the Chief Executive was tasked with preparing a checklist of issues raised at it for consideration by the Trustees in September. In addition, *it was agreed* that a paper would be prepared for consideration by the Trustees later in the year to help them consider the format and content of next year's meeting. In the meantime, the Trustees thanked all CRT staff and volunteers who had helped organise this year's meeting.

RP

13/048 DECLARATION OF INTERESTS IN ANY MATTERS ON THE AGENDA

No interests were declared by individual Trustees other than John Bridgeman and Jane Cotton who, as Trustees of the Waterways Pension Scheme, declared an interest in agenda item 13/052(5) concerning the appointment of an employer-nominated trustee.

13/049 MINUTES

The minutes of the meeting held on Thursday 23rd May 2013 were approved.

Matters arising:

Protector appointment (minute 13/025)

Mr Mills reported that the joint appointment by CRT and DEFRA had been approved and that a meeting with the Protector had been scheduled for week

commencing 15th July. Replying to a question, Mr Mills agreed to check when the planned press release was due to be issued.

SM

Trustee presentations (minute 13/026)

Lynne Berry requested that a comprehensive list of presentation topics for inclusion on the agendas for future meetings be circulated.

RP

The minutes of the meeting held on Tuesday 18th June 2013 were approved.

13/050 ACTING CHIEF EXECUTIVE’S REPORT (CRT 50)

Vince Moran supplemented his written report with a verbal update on the following issues:

Health and safety: The improving trend in lost time injuries had flattened with a modest increase during the last quarter. Mr Moran explained the initiatives being taken to reverse this trend. It was further noted that there was a backlog of statutory fire risk assessments, although it was made clear that these related to smaller buildings occupied either infrequently or for short durations and that fire risk assessments on all high risk operational buildings had been undertaken. Nevertheless, smaller, lower risk buildings accounted for approximately 80% of the total building stock and a plan was in place to undertake a number of assessments, using in house resource, between September and December 2013 to determine whether a generic short-form assessment was applicable and how quickly residual assessments could be completed. Following this trial, a decision would be taken as to whether to carry out all outstanding assessments using existing resources or to contract out this work at an estimated cost of circa £200k.

The Trustees considered the issue of health and safety more widely, including the Board’s risk appetite and the adequacy of the risk classification system. **It was agreed** that the Trustees should (i) receive an update on the status of the fire risk assessment programme at its meeting in September; and (ii) carry out an annual health & safety review at its meeting January 2014, possibly preceded by a workshop.

VM

Network stewardship scores: It was noted that, despite infrastructure improvements, customer recognition of improving infrastructure continued to lag with no improvement on the previous year. More work was required to communicate the benefits of the improving infrastructure. Tom Franklin noted that graffiti, an issue taken seriously by local authorities, was not currently included as a component in the scoring system and recommended that this be considered.

SS/VM

[Commercially confidential minute removed]

13/051 FINANCE DIRECTOR’S REPORT (CRT51)

Mr Ridal presented the financial results for the first two months to 31st May, noting the key variances year-to-date, which related mainly to improved prospects for investment property and timing differences that would self-correct in due course. There was no overall change in the cash position. Mr Ridal invited the Trustees to note and comment on the contents of his report.

The KPI report had been expanded to incorporate indicators for debtors, operations and progress against the Green Plan, the latter including KPIs on electricity usage and business mileage CO₂ emissions.

Discussions in relation to the provision of a revolving credit facility were at an advanced stage and indicative heads of terms would be put to the Investment Committee at its next meeting on Tuesday 23rd July.

PR

(Tom Franklin left the meeting at 11:00)

13/052 DECISION PAPERS (CRT 52)

The following matters were considered and agreed:

1. [Commercially confidential minute removed]
2. **CrossRail letter.** Mr Johnson responded to reports that individual Trustees had received notices to treat from CrossRail. Mr Johnson explained that these were routine (though it was unusual for them to be sent to individual Board members) and that no action was required.
3. **Facility with NatWest/Money Market Deposits with Santander Bank (CRT 52B):** The Trustees were asked to consider and, if appropriate, approve:

(i) An amendment to the treasury account facility with NatWest Bank in the terms appended to Mr Ridal’s paper. This **was approved** on the following terms:

After due consideration of all the circumstances and on being satisfied:
 (a) that it is for the benefit of the Trust and in the interests of the Trust for the purpose of carrying out the Trust’s charitable objects and (b) that it is proper for the Trust to enter into a facility agreement (the Agreement) in the form now produced in respect of a group overdraft facility not exceeding the Limits at any one time from The Royal Bank of Scotland Plc acting as agent for National Westminster Bank Plc (the “Bank”).

It was resolved that Philip Ridal and Nigel Johnson be authorised to sign on behalf of the Trust the Agreement and any other documents required by the Bank in connection with the Agreement.

NJ/PR

(ii) An increase in the cash deposit limit on Santander Bank up to £15m for up to six months. This was considered and, after a short discussion, **approved**.

PR

4. **Governance matters (CRT 52C):**

- (i) **Appointment of Waterways Pension Trustee:** It was recommended that Stuart Mills be appointed to replace Debs Hurst as an employer-nominated and appointed trustee (director of the corporate trustee) of the Waterways Pension Scheme. After due consideration, **it was resolved** (i) to remove Debs Hurst as a director of Waterways Pension Trustee Limited; and (ii) that Stuart Mills be appointed in place of Debs Hurst.

NJ

- (ii) **Delegation to new Chief Executive:** Following the Trustees' decision to appoint Richard Parry to succeed Robin Evans as Chief Executive, **it was resolved** to delegate to him the requisite powers to manage the affairs of the Trust on behalf of the Trustees in the following terms:

In consequence upon the appointment of Richard Parry as Chief Executive of the Trust, the Board of Trustees, in exercise of its powers under Article 9 of the Articles of Association of the Trust delegates to Richard Parry full power and authority to manage all of the affairs of the Trust on their behalf, including power to further sub-delegate such powers and authority to any employees of the Trust and of any of its subsidiary entities, provided only that the powers and authorities so delegated shall not include:

- a) the exercise of any power or activity included in the Schedule of Matters Reserved to the Board as determined by it from time to time and the certificate of the Secretary of the Trust shall be sufficient proof to any person treating with the Trust whether or not a matter is reserved to the Board; nor
- b) the exercise of any powers delegated to any committee of the Board or to any other person or persons collectively (for exclusive exercise by that committee, person or persons acting collectively) and the certificate of the Secretary of the Trust shall be sufficient proof to any person treating with the Trust of the existence or otherwise of such alternative delegation.

NJ

- (iii) **Bank Mandate:** Again as a consequence of the succession of Richard Parry to the position of Chief Executive **it was resolved** that for all existing and future accounts held by the Trust with National Westminster Bank plc the authorised signatories in the current mandate shall be changed by the removal of Robin Evans and the addition of Richard Parry to signing group C; and that the current mandate will continue as amended.

- (iv) **Publication of the minutes of the Remuneration Committee:** The Trustees considered whether it was appropriate to publish the minutes of the Remuneration Committee in the absence of any applicable requirement to do so under the Freedom of Information Act 2000.

In discussion it was noted that (a) any disclosure under the 2000 Act (were it applicable) would generally be of a limited nature only, the minutes having to be heavily redacted to comply with data protection law; (b) publication of minutes reduced their utility to the Committee as a record of free and frank discussion; that levels of senior employee pay was disclosed in the Annual Report & Accounts in accordance

with the Charities SORP (Statement of Recommended Practice) as followed by all other major charities; and that in addition to the SORP requirements the Trust has chosen to specifically disclose the remuneration of the Chief Executive.

In the light of the above considerations *it was agreed* not to publish the minutes but to include a summary of the activities of the Committee in the Annual Report & Accounts and that any minute of the report to the Board by the chairman of the Remuneration Committee following each Committee meeting should include a summary of the business conducted.

- (iv) **Publication of Board Minutes and Papers:** It was noted that a complaint had been made to the Trustees that routine publication of Board minutes and papers had been delayed. The Board noted that the desired standard adopted by the Board was that generally minutes and papers should be published after the meeting at which minutes of a previous meeting had been approved. In this context it was noted that the January 2013 minutes in particular had been delayed (the person responsible being partially absent at the relevant time following a close family bereavement). It was noted that the publication of minutes was now up to date and that the backlog of publication of Board papers had been resolved.

It was further noted that the publication of Board minutes and papers was a matter of discretion for the Board and that whilst a high level of openness was desirable for certain minutes and papers it was proper and appropriate that some material be withheld from publication where it may be harmful to the interests of achieving the Trust's charitable purposes, particularly (but not exclusively) in the context of necessary commercial confidentiality. Information within the scope of the limited application of the Freedom of Information Act 2000 to the Trust and not otherwise exempt under that Act would be available to the public.

13/053 FUNDRAISING REPORT (CRT53)

Mr Salem's written report was noted and taken as read. Good progress was reported across a range of initiatives including Friends' recruitment, corporate partnerships and digital fundraising. Meetings were being planned to review learning to date in order to provide input to the ongoing strategy debate.

13/054 OPERATIONS REPORT (CRT 54)

Mr Moran presented his report, highlighting in particular that the major works programme was ahead of schedule as advantage was taken of the current fine weather. On a less positive note, water resources in the North West were under pressure due to lower than average rainfall. Some limited restrictions were anticipated to be implemented soon with the aim of ensuring sufficient water resources through the main boating season should rainfall remain significantly below average. These would be communicated to the boating community. Further restrictions may be required by the end of August if there is no improvement.

13/055 BOARD COMMITTEES

The Trustees noted the following draft minutes:

- i. Investment Committee meeting held on Monday 10th June;
- ii. Audit Committee meeting held on Wednesday 12th June; and
- iii. Remuneration Committee meeting held on Wednesday 22nd May 2013.

Jane Cotton reported to the Board on the Remuneration Committee meeting of 22 May 2013. This was the meeting at which the Committee considered the case for and scale of Director pay increases, against the background of CRT's general pay settlement for staff. The Committee decided that executive directors should receive an annual pay increase in line with that paid to other staff, namely 2.25%. The Committee also reviewed the new Chief Executive's induction plans and had a discussion on succession planning and diversity.

13/056 DATE OF NEXT MEETING

Thursday 19th September 2013 (London)

13/057 CLOSE OF MEETING

There being no further business, the Chairman closed the formal proceedings at noon.

Chairman

MEMORANDUM TO THE BOARD

ACTING CHIEF EXECUTIVE'S REPORT – JULY 2013

1.0 Health and Safety Report

1.1 The Health & Safety Report is attached (Appendix 1).

2.0 Trust First Anniversary

2.1 To mark our first anniversary on 2 July, all teams across the Trust had a short break from their normal duties to reflect on the achievements of the year, watch a short introductory DVD by the new Chief Executive and enjoy a Trust cupcake.

2.2 A media campaign with a 'call to action' about community-based canal adoptions is planned as the main external publicity for the anniversary. We will also trail our Annual Public Meeting (APM). A further release with details of the Report & Accounts is prepared for the following week on the day of the APM. How we use this will depend on the take up of the 2 July media activity.

