

BUSINESS PLAN 2015/16-17/18

1 Introduction

- 1.1.1 This three year business plan sets out the Trust's direction to 2018. It reflects the ambitious 10 year strategy recently published by the Trust:
<https://canalrivertrust.org.uk/media/library/9347-living-waterways-transform-places-and-enrich-lives-our-10-year-strategy.pdf>
- 1.2 The planning process adopted has been led by this strategy, with resources aligned with the long term targets that the Trust has defined, incorporating also local input from our eleven Waterway Partnerships, and local customer priorities.
- 1.3 The background to this Plan is a very successful two years in which the Trust has handsomely beaten its financial targets. With two years of lower grant funding (£39m per annum) in 13/14 and 14/15, it was anticipated that an aggregate deficit of £10m would be incurred to ensure that funding of key maintenance and repair work would be sustained. Instead, strong income growth has meant that the Trust has instead generated a surplus of roughly £1.5m in the past two years whilst also delivering higher spend (of c.£4.5m) than planned. Consequently overall asset condition has continued to improve and other key targets – for volunteer growth and Friends recruitment for example - have also been met.
- 1.4 This success provides a firm foundation for this new business plan especially as this year the Grant payments from Government increase, with an additional £10m conditional grant per annum through the plan period (and to 2021), and the base level of grant also now rising with inflation each year.

2. Summary of the Plan

- 2.1 The Plan meets the following key criteria:
- No deficit is incurred with, currently, a small surplus planned for 2017/18 (though this will be re-examined in light of the progress of this plan during the next planning cycle).
 - Income grows steadily through the Plan period, rising by 10% from the strong 14/15 base over the three years
 - Expenditure on charitable activities also rises in line with income growth.

The headline Plan numbers are shown in the table below:

	2014/15	2015/16	2016/17	2017/18
(£m)	F10 Forecast	Plan	Plan	Plan
Gross Income	183.8	189.4	192.0	201.6
Cost of Generated Funds (incl interest)	(28.7)	(28.6)	(28.9)	(29.3)
Support Costs (incl Pensions)	(30.1)	(31.8)	(31.9)	(32.3)
Total Charitable Activities	(123.7)	(128.9)	(130.8)	(134.8)
Surplus/(Deficit)	1.4	-	0.5	5.3

3. Breakdown of the Plan

Income

3.1 The table below shows the breakdown of income forecast in this plan.

INCOME	2014/15	2015/16	2016/17	2017/18
(£m)	F10 Forecast	Plan	Plan	Plan
Investment Income (incl return from JVs)	56.2	47.6	45.4	49.5
Boating & Moorings (incl BWML)	41.6	42.8	44.3	46.2
Utilities	25.3	25.9	26.4	27.0
Voluntary income/ donations	1.7	2.4	3.1	4.1
Third Party project funding	11.2	12.5	13.4	14.1
Other income	8.8	8.2	8.4	8.7
Government Grant	39.0	50.0	51.0	52.0
TOTAL INCOME	183.8	189.4	192.0	201.6

3.2 The contribution from Investment property decreases by nearly £9m in 2015/16 compared to 2014/15 due to a combination of factors:

- there were two large one-off payments associated with developments at Canary Wharf worth just over £10m in total in 14/15 which inflated the base income figures. (For comparison the 13/14 investment income was £44.8m).
- at Paddington Basin rent falls by a net £1.5m in 2015/16 in line with the original rental agreement as the initial 20 year term ends.

Investment income includes joint venture profits which are, by their nature, “lumpy” leading to a slight decline in the income figures in year 2 of the plan.

3.3 Other income lines show steady growth, in line with the Trust’s target to grow its non-investment income by at least 1 per cent above inflation.

Expenditure

3.4 From the table in 2.1, it can be seen that the planned cost of generating income remains relatively flat at around £29m per annum throughout the plan. Support costs increase in 2014/15 and then also remain relatively flat through the plan at roughly £32m p.a. This cost includes the £7m contribution made annually towards the pension scheme deficit, and the cost of national support areas (like Finance, HR and IT) that the Trust needs in order to function, including the cost of office space and other related overheads. The increase in cost compared with 2014/15 is partly artificial, as a premium received in 14/15 (from surrendering redundant office leases) has depressed the out-turn costs. The increase also reflects an investment in strengthening some key national functions – notably HR, in additional marketing spend, and in setting up enhanced research and measurement necessary to evidence the Trust’s wider public benefit delivery.