3.0 DEFRA Contract Performance Review

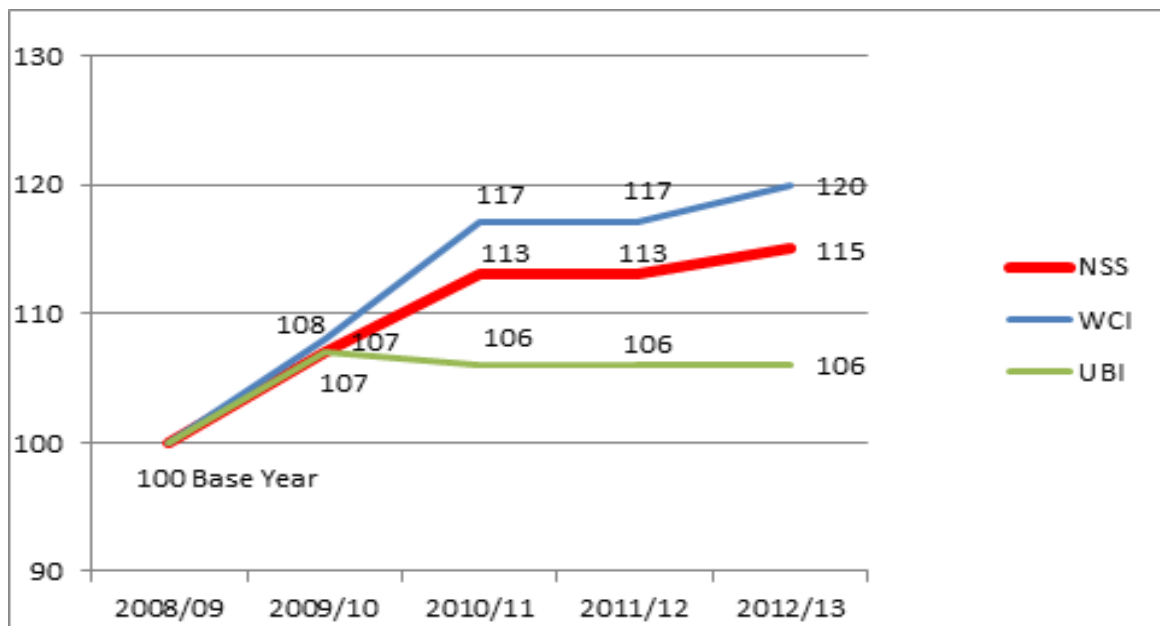
3.1 The first review meeting takes place the day after the Trustee meeting. All documentation supporting our achievement of key performance indicators has been submitted with the headline results as indicated below:

Relevant Standard	Measure	'Warning Threshold'	'Breach Threshold'	Result July 2012	Result 2012/13
1a. Safe Waterways	Principal Assets in Grades D&E	23%	25%	17%	15.2%
1b. Safe Waterways	Compliance with PAS 55	Not defined	Not defined	Not defined	Compliance document submitted separately
2. Towpath Condition	Towpaths in Grades A, B, C	60%	50%	75%	76.3%
3. Flood Management	>£2m breach damage D&E culverts and embankments	4%	7%	2.3%	1.32%

3.2 A range of subsidiary performance indicators are also included in the report to DEFRA and all show satisfactory performance.

4.0 Network Stewardship Score

- 4.1 The latest analysis of performance in the various elements of the Network Stewardship Score (NSS) has been completed and the results are summarised graphically below:



- 4.2 It is very pleasing to report continued progress in the Waterway Condition Index (WCI) elements which indicate further improvement in the various infrastructure factors. Customer recognition of improving infrastructure captured by the User Benefit Index (UBI) continues to lag with no improvement from previous years and we recognise that further communication of the benefits of improving infrastructure is required.

5.0 Environment Agency Navigations

- 5.1 At the time of writing this report, we were anticipating the Minister announcing that due to the impact of government spending restrictions, the transfer of Environment Agency navigations to the Trust was now judged to be unaffordable for the foreseeable future. We have a reactive response prepared indicating our disappointment at the decision and our willingness to continue to work closely with the Environment Agency on any areas of mutual benefit.

6.0 Marketing and Fundraising

Trustees should already receive a weekly summary of media activity. Voluntary fundraising is always reported in a full separate paper. Items below are a very selective summary of other activity. In particular, the Enterprise team has a huge range of stakeholder activity and bids in hand. A more detailed report is compiled regularly. Trustees who would like to see it should let Simon Salem know.

6.1 On the Ground

6.1.1 Positive media coverage continues

In May 88.9% (April 90.6%) of coverage about the Trust was positive, 5.8% (April 8.4%) neutral and 5.3% (April 1%) negative.

Our top national stories were the repair of the Trent & Mersey breach, the successful arts-based community funding bid for the western Leeds & Liverpool and the national call for volunteers to help with hedgerow surveys.

Regionally there was very positive coverage of the East Midlands Partnership Fun Day.

6.1.2 **Skills for the Future – HLF success**

We have been successful in reaching Stage 2 of the HLF Skills for the Future funding process. The bid was for £607,000 towards an £800,000 project. This will enable us to transform our intermediate heritage skills and recruit and train 14 people per year for three years. We are now starting the detailed planning to submit the stage 2 bid in the Autumn.

In relation to previous funding from this source, three trainees have joined the Trust's **'Keeping History Afloat' HLF Skills for the Future project extension** at National Waterways Museum Ellesmere Port to begin their 18 month training.

6.1.3 **Waterways Conference - Wales**

A Waterways Conference was held on 4th June in partnership with Natural Resources Wales in Cardiff, it featured a lively debate on health and well-being with Chief Medical Officer Dr Ruth Hussey and Steve Dunlop and key note speech by John Griffiths AM Minister for Culture and Sport.

6.1.4 **Restoration Conference**

A joint conference with the IWA on 18 May was well received by waterway groups and societies. A report is being produced and will be circulated. Following this we have agreed to work jointly with the IWA to support restoration and we met with them in June to set out a plan of actions which includes resources, virtual networks and recruitment to provide a coordinated approach to restoration support.

6.2 **Behind the scenes**

6.2.1 **Public affairs**

Our agency, Champollion has created a shared database of MPs and Lords for use by Trust staff and partnerships. We have also been working closely with Partnership Chairs on a phased programme of contacts with target MPs

[Confidential material removed]

6.3 **Coming soon**

6.3.1 **Volunteers to welcome visitors**

We want to increase our presence at key sites and as a pilot this year we are recruiting volunteers to act as our 'welcome' at around 20 sites. Advertisements for volunteers to help at the first nine sites are currently out and we expect to have experience of all the sites by the end of October.

This pilot is clearly capable of very considerable future expansion both in terms of sites and of raising brand awareness and helping with fundraising.

6.3.2 **Angling Development**

Following on our business plan commitment to work with anglers to increase engagement and support for our work, we have started recruitment for an angling development manager with suitable community-oriented skills.

6.3.3 **Awards**

The communications team has been shortlisted for 'in-house team of the year' in the PR Week awards (earliest September). This follows the shortlisting (though sadly not ultimately successful) of the volunteering team for our Volunteer Lock Keeper campaign (Museums

and Heritage Awards) and our fundraising team for 'best fundraising place to work' (Institute of Fundraising).

6.3.4 Campaigns/Announcements

We have the second move of marketing door drops going out in selected areas in mid-July to stimulate summer visits. This will be supplemented over the next month by the:

- official launch of our Explorer education brand
- launch of our destination/address gathering campaign '100 Hidden Gems'
- launch of 'Great Nature Watch' app.

7.0 Knostrop

7.1 The Board is aware that a tenant of a Trust building at Knostrop in Leeds recently went into liquidation leaving the Trust with significant reinstatement liabilities.

7.2 A contract to dispose of the deposited waste has been let to Land & Water after a competitive tender exercise and reinstatement of the property is in progress.

[Confidential material removed]

8.0 ISIS

8.1 [Confidential material removed]

9.0 Senior Manager Changes

9.1 Head of HR

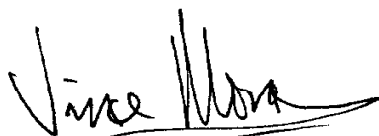
9.1.1 Gaenor Prest has decided to leave the Trust in mid-September to take up the position of HR Director with Balfour Beattie - Water & Gas.

9.1.2 Gaenor has contributed significantly during the relatively short time she has been with us, most notably in driving the achievement of Annualised Hours contractual changes for canal bank colleagues and we wish her well in her future career.

9.1.3 Options for replacing our lead HR professional are under consideration.

9.2 Property Team

9.2.1 Richard Curtis, Head of Property Development (North), has decided to retire from the Trust in December after 42 years' service. As a consequence, the opportunity is being taken to modestly reorganise the Development team and James Lazarus, currently Head of Property Development (South), will now assume responsibility for development activity nationwide.



VINCE MORAN
June 2013



HEALTH & SAFETY MANAGEMENT SUPPLEMENT – JULY 2013

1.0 INTRODUCTION

- 1.1 This report covers the period May to June 2013. The format of the report is in line with the format of reports presented at each Trustees meeting during the year and covers the four areas of risk – Assets, Visitors, Contractors, and our People.

2.0 ASSETS

2.1 Asset Inspection Process (AIP2008)

- 2.1.1 Asset inspection is our primary infrastructure risk management tool to monitor asset condition and to report defects for repair prioritisation. The overall inspection process is broadly on target.
- 2.1.2 Learning from events and improving processes is a critical aspect of risk management and, as a result of the recent Aylesbury Arm Lock wall failure, improvements to lock inspections, investigations and the engineering review process are being developed for inclusion in AIP2013.

2.2 Asset Risk Grading

- 2.2.1 Currently, the percentage of our principal assets in the worst two condition grades (D&E) is 15.2%%, down from 31% in 2002 and continuing an improving trend. This data feeds into both the Network Stewardship Score and Government Funding reports. Our repair focus continues to target assets in the D5/E4 risk categories (there are no assets in E5 condition).

2.3 Fire Risk Assessments

- 2.3.1 We have over 1000 operational buildings, each of which requires a fire risk assessment. These are undertaken by a small team of in-house building surveyors prioritising assessment on a risk basis. A recent audit report highlighted issues with outstanding assessments of low risk buildings which make up 80% of the building stock. All high risk operational buildings (regularly occupied such as our main offices) have had fire risk assessments undertaken and recommendations for repairs or management systems made to the Waterways. Around half of the 100 medium risk operational buildings (low/infrequent occupancy) have been assessed with the remainder on schedule for completion by September. There are then around 800 low risk operational buildings (very small buildings/infrequently occupied/occupation for short durations) that require fire risk assessments.
- 2.3.2 Although technically we are in contravention of our statutory responsibilities by not having completed fire risk assessments for these low risk buildings, we judge the risk to be very low. Our plan is to undertake a number of assessments, using existing resources, between September to December 2013 to establish whether a generic short form assessment is applicable and if so how quickly the residual assessments can be completed. Following this trial, a decision will be made to either complete all outstanding assessments using existing resources or contract out the residual assessments at an estimated cost of around £200k.

2.4 Property

- 2.4.1 Through inspection, repair and refurbishment, the condition of property held by the Trust can be improved and consequently health and safety liabilities are managed more effectively.
- 2.4.2 Vacant property remains a risk for the Trust where hazards can exist to visitors, the public, neighbours and also trespassers. Vacant properties are actively managed by both risk assessment and regular inspections as appropriate.

3.0 VISITOR SAFETY

- 3.1 There were 3 fatalities on our property during the period and none were as a result of infrastructure failings.
- 3.2 There have been no reportable injuries to visitors since the last report. The analysis of the incidents involving members of the public reported for the 3 months to the end of June, shows 87 incidents were reported which involved loss or injury. The percentage we identified following investigation which had an infrastructure related cause (i.e. a defect requiring remedial action) was 10.3%. This is at our accepted risk threshold of 10%.
- 3.3 In June a second incident occurred in Albert Dock, Liverpool (a CRT managed water), where a DUKW amphibious craft sank. The 'Ducks' as they are known operate sightseeing trips around Liverpool culminating in entering Albert Dock down a slipway. They have an operating agreement with CRT to use Albert Dock. The first incident happened in early April when a plug in the hull was believed to have failed. The sinking was slow and all passengers and crew disembarked onto an adjacent pontoon. The Marine Accident Investigation Branch (MAIB) and the Maritime and Coastguard Agency (MCA) were involved as the vessel is a Class V MCA certified passenger ship. Additional buoyancy was an MCA stipulation to allow the vessel to resume passenger service. These modifications were made and the vessel was again undertaking amphibious city tours. On the 15th of June the vessel had 31 people on board when it sank suddenly in Albert Dock. Many of the passengers and crew had to be rescued from the water. No one was seriously hurt. The MAIB are undertaking a further investigation. The company running the tours has entered administration and CRT has withdrawn their operating agreement. With the tour operator in administration we are keeping a watching brief on the situation in the eventuality that any civil claims involve the Trust.
- 3.4 During the first weekend of June, an event known as the 'Canalival' took place at Hoxton on the Regents Canal corridor despite the event being cancelled by its organisers due to safety concerns on the advice of police, local authorities and the Trust. However, around 4000 people turned up to enjoy themselves on the waterway in any type of small boat. The photo shown below shows the type of activity we, the local council and the police had concerns about. This has highlighted the power of the social media for organising mass events very quickly. The local authority, police and ourselves have had a debrief on the event and options to manage similar future situations are under consideration.



4.0 CONTRACTORS

- 4.1 There were no reportable injuries to contractors during the period.
- 4.2 Following the incident at the beginning of 2013 on the Leeds and Liverpool Canal which involved the overturning of a contractor's crane, we agreed with HSE to implement a process of Temporary Works Coordination. An interim arrangement was implemented and the training for 'Temporary Works Co-ordinators' is being delivered during July, August and September and the revised internal procedure will be finalised when the training commences.
- 4.3 An incident occurred where a sub-contractor to our main vegetation contractor drove a ride on mower into a lock. A 1m strip adjacent to the water had been strimmed and the incident occurred when the operative was turning the mower onto the lockside to cut the remaining grass. The operative was fully trained with 5 years' experience. He failed to lift his foot off the accelerator which would have stopped the mower due to its hydrostatic drive. He was unhurt and the mower was recovered shortly afterwards by the contractor. No faults were found with the mower and the incident was judged to be driver error. Contractor's employees and sub-contractors have been reminded of the risks of waterside working.

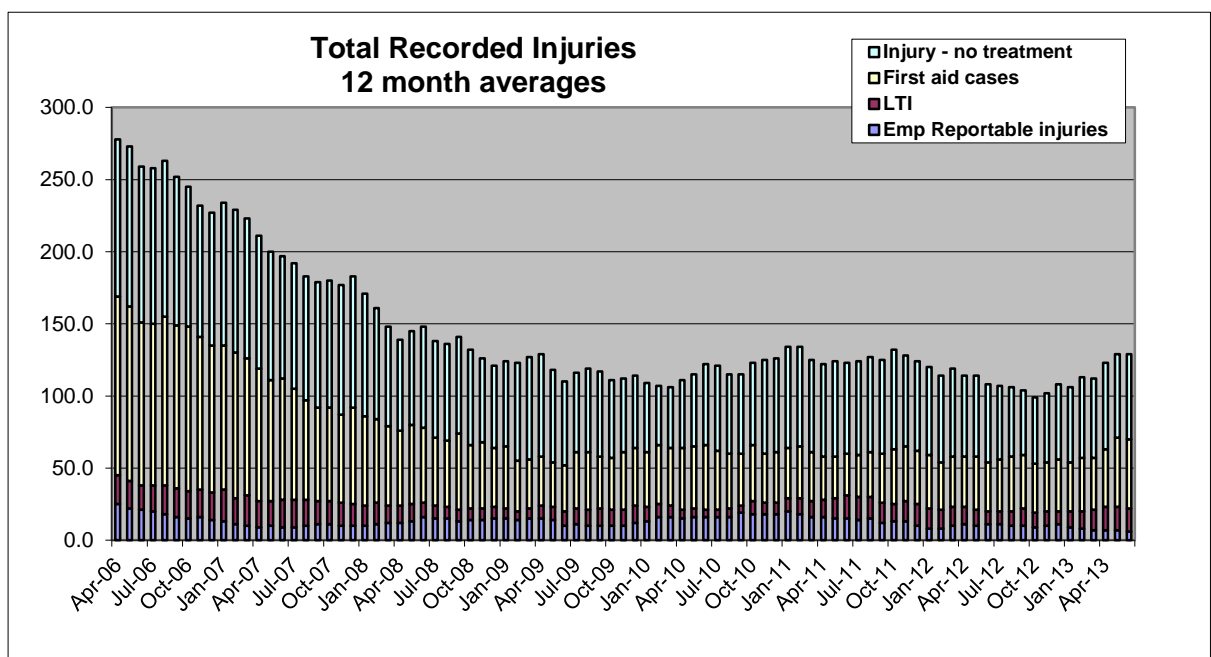
5.0 OUR PEOPLE

5.1 Volunteers

- 5.1.1 There has been no reportable injury to a volunteer since the last report.
- 5.1.2 Following an earlier serious injury to one of our volunteer coordinators, a range of improvement actions are being implemented. The workboat involved in the incident will no longer be used on the section of waterway due to its dimensions and the bridge which was struck by the boat will be fendered to better position vessels in the centre of the channel. This will also improve public navigation in the area.

5.2 Employees

- 5.2.1 The improving trend line in total Lost Time Injuries has flattened off with a modest increase over the past quarter and a similar trend in the overall number of injuries – see following chart.



5.2.2 Many of the incidents are near their limit of severity, with manual handling injuries and slips/trips being a particular feature. We are running a series of initiatives to improve our employees' risk perception and awareness, and this programme is intended to supplement the ongoing work on safe behavior.

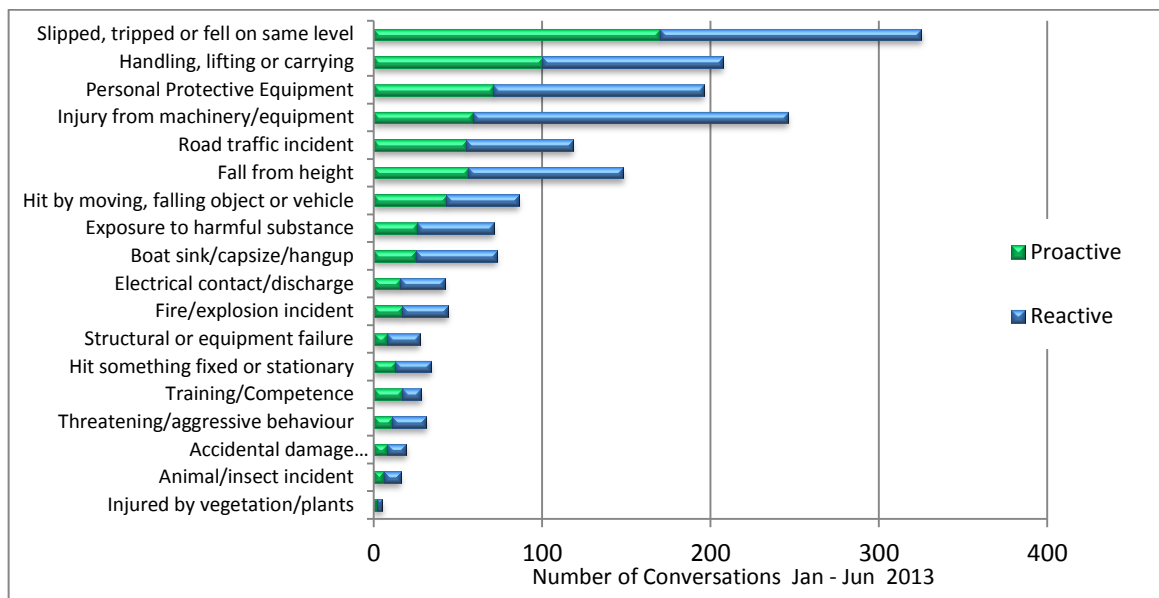
5.2.3 A significant contributor to the increase in minor injuries has been the transfer into the Trust of Museums and Attractions, most notably associated with food preparation. The Head of Museums & Attractions is aware of the issue and the safety team is working with her to address the problems. The Museum & Attractions personnel will be involved in safe behaviour initiatives currently being rolled out.

5.3 Safety Benchmarks

5.3.1 Our performance measurement against the Construction Industry Safety Benchmark which counts Riddor reportable injuries has improved to 75%. The upper quartile of this benchmark is the long term goal we set ourselves.

5.4 Safe Behaviour

5.4.1 An update of the number and subject matter of safe behaviour conversations is given below and we remain satisfied that our safe behavior programme is being well supported by frequent and regular safety discussions:



5.5 Lost Time Incidents during Period

5.5.1 The following Lost Time Injuries have been recorded since the last Report:

Lost Time Injury, Standedge Visitor Centre

A trip boat guide slipped and fell into the hold of a workboat while mooring up a tug and passenger craft at the end of the day. The workboat was moored on the passenger boat mooring and the guide moored the passenger boat alongside the workboat. This required the guide to cross the workboat to disembark and during exit he slipped. Employees have been warned of the risks of improper mooring of work boats.

6.0 OCCUPATIONAL HEALTH

- 6.1 No case of Occupational Ill Health has been reported in April.
- 6.1.2 HSE have responded on a case of HAVS reported in 2012. They are concerned about the quality of risk assessment and reliance on recording by operatives to reduce exposure. These concerns mirror the findings of our own safety audits on HAVS carried out over the stoppage season. Action is underway to address these issues including trials of personal vibration exposure devices and training for supervisors regarding HAVS risk assessment and the potential development of a new risk assessment tool.
- 6.2 The health and wellbeing appointments recommenced in April with positive feedback from staff.

A handwritten signature in black ink, appearing to read 'Vince Moran', with a long horizontal flourish extending to the right.

V P Moran
Operations Director

MEMORANDUM TO THE BOARD

FINANCE REPORT JULY 2013

Report by the Finance Director

1.0 PURPOSE

1.1 The report provides an explanation of:

- results for the two months to May 2013 and the F2 forecast;
- the cash position; and
- Key Performance Indicators (KPIs).

2.0 RECOMMENDATION

2.1 Trustees are recommended to note and comment on the information in this report.

3.0 INCOME AND EXPENDITURE

3.1 Having fully developed the accounting policies and moved on from the issues relating to the formation of the Trust, the accounts for the new financial year to March 2014 should be considerably simpler than last year's.

3.2 The assets and operation of The Waterways Trust were transferred from the TWT corporate entity to CRT from 1st April so the income and expenditure items formerly consolidated from TWT are now transacted through the Trust. This is a corporate structure matter only and has no effect of the group consolidated accounts.

3.4 Results for the first two months and the full year F2 forecast are shown overleaf.

Statement of Financial Activities	Year to Date			Full Year		
	Actual	Original Plan	Variance	F2 Forecast	Original Plan	Variance
Contribution						
Generated Funds and Investment Income						
Investment Property	4,325	4,597	(272)	28,290	28,568	(278)
Boating and Moorings	4,285	3,768	517	23,744	23,837	(92)
Utilities	3,633	3,675	(42)	22,043	22,043	(0)
Marinas Subsidiary	120	180	(60)	1,153	1,259	(105)
CRT Share of Joint Ventures	(167)	289	(456)	1,040	270	770
Voluntary Income and Fundraising	(102)	(224)	123	(488)	(492)	4
Net Interest	443	489	(46)	2,669	2,667	2
Total Generated Funds and Investment Income	12,537	12,772	(235)	78,452	78,151	301
Governance						
National Teams	(4,572)	(5,046)	475	(30,364)	(30,453)	89
Total Governance and National Teams	(4,666)	(5,151)	485	(31,020)	(31,118)	98
Pension Deficit Funding						
Contingency	(833)	(833)	-	(7,000)	(7,000)	-
Net Incoming Resources before Defra Funding	7,038	6,788	250	38,432	38,033	399
Defra Funding						
Total Net Incoming Resources	13,538	13,288	250	77,432	77,033	399
Charitable Activities						
Waterway Maintenance and Repair	(8,762)	(9,141)	378	(60,423)	(60,181)	(241)
Major Works	(1,978)	(3,439)	1,461	(18,696)	(18,552)	(144)
Enterprise (Third Party Funded Projects)	(283)	(367)	84	(1,795)	(1,795)	0
Museums and Attractions	(207)	(219)	12	(1,595)	(1,505)	(90)
Total Charitable Activities	(11,229)	(13,164)	1,935	(82,508)	(82,033)	(475)
Surplus/(Deficit)	2,308	123	2,185	(5,076)	(5,000)	(76)

3.5 The main variances in the year to date are:

- Investment Property (£0.3m adverse). This is primarily costs incurred in advance of revenue being received on a number of schemes, which will balance out in later months.
- [Confidential material removed].
- National Teams (£0.5m favourable). There are timing differences on office costs, professional fees and marketing, which are expected to occur later in the year.
- Waterway Maintenance and Repair (£0.4m favourable). Delays to High Priority Notification works (£0.8m) are partly offset by £0.4m of provisions for employee injury claims.
- Major Works (£1.5m favourable). £2.0m of the variance is due to projects deferred until later in the year whilst designs and agreements are being finalised. This is partly offset by £0.4m of works carried over from the prior year.

3.6 The forecast for the full year shows contingency deducted from Net Incoming Resources as a planning allowance for unforeseen events that may adversely affect net income.

3.7 The main variances against Plan in the F2 forecast are:

[Confidential material removed]

3.9 Appendix A shows the results for the period and full year forecast in more detail.

4.0 CASH POSITION

Cash balances summary £ms

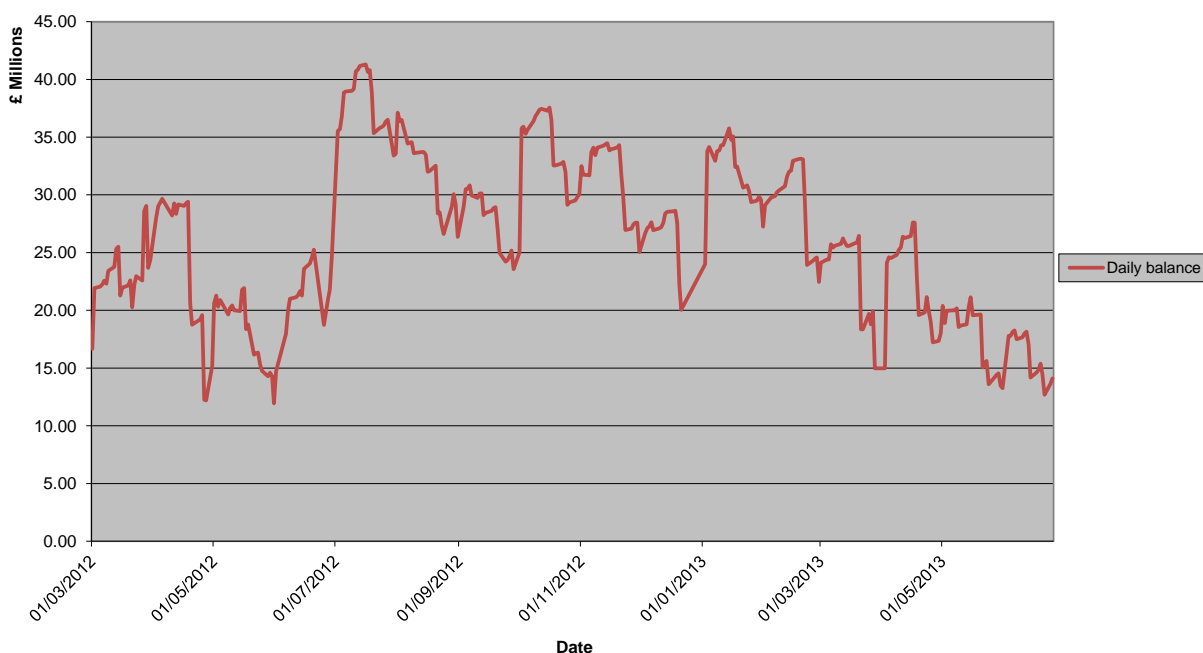
As at:	30/06/13 June	31/05/13 May	31/03/13 March
General Fund account - no 1 a/c	15.5	13.5	14.9
Investment Capital account - no 2 a/c	14.9	12.9	21.0
BWML and others accounts	1.3	1.9	0.9
Total cash balances	31.7	28.3	36.8

Invested:		Rate	Maturity
NatWest	8.3	0.50%	Overnight
Bank of Scotland	14.8	0.75%	Overnight
Barclays	3.6	0.35%	Overnight
Santander	5.0	1.25%	up to 3 months
Total	31.7		

(excludes the cash invested from Dublin in C&R Reinsurance)

- 4.1 The trading cash position continues to fluctuate within the established ranges, the mid-point of which has declined in line with the expectations and reflects the deficit being incurred on the General Fund.
- 4.2 The Investment Capital bank account currently stands at £14.9m (including £7.0m held within the CIC subsidiary).
- 4.3 Santander continues to offer attractive deposit rates and in view of the separate UK bank status of Santander a higher investment limit is proposed in a separate decision report.
- 4.4 [Confidential material removed].

CRT No.1 Trading Bank Account Balance



5.0 KPIs

5.1 The KPIs report in Appendix B has been expanded to include indicators for Debtors, Operations and progress against the Green Plan. These are described below. The new indicators are in the course of development and the layout and data presentation may change.

5.2 Debtors

5.2.1 Day Sales Outstanding (DSO) is the term for debtors divided by sales, sometimes known as 'debtor days', and is measured for both total debts and overdue debts for the different directorates and income streams. At June 2013, the overall DSO figures are 54 days for total debts and 34 days for overdue debts. The latter is an indicator of the Trust's performance in collecting debts and also reveals the underlying seasonal trends, which are affected by issues such as the timing of the English quarter days for rent roll (the uplift in DSO for overdue debts between May and June is an example of this), billing dates for utility contracts and the financial year end, when there is increased focus on resolving disputes and reviewing debts to be written off.

5.2.2 The breakdown of debtors by Directorate/income stream is shown for June 2013 with a comparison of the period twelve months prior (July 2012).

5.2.3 There is also a focus on debts more than 90 days old, which are broken down by type, i.e. those where legal action is being followed, where a payment plan is in place with the customer, where enforcement actions are being taken, debts due to liquidations, those in dispute, or where credits / write offs have been made. The 'collectable' figure represents cash received, predominantly from large utility companies, for which billing is under review or where the invoice to which it relates is to be identified. The Utilities team is encouraging more companies to use omnibus agreements, which would alleviate this issue.

5.3 *Operations*

5.3.1 Annualised Hours were introduced in May of this year to provide flexibility in resourcing seasonal works and maintenance. Certain conditions and allowances have now been rolled up into 'custom and practice' payment and the change is expected to result in a decrease in overtime hours and costs. The KPI will measure both of these, although as the implementation is fairly recent, there is little data to present in this report. The picture will develop over the coming year and future periods.

5.3.2 The Mobile Working project is focusing on the processes and data required to facilitate the increased use of mobile technology in delivering a more efficient and streamlined tasking of bank staff.

There are three elements to the KPI:

- the number of assets that have specific task lists drawn up for them as a proportion of those that require regular planned preventative maintenance (the target is 100% over two years, so 50% in the current year);
- the completeness of characteristic data for assets in SAP (these include information on the ownership, inspection regime, condition, consequence of failure, serviceability and heritage aspects of structures); and
- a measurement of how many work orders have associated defect notifications, which is a key element to the future process.

5.4 *Green Plan*

5.4.1 The following indicators are included in this report:

- electricity usage; and
- business mileage CO₂.

Although the reporting of business mileage (car, rail and air) has been complicated slightly by the contract with [our travel booking agent] to provide an online booking and travel management system, collation of the data necessary to be able to report this on a consistent and regular basis is under development.

5.4.2 The Trust is in the process of installing gas meters, energy management software, and GPS trackers in commercial vehicles. These will enable improved reporting on electricity/gas consumption and commercial vehicle mileage. The KPIs being developed will become live over the next few months. It is anticipated that the following additional data will be available by the next KPI report:

- gas usage;
- percentage gas consumption through smartmeters;
- commercial vehicle mileage and fuel use.

Mileage and energy data should enable the Trust to report against the CO₂ target of '25% reduction by 2015'.

5.5 The definition of when the traffic lights for each KPI move into amber or red is being defined and will be available as an appendix to the next KPI report.

5.6 Apart from the new KPIs introduced this year, other points to note are:

- Absence statistics are unchanged from the last report due to the early Trustee meeting date (time needs to be allowed for all absences to be properly recorded)

and also the need to take account of the impact of the introduction of Annualised Hours in the calculations.

- The KPI on number of Friends recruited and donors with an active pledge shows the actuals and target just for the current financial year.
- High Priority Notifications data is not yet available but will be included in the next KPI report.

A handwritten signature in black ink, appearing to read 'P. Ridal', written in a cursive style.

P Ridal
October 13

Appendix A – 2 month period to 31st May 2013 and F2 forecast

Figures in £k

Statement of Financial Activities	Year to Date			Full Year		
	Actual	Original Plan	Variance	F2 Forecast	Original Plan	Variance
Incoming Resources						
Generated Funds and Investment Income						
Investment Property	5,735	5,771	(36)	35,954	35,817	137
Boating and Moorings	5,367	5,177	190	31,795	31,788	7
Utilities	3,823	4,117	(294)	23,862	23,900	(38)
Marinas Subsidiary	1,112	1,160	(48)	7,187	7,302	(115)
CRT Share of Joint Ventures	1,067	2,460	(1,393)	17,583	15,398	2,184
Voluntary Income and Fundraising	81	111	(30)	1,429	1,450	(21)
Total Generated Funds and Investment Income	17,186	18,796	(1,610)	117,809	115,655	2,154
Governance	2	2	-	12	12	-
National Teams	201	235	(34)	2,107	1,891	216
Total Governance and National Teams	203	237	(34)	2,119	1,903	216
Defra Funding	6,500	6,500	-	39,000	39,000	-
Total Incoming Resources before Charitable Activities	23,889	25,533	(1,645)	158,928	156,558	2,370
Charitable Activities						
Waterway Maintenance and Repair	668	630	38	4,666	4,375	291
Major Works	1	-	1	292	-	292
Enterprise (Third Party Funded Projects)	837	770	66	9,050	9,090	(40)
Museums and Attractions	232	279	(46)	1,214	1,266	(52)
Total Charitable Activities	1,738	1,679	59	15,222	14,731	491
Total Income	25,626	27,212	(1,586)	174,150	171,288	2,862
Contribution						
Generated Funds and Investment Income						
Investment Property	4,325	4,597	(272)	28,290	28,568	(278)
Boating and Moorings	4,285	3,768	517	23,744	23,837	(92)
Utilities	3,633	3,675	(42)	22,043	22,043	(0)
Marinas Subsidiary	120	180	(60)	1,153	1,259	(105)
CRT Share of Joint Ventures	(167)	289	(456)	1,040	270	770
Voluntary Income and Fundraising	(102)	(224)	123	(488)	(492)	4
Net Interest	443	489	(46)	2,669	2,667	2
Total Generated Funds and Investment Income	12,537	12,772	(235)	78,452	78,151	301
Governance	(94)	(105)	11	(656)	(665)	9
National Teams	(4,572)	(5,046)	475	(30,364)	(30,453)	89
Total Governance and National Teams	(4,666)	(5,151)	485	(31,020)	(31,118)	98
Pension Deficit Funding	(833)	(833)	-	(7,000)	(7,000)	-
Contingency	-	-	-	(2,000)	(2,000)	-
Net Incoming Resources before Defra Funding	7,038	6,788	250	38,432	38,033	399
Defra Funding	6,500	6,500	-	39,000	39,000	-
Total Net Incoming Resources	13,538	13,288	250	77,432	77,033	399
Charitable Activities						
Waterway Maintenance and Repair	(8,762)	(9,141)	378	(60,423)	(60,181)	(241)
Major Works	(1,978)	(3,439)	1,461	(18,696)	(18,552)	(144)
Enterprise (Third Party Funded Projects)	(283)	(367)	84	(1,795)	(1,795)	0
Museums and Attractions	(207)	(219)	12	(1,595)	(1,505)	(90)
Total Charitable Activities	(11,229)	(13,164)	1,935	(82,508)	(82,033)	(475)
Surplus/(Deficit)	2,308	123	2,185	(5,076)	(5,000)	(76)


Appendix B – Key Performance Indicators

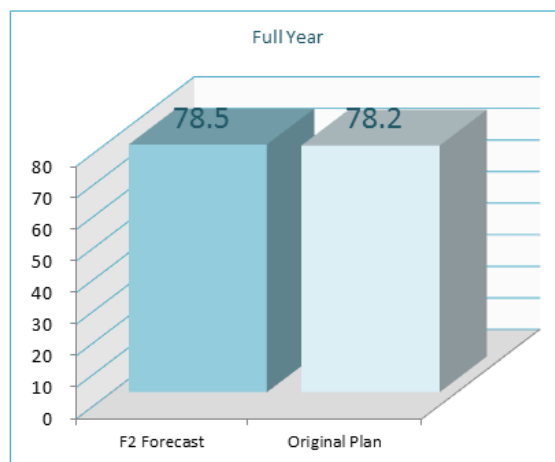
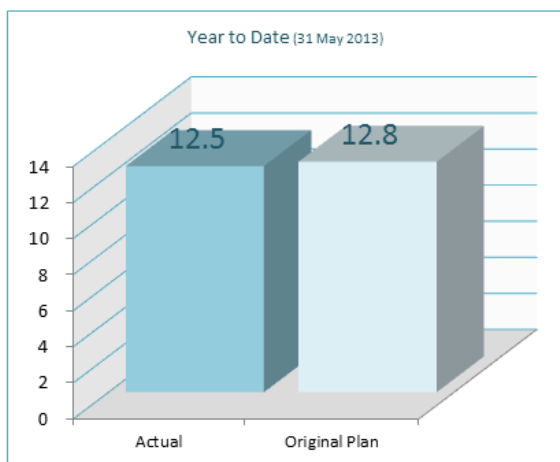
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Appendix B – Key Performance Indicators


In Year KPIs

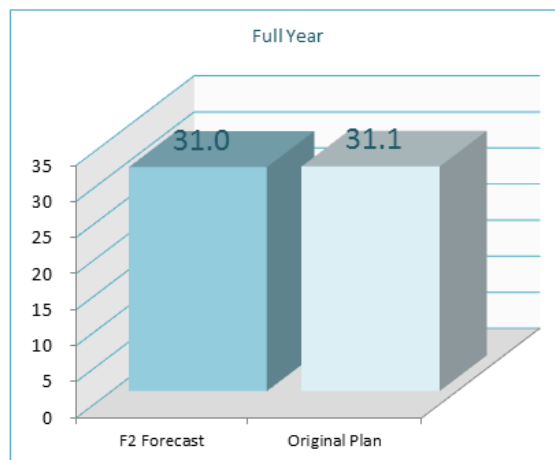
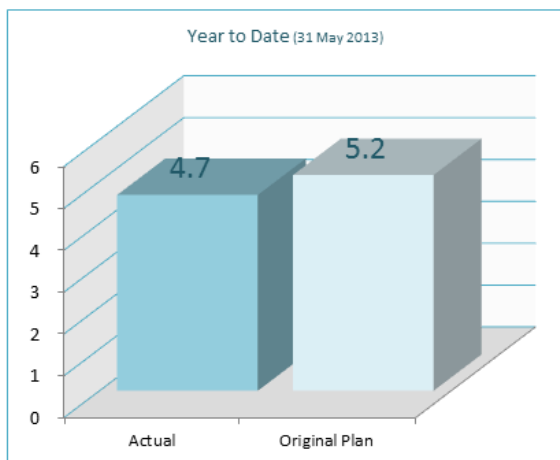
Total Net Income - Generated Funds and Investment Income

	Year to Date (31 May 2013)			Full Year			Status
	Actual	Original Plan	Variance	F2 Forecast	Original Plan	Variance	
Investment Property	4,325	4,597	(272)	28,290	28,568	(278)	
Boating and Moorings	4,285	3,768	517	23,744	23,837	(92)	
Utilities	3,633	3,675	(42)	22,043	22,043	(0)	
Marinas Subsidiary	120	180	(60)	1,153	1,259	(105)	
CRT Share of Joint Ventures	(167)	289	(456)	1,040	270	770	
Voluntary Income and Fundraising	(102)	(224)	123	(488)	(492)	4	
Net Interest	443	489	(46)	2,669	2,667	2	
Total Net Income	12,537	12,772	(235)	78,452	78,151	301	



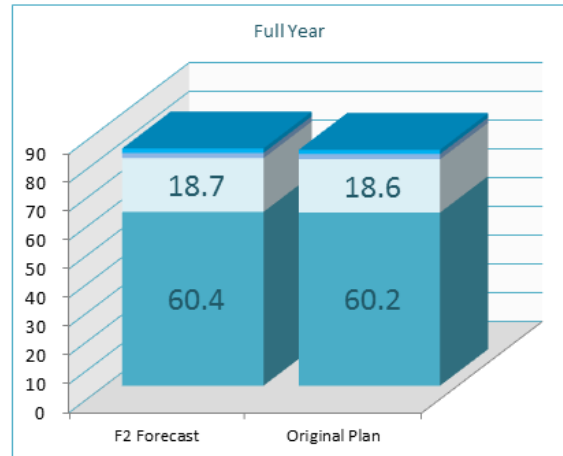
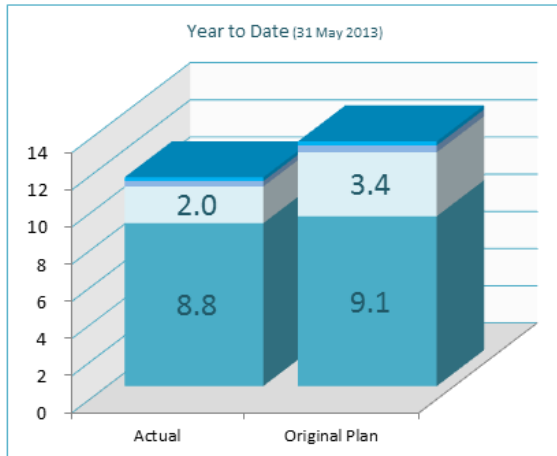
Expenditure on Governance and National Teams

	Year to Date (31 May 2013)			Full Year			Status
	Actual	Original Plan	Variance	F2 Forecast	Original Plan	Variance	
Governance	94	105	11	656	665	9	
National Teams	4,581	5,046	465	30,373	30,453	79	
Governance and National Teams	4,675	5,151	476	31,029	31,118	89	



Expenditure on Charitable Purposes

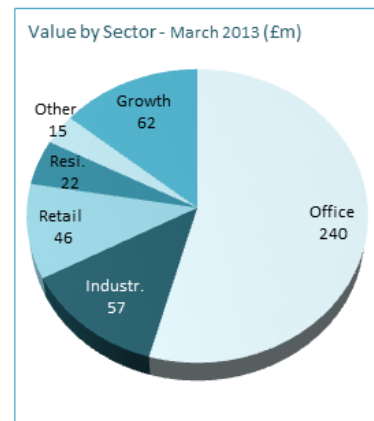
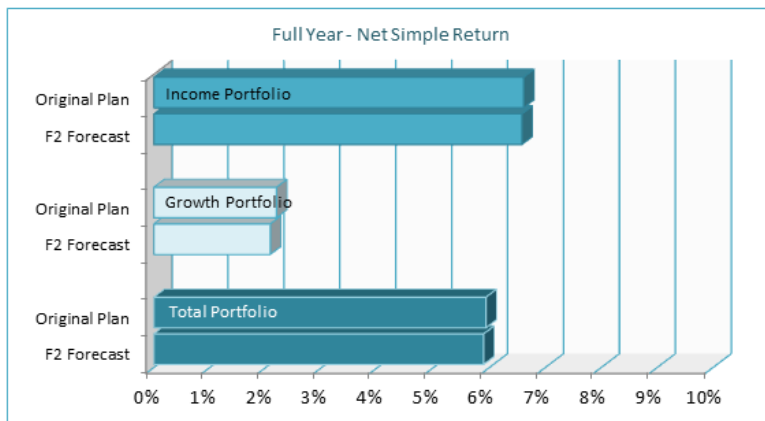
	Year to Date (31 May 2013)			Full Year			Status
	Actual	Original Plan	Variance	F2 Forecast	Original Plan	Variance	
Waterway Repairs and Maintenance	8,762	9,141	378	60,423	60,181	(241)	On Track
Major Works	1,978	3,439	1,461	18,696	18,552	(144)	
Enterprise (Third Party Funded Projects)	283	367	84	1,795	1,795	0	
Museums and Attractions	207	219	12	1,595	1,505	(90)	
Expenditure on Charitable Purposes	11,229	13,164	1,935	82,508	82,033	(475)	



Investment Property Returns

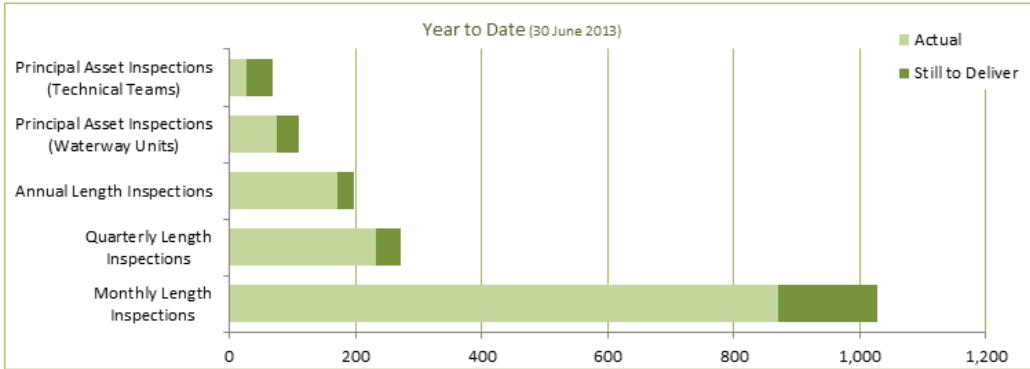
	Full Year - Net Simple Return *			Status
	F2 Forecast	Original Plan	Variance	
Income Portfolio - CRT Managed	6.9%	7.4%	(0.4%)	On Track
Income Portfolio - Outsourced	6.4%	6.1%	0.2%	
Income Portfolio	6.6%	6.6%	(0.0%)	
Growth Portfolio	2.1%	2.2%	(0.1%)	
Total Portfolio	5.9%	5.9%	(0.0%)	

* Net Simple Return = $\frac{\text{Income} - \text{Costs}}{\text{Opening Capital Value}}$



Infrastructure Risk Management - Number of Inspections

	Year to Date (see right)			Full Year		Status	
	Actual	Due	Still to Deliver	Due	Still to Deliver		
Monthly Length Inspections	870	1,028	158	3,946	3,076	to 31 May 2013	
Quarterly Length Inspections	233	271	38	1,158	925		
Annual Length Inspections	172	197	25	508	336		
Principal Asset Inspections (Waterway Units)	76	111	35	431	355		to 30 June 2013
Principal Asset Inspections (Technical Teams)	26	69	43	346	320		
Total Number of Inspections	1,377	1,676	299	6,389	5,012		



High Priority Defects Repaired - data unavailable until next KPI report

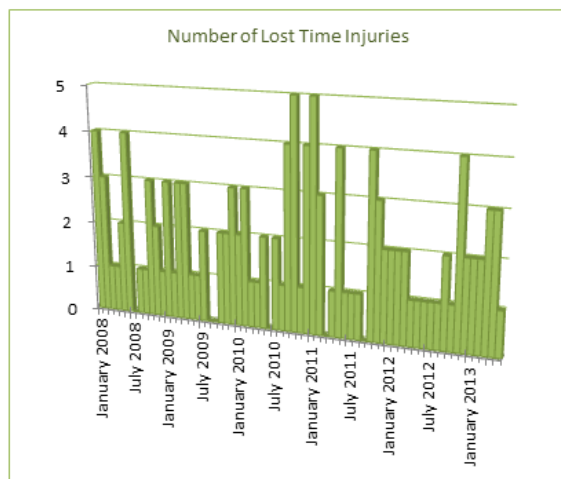
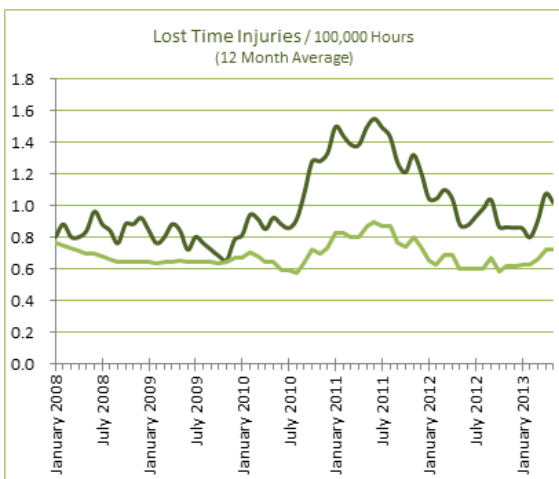
	Year to Date (30 June 2013)	Full Year	Still to Deliver	% Delivered	Status
	Actual	Original Plan	Plan - Actual	Actual	

High Priority Notifications

- - - -

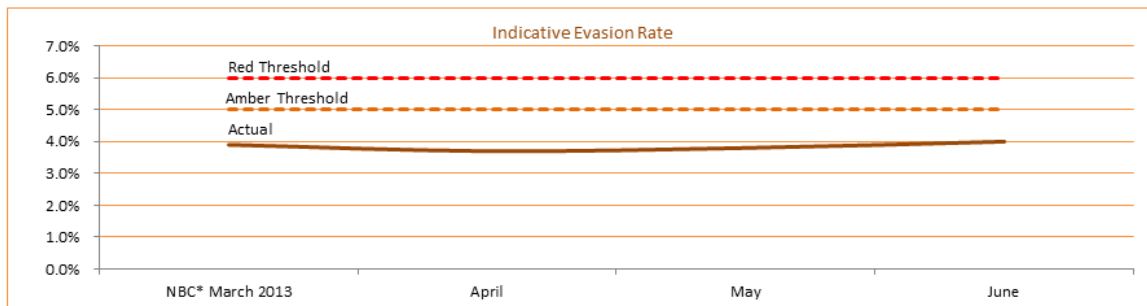
Safety - Lost Time Injuries

	Number of Lost Time Injuries	Lost Time Injuries / 100,000 Hours	Change since March 2013	Status
	Actual (Rolling 12 Month Total)	Actual (12 Month Average)	Change since March 2013	
■ All Waterway Units	19	1.02	(12.6%)	
■ All CRT	23	0.72	(8.5%)	



Licence Evasion

	30 June 2013	NBC* March 2013	Variance	March 2014	Status
	Actual	Actual		Target	
Indicative Evasion Rate	4.0%	3.9%	(0.1%)	< 5.0%	* NBC = National Boat Check

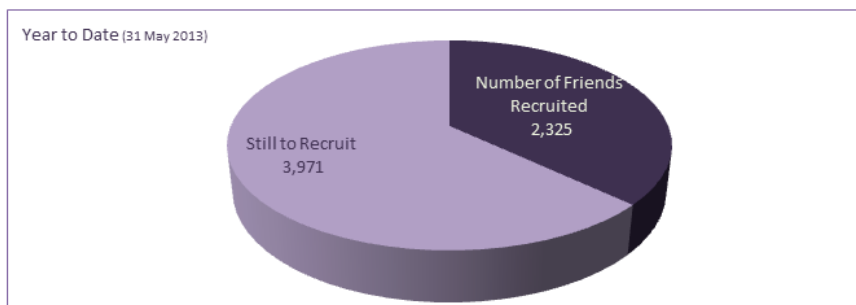


Average Days Absence per Employee

	31 March 2013	31 December 2012	30 September 2012	Status
	Actual			
Finance	5.0	4.9	4.4	
Marketing	4.5	4.5	4.3	
Property	5.4	5.3	4.2	
Technical	2.5	1.9	1.9	
Corporate Services	-	-	-	
HR	4.3	3.7	3.7	
BWML	9.4	8.2	6.6	
Operations	8.4	8.7	8.3	
Total	7.2	7.3	6.7	

Number of Friends

	Year to Date (31 May 2013)	Full Year	Still to Recruit	% Recruited	Status
	Actual	Original Plan	Plan - Actual	Actual	
Number of Friends Recruited	2,325	6,296	3,971	36.9%	
Donors with an Active Pledge	2,179				



Voluntary Income

	Year to Date (31 May 2013)			Full Year			Status
	Actual	Original Plan	Variance	F2 Forecast	Original Plan	Variance	
Individual Giving	48	51	(3)	664	685	(21)	
Leadership Giving	34	60	(26)	765	765	-	

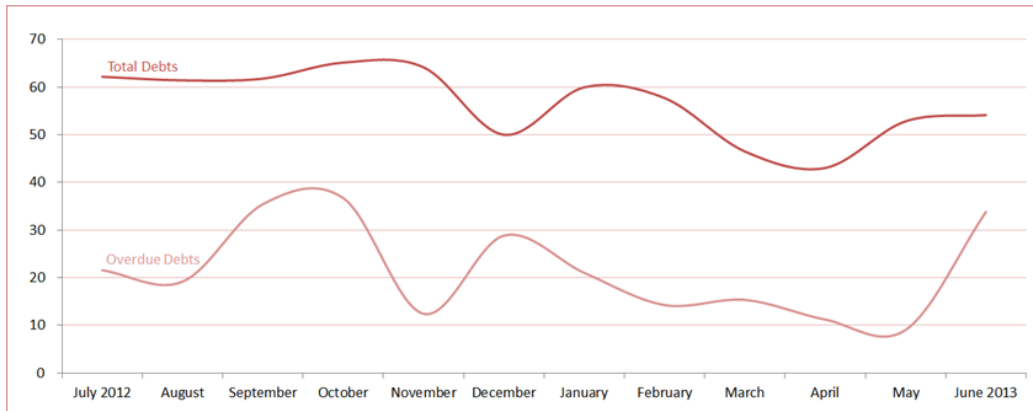
Volunteer Days

	Year to Date (31 May 2013)	Full Year Plan	Status
	Actual	Original Plan	
Number of Volunteer Days	6,448	50,000	

DSO (Day Sales Outstanding)

	Current (30 June 2013)	Prior (31 July 2012)	Movement
	Actual	Actual	Actual
Total Debts	54.1	62.2	8.1
Overdue Debts	33.8	21.6	(12.2)

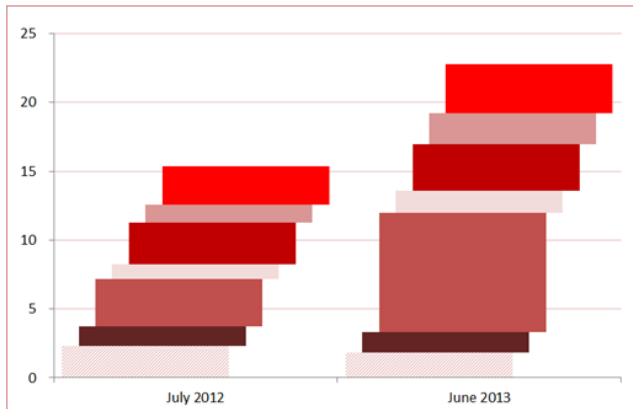
Status



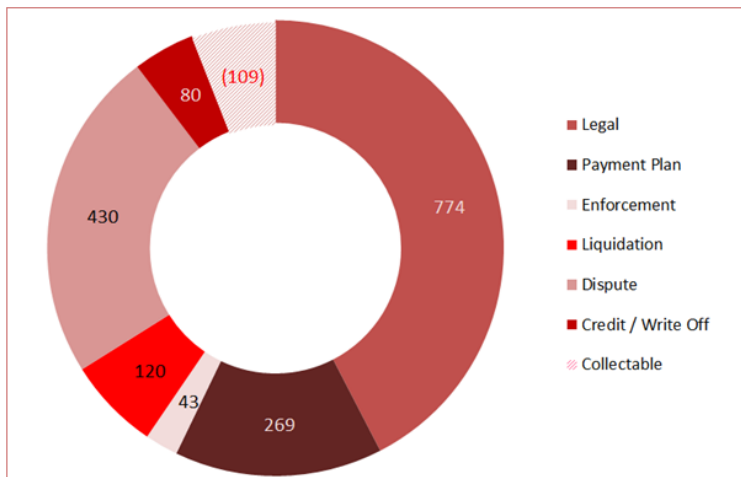
Debtors - Components (£m)

	Current (30 June 2013)	Prior (31 July 2012)	Movement
	Actual	Actual	Actual
Marketing (Boat Licences, etc.)	3.6	2.8	(0.8)
Property			
Investment Property (exc. DTZ Outsourced)	2.3	1.3	(1.0)
Moorings	3.4	3.0	(0.4)
Boating Trade	1.6	1.1	(0.5)
Utilities	8.7	3.4	(5.3)
Operations	1.5	1.4	(0.0)
Other (Net of Unallocated Cash)	1.9	2.3	0.4

Status



Breakdown of > 90 Day Debts

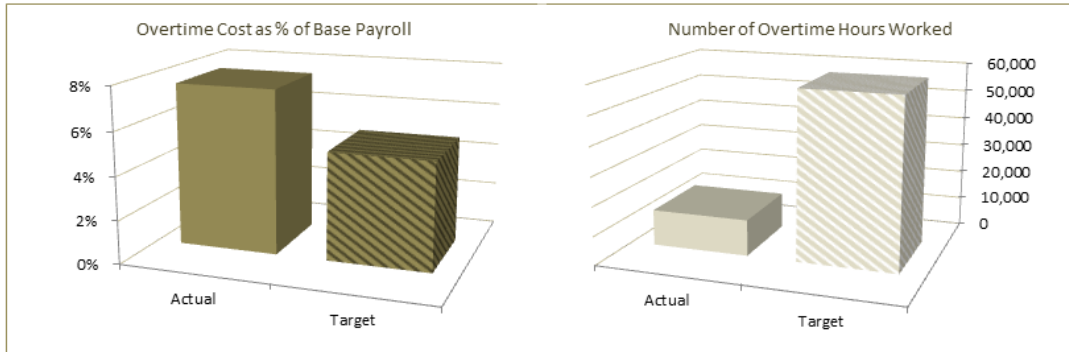


Status

Annualised Hours

	Year to Date (31 May 2013)		Full Year	Variance
	Actual	Target		
■ Overtime Cost as % of Base Payroll	7.6%	< 5.0%		(2.6%)
■ Number of Overtime Hours Worked	12,500	< 58,260		

Status



Mobile Working

	Year to Date (31 May 2013)		%	
	Compliant	Total	Actual	Target
■ Assets (requiring PPM) with specific task lists	30	5,304	1%	95%
■ Completeness of asset classification data	10,061	13,033	77%	50%
■ Work orders with associated defect notification	2,977	3,974	75%	95%

Status



Green Plan

	Year to Date (see below)		% Measured by Smartmeters
	Actual	Original Plan	
Business Mileage CO ₂ (estimate to 31/5/2013)	241		
Electricity Usage (estimated GWh to 30/6/2013)	5.8	7.0	85%

Status



MEMORANDUM TO THE TRUSTEES

Governance Issues

Report by the Secretary

Appointment of Waterways Pension Trustee

'Trustees' of the Waterways Pension Scheme become such by being appointed as directors of Waterways Pension Trustees Ltd, the corporate trustee of the Pension Scheme. The power to appoint is vested in the Trust as the Principal Employer under the Scheme, although employee and pensioner trustees are nominated via election arrangements.

One of the employer nominated trustees is Debs Hurst, until recently finance director of Scottish Canals (though she was appointed by British Waterways when it was Principal Employer prior to the transfer of that role to the Trust). Debs Hurst has now left the employ of Scottish Canals and it is recommended that she be replaced as an employer nominated and appointed 'trustee' (director of the corporate Trustee).

The Executive Directors recommend that Stuart Mills be appointed in place of Debs Hurst and the Board is requested to formally **resolve** to remove Debs Hurst as a director of Waterways Pension Trustees Ltd and to **approve** the appointment of Stuart Mills as a director in her place.

Delegation to new Chief Executive

Following the Trustees decision to appoint Richard Parry as Chief Executive of the Trust in succession to Robin Evans it is necessary to formally resolve to delegate to him the necessary powers to manage the day to day affairs of the Trust on behalf of the Trustees.

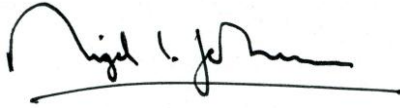
It would be wise to refresh the terms of that delegation given the increasing frequency with which confirmation of such powers are sought by third parties dealing with the Trust (particularly financial institutions and development counter-parties) and also are challenged by persons in dispute with the Trust. It is accordingly recommended that the Board pass the following resolution:

In consequence upon the appointment of Richard Parry as Chief Executive of the Trust, the Board of Trustees, in exercise of its powers under Article 9 of the Articles of Association of the Trust delegates to Richard Parry full power and authority to manage all of the affairs of the Trust on their behalf, including power to further sub-delegate such powers and authority to any employees of the Trust and of any of its subsidiary entities, provided only that the powers and authorities so delegated shall not include:

- a) the exercise of any power or activity included in the Schedule of Matters Reserved to the Board as determined by it from time to time and the certificate of the Secretary of the Trust shall be sufficient proof to any person treating with the Trust whether or not a matter is reserved to the Board; nor
- b) the exercise of any powers delegated to any committee of the Board or to any other person or persons collectively (for exclusive exercise by that committee, person or persons acting collectively) and the certificate of the Secretary of the

Trust shall be sufficient proof to any person treating with the Trust of the existence or otherwise of such alternative delegation.

The Schedule of Matters Reserved to the Board was determined by the Board at its meeting of 1 June 2012 and is annexed to this paper. Whilst the proposed delegation is in deliberately wide terms (to avoid challenge by third parties) the Chief Executive will remain at all times accountable to the Trustees for the exercise of delegated powers, the exercise of which has to be in conformity with the strategy and policies determined from time to time by the Board under the power reserved to it.

A handwritten signature in black ink, appearing to read 'Nigel I. Johnson', with a long horizontal line underneath.

NIGEL JOHNSON
Company Secretary
2 July 2013

1 Matters reserved to the Trustees

The Trustees have reserved to themselves the responsibilities for:

Structure and governance

- recommending to Council changes to the Rules regarding the aspects of governance of the Trust detailed in Article 11.3
- establishing any Committee, determining their terms of reference, receiving recommendations from them and agreeing resulting actions
- Trustee meeting arrangements
- appointment or removal of the Chief Executive
- appointment or removal of the Secretary of the Trust
- approving the appointment of the executive directors by the Chief Executive, ie of any directors reporting directly to the Chief Executive
- authorising persons (in addition to the Secretary of the Trust) to authenticate application of the company seal of the Trust
- agreeing a risk management framework including its risk appetite
- approving the formation of subsidiaries
- approving appointments to directorships of subsidiaries.

Planning and reporting

- approving the Strategic Plans and Policies for the Trust
- monitoring performance against the Plans
- recommending to Council the annual report and accounts for approval.

Financial aspects

- approving a framework of financial controls which give arrangements for banking, payments, borrowing limits and safeguarding of assets
- authorising commitments not in revenue budget over £15m
- approving bids and tenders to be submitted by the Trust where the value is over £15m
- approving any projects or proposed activities considered novel or contentious or anywhere an approval within the executive delegated authority could create an implied or moral commitment beyond that authority
- approving transactions with Trustees and Executive Directors other than travel and expense claims incurred in the day to day management of the business
- selecting the external auditors for approval by the Trust
- appointing the external auditors to the Trust subsidiaries.

Pensions scheme

In accordance with the Pension Fund Trust Deed and Rules:

- appointing the Directors of BW Pension Trustees Limited nominated by the Employer
- approving:
 - the member nominated Directors to BW Pension Trustees Limited
 - any changes to the Trust Deed and Rules with the agreement of the Trustee
 - any administration arrangements of the British Waterways Pension Fund with the agreement of the Pension Trustee
 - any augmentation of benefit provided by the British Waterways Pension Fund for an individual or group of individuals with the agreement of the Pension Trustees.

MEMORANDUM TO BOARD

FUNDRAISING REPORT – JULY 2013

Report by Marketing & Fundraising Director

1.0 PURPOSE

- 1.1 To inform Trustees of progress and issues relating to fundraising, and to brief them about future developments. Please note, that figures in this report are correct as at the **end of May 2013**.

2.0 HEADLINES

- The new financial year has started well in terms of Friends recruitment. We now have three fundraising agencies – HOME, Fundraising Initiatives and Inspired People – working for us recruiting Friends across the network and at events. In addition to this, we are trialling several non-agency recruitment models and have also migrated the Waterways Trust donors.
- We have successfully delivered the Marks and Spencer partnership, our first ever paid for corporate volunteering experience. Our focus is now on developing the corporate partners we engaged last year as well as seeking new relationships.
- After redeveloping our digital fundraising pages, we are now seeking a new agency with whom to test a range of propositions online, seeking the most cost-effective way of raising awareness of and raising money for the Trust.

3.0 BACKGROUND

3.1 Business plan objectives 2013/14

- 3.1.1 The key objective of the Fundraising Business Plan 2013/14 is to **maximise sustainable, long-term, net voluntary income for the Trust**. Under this objective, we have ten priorities which deliver against two of the organisation's corporate priorities:

Inspiring more people to enjoy the canals and rivers and support our work

1. To develop and market the Friends scheme, attracting committed financial supporters to the Trust
2. To develop and market a rolling programme of appeals and activities that generate leads for conversion to Friends
3. To develop one or more sponsored events that can generate income and leads for conversion to Friends
4. To provide excellent supporter care and follow up communications to all those who support and show interest in supporting the Trust
5. To work collaboratively with colleagues across the organisation to raise awareness and increase understanding of fundraising so that all staff become confident about the role supporters play in the Trust


Earning financial security for our canals and rivers

6. To promote legacy and in memoriam giving as a means of remembering the Trust
7. To submit applications to Trusts that support the strategic priorities of the Trust
8. To establish mutually beneficial, strategic partnerships with like-minded companies
9. To engage high net worth individuals with the Trust with a view to securing major donations from them in future years
10. To continue to test and develop a propositions, products and appeals that help us determine what will most successfully attract supporters to the Trust

This business plan combines the original strategy for the Trust, produced by THINK Consulting Solutions, with experience gained in the first few months of the charity's life.

4.0

[Confidential material removed]



Simon Salem
Marketing & Fundraising Director
July 2013

MEMORANDUM TO THE BOARD

OPERATIONS/TECHNICAL REPORT – JULY 2013

Report by Operations/Technical Director

This report is for information only and no decisions are required on this occasion.

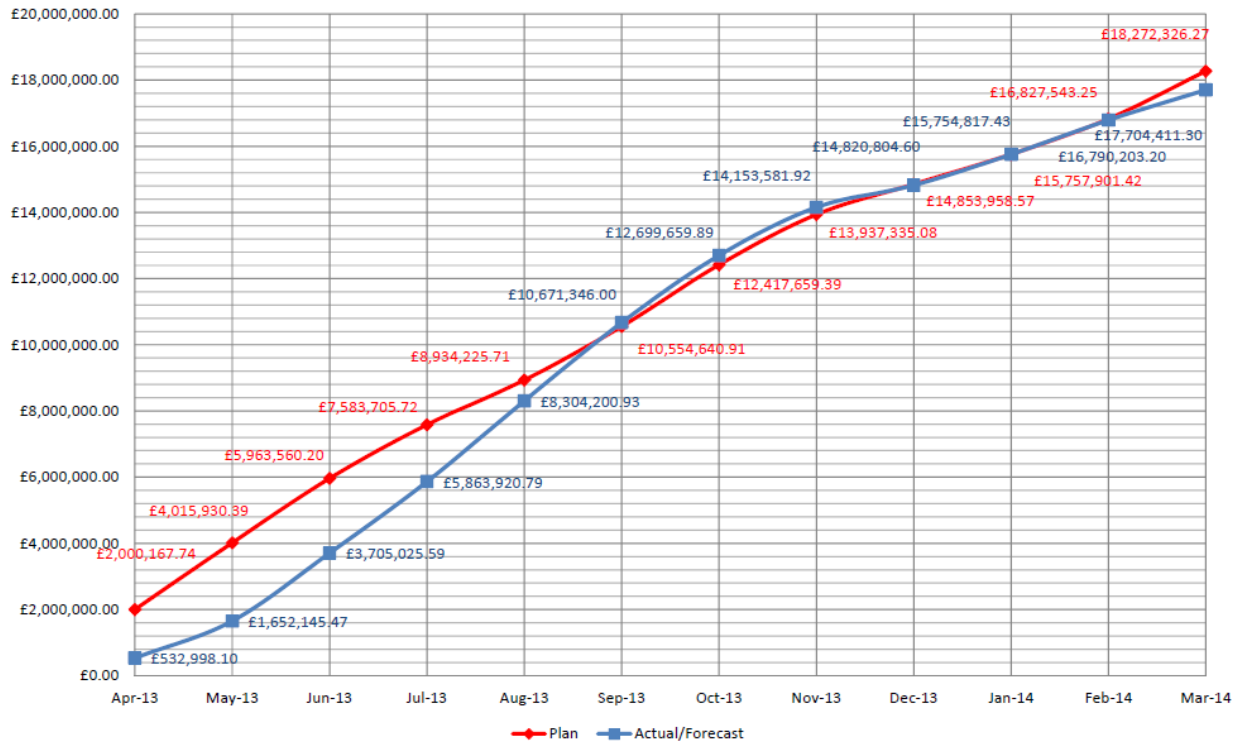
1.0 Network Stewardship Score

- 1.1 As indicated in the Acting Chief Executive's report, the latest calculation of the Network Stewardship Score has reported a further increase from 117 points to 120 points in the Waterway Condition Index which consists mainly of infrastructure maintenance and repair elements.
- 1.2 The main contributory factors to the overall improving score are the:
 - State and Condition of Principal Assets as D/E grade proportions have reduced to 15.2%
 - continuing high compliance in the Heritage area
 - Asset Safety improvement
 - continuing improvement in Ease of Use of Lockgates
 - Navigation Channel compliance.
- 1.3 The extended breach works at Dutton and the unplanned closure of the associated navigation and towpath had a detrimental effect on the overall score as this one incident accounted for a significant proportion of the total unplanned closure measure. Towpath and Bank Protection elements saw a slight reduction from previous years and these elements are now subject to closer investigation.
- 1.4 Overall, it is very pleasing that the Waterway Condition Index has shown a further increase in a year of tight funding and unpredictable weather impacts.

2.0 Major Works

- 2.1 During the period, the Major Works Programme progressed and is on schedule to deliver a significant proportion of the programme before the winter period. The graph on the following page indicates the current forecast of expenditure against plan:

2013-2014 Cumulative Spend - Actual/Forecast against Plan



2.2 Examples of projects which have progressed significantly during the period are illustrated below:



Cooper Bridge Weir
Completed Project



*Lock 12 - Aylesbury Arm
Emergency Repair Underway*



*Reed Bridge, Slough Arm
Emergency Project – Bridge Removed, Navigation Re-opened*

3.0 General Works

3.1 The waterway units are broadly on plan in their delivery of High Priority Defects and Planned Preventative Maintenance together with reacting positively as usual to various arising works. Some examples of planned works are shown below:



Photo showing the lowered dam wall



Lifting device placing the copings on wall

Rotten Park Reservoir



Bustleholme Weir – West Midlands



Upgrade of 7km of towpath at 3 sites on the Mon & Brecon Canal

3.2 Stakeholder consultation on plans for winter works stoppages is moving into Phase 2 after receiving initial comments from various boating groups and individual boaters. Around 150 lockgates will be replaced over the winter with associated lock repairs. A number of sites will be open to the public at certain times as part of our Winter Works publicity campaign.

3.3 **Volunteering**

3.3.1 Real benefits to waterway maintenance continue to be achieved as the numbers involved grow and we become more effective at deployment to a wider range of tasks.

3.3.2 The Volunteer Lock Keeper programme is in full flow with around 500 volunteers involved this year with many returning for their second year boosted by increased interest around the country.

3.3.3 There are increasing examples of excellent volunteer input to improving the amenity of the waterways and below are just a few examples by way of illustration:



Hereford and Worcester Army Cadets – Volunteer Day on Staffs & Worcester Canal



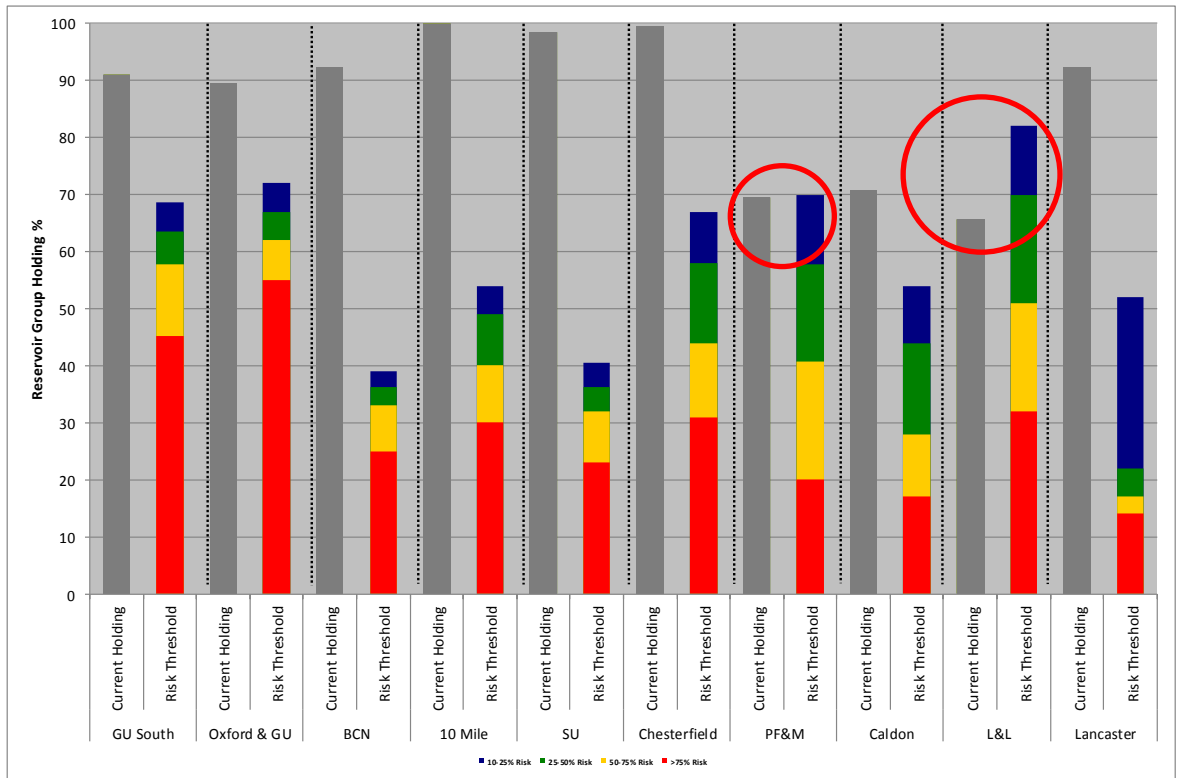
Audlem Towpath Task Force Lock Painting

3.4 Vegetation and Waste contracts

- 3.4.1 The national contracts for all vegetation management and waste removal valued in total between £8m to £10m per annum have been rigorously competitively tendered and both existing contract holders (OCS/Fountains – vegetation and Biffa – waste) submitted the best value bids for the new 5 to 7 year contracts.
- 3.4.2 There were 6 contractors at the final tender stage for the vegetation contract and 3 for waste.
- 3.4.3 Various new task rates were negotiated through the tender process and average savings of 5% to 10% have been achieved which should lead to cost reductions of around £750k to £1m per annum when the new contracts commence next year.

4.0 Water Resources

- 4.1 Water resources in the North West predominantly reservoir fed canals continue to be under pressure due to lower than average rainfall. The graph on the following page shows all our main reservoir groupings with most showing holdings above risk levels. However Peak Forest & Macclesfield and Leeds & Liverpool continue to record levels at risk of being able to support full supply throughout the main boating season. Our Drought Plan processes have commenced in both these areas to conserve supplies and manage demand to assist in the avoidance of boat restrictions later in the season.



5.0 Waterway Partnerships

- 5.1 All Partnerships are actively involved in completing the Strategic Waterway Visions for their areas. Some have already held Annual Public Meetings to communicate and receive feedback on their work and others have plans to hold their public meetings during the Autumn.
- 5.2 A detailed overview report of all the Strategic Visions should be available for review at the next Trustee meeting.

VINCE MORAN
Operations Director



MEETING OF THE AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee (the **Committee**) of Canal & River Trust (**the Trust or CRT**) held at Grant Thornton House, Melton Street, Euston on Wednesday 12th June 2013 at 10:00 am.

Trustees:

John Bridgeman	Chairman
Lynne Berry	
John Dodwell	
Frances Done	

Apology for absence:

Steve Shine

In attendance:

Tony Hales	Chairman of the Trust
Keith Labbett	Head of Audit, CRT
Andy Glyde	Audit Manager, CRT
Vince Moran	Acting Chief Executive, CRT
Philip Ridal	Finance Director, CRT
Nigel Johnson	Legal Director (and Secretary to the Trust), CRT
Steve Pullinger	Head of Tax and Accounting, CRT
Tim Lincoln	Engagement Partner, Grant Thornton
Carol Rudge	Charity Partner, Grant Thornton
Catherine Reid	Associate Director, Grant Thornton
Lisa Wong	Senior Manager, Grant Thornton
Max Joseph	Intern, Grant Thornton

Secretary of the Meeting:

Mark Devin	Prism Cosec
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Action

13/A22 CHAIRMAN'S WELCOME

The Chairman welcomed all those present.

13/A23 MINUTES OF THE AUDIT COMMITTEE 18th APRIL 2013

The minutes of the meeting held on 18th April 2013 were approved. There were no matters arising.

13/A24 ANNUAL REPORT AND ACCOUNTS (CRT/A20)

Mr Ridal presented the draft annual report and accounts (**AR&A**) for the period ended 31st March 2013, noting that these included a draft of the going concern statement to be considered at a special Trustee meeting on Tuesday 18th June 2013. The AR&A had to be filed at Companies

House by Friday 12th July 2013.

Mr Ridal drew to the Committee's attention the principal changes to the accounts presented to the Trustees in May 2013, chief amongst which was the treatment of £4m of the Defra grant which had been received by BW prior to the vesting date, 2nd July 2012, and transferred to CRT as part of the Statutory Transfer Scheme. This sum had been treated as deferred income and released to the SoFA during the year. Following the adoption of the new accounting policies the treatment of grant received in the past had to be included in the opening balance of reserves rather than the SoFA as deferred income. The overall impact on reserves was the same under either treatment but the deficit for the period appeared higher using the revised treatment but the opening balance on the general reserve was also higher. This treatment was endorsed by the Committee subject to comments from Mr Dodwell.

PR/JD

The Committee noted Mr Ridal's report on going concern. An updated projection would be prepared for the special Trustee meeting on Tuesday 18th June. In the meantime, Mr Ridal explained that the balance on the 'Number 1' account, used to fund the Trust's operating activities, was forecast to reduce over the next three years as a result of planned deficits on the General Fund of £5m per annum. It was further noted that the cash balance as at each year end (31st March) was the lowest in the year on account of the high level of waterway expenditure in February and March just prior to receipt of the Defra grant in April. Mr Ridal briefly summarised the mitigating actions that can be taken to ensure liquidity and underlined the robustness of the Trust's income streams. Summarising, the going concern assessment was positive and a full report would be presented to the Trustees on 18th June.

PR

13/A25 AUDIT FINDINGS FOR THE PERIOD ENDED 31st MARCH 2013 (CRT/A21)

Mr Lincoln noted that the external audit for the year ended 31st March 2012 was substantially complete. The key issues in the audit were then considered.

As noted at the Committee meeting on 13th February, several issues had been identified by Grant Thornton as risk areas for audit focus, including accounting for the transfer of the net assets from BW to CRT, treatment of dowry income and significant accounting policies and the presentation of these in the AR&A.

With reference to the accounting treatment for the waste liability at Knostrop Depot, having reviewed all the legal documentation and concluded that an obligation existed on both the vesting date and at the period end, an adjustment had been made to include a provision at 2nd July 2012 [Confidential material removed]. Mr Lincoln confirmed that the auditor concurred with these provisions.

[Confidential material removed]

Ms Reid briefly summarised the workstreams undertaken by the auditor to provide comfort on the opening corporation tax and deferred tax balances as at the vesting date (2nd July 2012) and confirmed that the balances included were reasonable. Similarly, the auditor confirmed that no significant issues had been identified in connection with the Trust's VAT affairs.

It was reported that there was an unallocated cash balance of £273k as at 31st March 2013 relating mainly to estates and utilities. A dedicated resource had been allocated to reduce this balance as soon as possible. **It was agreed** that this topic be retained as a standing agenda item until such time as the issue had been satisfactorily addressed.

KL

Mr Lincoln concluded his report by confirming that there were no significant facts or matters to be drawn to the Audit Committee's attention that impacted on Grant Thornton's independence as auditors.

The Committee next considered the 'front end' of the AR&A and noted the challenges implicit in producing a report that was both a marketing tool as well as a statutory document. In particular, the link between strategy aims and objectives and year-on-year performance against these should be more clearly articulated as required by the Charity SORP. It would include an Impact Statement. **It was agreed** that Messrs Hales, Moran, Ridal and Salem should look further at this issue.

TH/VM/PR/SS

It was resolved to recommend to the Board that (1) the AR&A be approved at the special Trustee meeting on Tuesday 18th June 2013; and (2) that the Board appoint a sub-committee to make any necessary last minute amendments to the AR&A prior to publication.

NJ

13/A26 RISK UPDATE (CRT/A22)

Mr Moran presented an update to the corporate risk dashboard highlighting the principal changes to the version considered at the previous Audit Committee meeting. These were discussed further and the Committee was asked to consider the adequacy of the actions being taken to address the current risks.

Lynne Berry underlined the importance of embedding behaviours and culture amongst the workforce that are appropriate to the third sector and noted that there were many risks implicit in this area. Accordingly, consideration should be given to adding Public Affairs Strategy to the risk dashboard. Lynne Berry further opined that the Trust needed to do more to prepare for the challenges inherent in HS2. Mr Bridgeman endorsed these views, adding that the development of staff to facilitate the growth of the brand represented a major challenge that should be addressed by the Trustee Board.

Frances Done, noting the legal challenges to key utilities income streams and the financial materiality of utilities agreements, suggested, and **it was agreed**, that the Utilities Manager be invited to present to a future meeting of the Board.

VM

13/A27 INTERNAL AUDIT SUMMARY OF WORK (CRT/A23)

Mr Glyde presented the Internal Audit progress report.

An assessment was underway to ascertain the extent of compliance with the Regulatory Reform (Fire Safety) Order 2005 requirement that all non-domestic premises have fire risk assessments. The key concern was over the way in which progress is being monitored. The Head of Asset Management was leading this project and a plan had been developed to track and monitor both the clearance of the backlog and status of ongoing assessments. Mr Moran was hopeful that this work would be complete by the end of September 2013 and **it was agreed** that a report should be presented at the next Audit Committee meeting on Wednesday 30 October 2013.

VM

Noting that a review had been carried out of the extent of compliance with the customer complaints standard and process, Lynne Berry recommended the development of a standard definition of a complaint and that the issue of redress, often overlooked in such procedures, should also be reviewed. **It was agreed** that Mr Moran would undertake this task.

VM

Mr Johnson added that revision to the Waterways Ombudsman Scheme consequent upon the Transfer to CRT needed to be implemented and that he would further update the Committee at its next meeting on 30 October.

NJ

[Confidential material removed]

13/A28 EFFICIENCY (CRT/A24)

The Audit Committee was invited to consider the adequacy of the management actions being taken to ensure compliance with the Charities Commission guidance checklist CC10 that sets out the hallmarks of an effective charity. The paper outlined a wide range of efficiencies achieved and future actions that would yield significant savings. Mr Labbett invited questions.

Replying to Frances Done, Mr Moran confirmed that there was in place an undertaking not to make any permanent post redundant in order for it to be replaced by volunteers.

The Committee deliberated whether this report should be included as part of its planning cycle and concluded that, given that this is a key area of focus for the Trustees, the Audit Committee would regularly review progress in this area.

KL

13/A29 EFFECTIVENESS OF INTERNAL CONTROL (CRT/A25)

Mr Moran's written report on the effectiveness of the internal controls was discussed and its contents accepted.

13/A30 CORPORATE GOVERNANCE STATEMENT (CRT/A26)

The corporate governance report presented by Mr Johnson was noted and approved and ***it was agreed*** to recommend to the Board at its special meeting on Tuesday 18th June that the report be included in the annual report and accounts for the period ended 31st March 2013.

NJ

Mr Johnson explained that CRT currently benchmarks against the UK Corporate Governance Code, which is applicable to companies with a premium listing on the London Stock Exchange. Accordingly, the Code had limited applicability to the Trust and Mr Labbett had been tasked with drafting a bespoke corporate governance code for CRT based on best practice examples from elsewhere in the third sector. Lynne Berry and Frances Done opined that the code ought to be accredited by a recognised body and that there was such an organisation that could provide this. Mr Labbett would liaise with Lynne Berry on this point.

KL

13/A31 TIMETABLE FOR EXTERNAL AUDIT COMPETITION (CRT/A27)

Mr Labbett presented a paper requesting that the Audit Committee approve a timetable for a review of the external audit for the financial year commencing 1st April 2014. The paper proposed that the process commence in June 2014 at the meeting of the Audit Committee to review the 2013-14 statutory accounts and for agreement of a list of audit firms that would be invited to tender. This would be followed by the issue of invitations in June 2014. The results of the tender process would be considered by an Audit Committee Selection Panel in late July 2014, which would report to the full Audit Committee ahead of the AGM in September 2014, at which the appointment of the auditor would be approved. After a short discussion, ***it was agreed*** to approve the timetable.

KL

(Messrs Ridal, Moran, Johnson and Pullinger together with Tim Lincoln, Catherine Reid, Carol Rudge, Lisa Wong and Max Joseph withdrew at 12:20)

13/A32 HEAD OF AUDIT PRIVATE DIALOGUE WITH THE AUDIT COMMITTEE

Members of the Committee met with Mr Labbett without members of the management or the external auditor being present.

Mr Labbett commended to the Committee the work of Robin Evans, who had been a strong supporter of Internal Audit and an enthusiastic consumer of its outputs. Mr Labbett opined that the link between Internal audit and the CEO was paramount in any organisation and was in particular evidence within CRT. The challenge going forward would be to build a similarly strong alliance with Richard Parry, Mr Evans's successor.

Mr Labbett commented briefly on emerging internal audit standards. The role and status of internal audit, especially in the financial services sector, was developing apace and likely to impact on the Trust's Internal Audit function going forward. Mr Labbett and his team would continue to monitor these developments closely.

(Tim Lincoln re-joined the meeting at 12:30. Messrs Labbett and Glyde withdrew)

13/A33 EXTERNAL AUDITOR'S PRIVATE DIALOGUE WITH THE AUDIT COMMITTEE

Members of the Committee met with the representatives from Grant Thornton without members of BW management present.

Mr Lincoln confirmed that there were no significant issues in relation to internal controls that required minuting. He added that the challenge for the CRT Finance Team in the year ahead would be to ensure ongoing compliance with charity accounting reporting standards.

(Messrs Ridal, Moran, Johnson, Labbett, Glyde and Pullinger together with Catherine Reid, Carol Rudge, Lisa Wong and Max Joseph re-joined the meeting at 12:45)

13/A34 DATES OF NEXT MEETINGS

1. Wednesday 30th October 2013 at 10:30 and
2. Thursday 13th February 2014 at 10:30am

Notes:

1. It was noted that Grant Thornton had kindly agreed to host both meetings;
2. The dates of all future meetings would be included both in the minutes and on the agendas.

KL

13/A35 CLOSE OF MEETING

There being no further business, the Chairman closed the formal proceedings at 12:50.

Chairman