3.5 The table below shows the breakdown of the Trust’s charitable expenditure

Charitable Activities	2014/15	2015/16	2016/17	2017/18
(£m)	F10 Forecast	Plan	Plan	Plan
Waterway Operations /Maintenance	(79.4)	(80.7)	(81.5)	(82.7)
Local 'pathfinder'/cust serv projects	(1.0)	(1.4)	(0.7)	(0.5)
Major Asset Repairs	(20.5)	(20.2)	(20.9)	(21.9)
Dredging	(6.4)	(7.3)	(8.0)	(9.0)
Third party funded projects	(13.0)	(15.5)	(15.8)	(16.7)
Museums/Attractions/Education	(3.4)	(3.8)	(3.9)	(4.0)
TOTAL CHARITABLE SPEND	(123.7)	(128.9)	(130.8)	(134.8)

3.6 The table shows the bulk of the charitable expenditure is on the day-to-day operations, maintenance and 'asset management' of the waterways - which includes the winter stoppage programme, vegetation, refuse and other operational contracts, and planned preventative maintenance activities. This shows a gradual increase, at a rate below average inflation during the three year plan as efficiency savings are achieved.

3.7 A small separate fund has been set aside for local 'pathfinder' projects promoted (largely) by the Waterway Partnerships, and for local customer service initiatives generated through local user engagement by the waterway teams. The projects identified for 15/16 are summarised at Appendix 1.

3.8 A more significant amount is set aside for major / priority asset repairs. This remains above £20m throughout, rising to nearly £22m in year three, with dredging spend also increasing through the plan in line with the Trust's long term commitment to its dredging programme - that is also yielding significant efficiency savings. The main projects in the Priority Works plan are shown at Appendix 2.

3.9 Finally, the plan reflects increased expectation of third party funded works, and a small increase in the Trust's investment in its education and youth engagement/ social action programmes through the plan period.

4 Outputs

4.1 Whilst the Trust is increasing its input to the maintenance of the waterways and its wider public benefit delivery, it will also be measuring its output to ensure that it is achieving its objectives in addition to its financial targets. This includes the following key measures:

- the percentage of assets in the worst condition (grades D and E) will remain around 15% through the plan, well below the threshold level set by Government in its contract with the Trust, with flood-related assets remaining below 2% in the worst condition
- we target to reduce the number of days of unplanned navigation closures on the waterways to no more than 900 days in total across our 2,000 mile long network.
- volunteer numbers will continue to rise, with a target of 475,000 hours for 15/16 after the success in reaching over 400,000 hours in 14/15
- Friends and other regular donor numbers are targeted to reach 17,000 by the end of 15/16 up from around 9,750 at 31 March 2015.
- We are targeting to reach 125 community adoptions by the end of 15/16 up from around 100 today
- We plan to reach 50,000 school-children with our education programme, up from over 40,000 at the end of 14/15

- We plan to grow the value of our investments (our 'endowment portfolio') by greater than the market increase.

5 Conclusion

- 5.1 This plan represents a significant step forward for the Trust as it approaches the end of its third year. It has made much progress in its short life to date and this plan will continue our progress, to deliver a sustainable long term future for our waterways. It sees increased income that in turn leads to greater on-going expenditure in our historic infrastructure - whilst also extending our impact on public benefit in line with our long term strategic goals and local priorities. This plan gives us a firm basis upon which to build our vision of living waterways which transform places and enrich lives.

Richard Parry
Chief Executive
April 2015

APPENDIX 1: LOCAL PATHFINDER PROJECTS AND CUSTOMER SERVICE PRIORITIES

Proposed Pathfinder Project 2015/16	Waterway Partnership
Undertake audit and gap analysis of customer facilities in terms of provision and quality (both land and water based e.g. portage facilities). Undertake pilots on K&A and SE waterways to test the new customer service standards and mystery shopping initiative.	K& A South East
Support Manchester & Pennines Waterway Partnership to secure DCLG Green Flag status for the Macclesfield Canal as national pilot.	Manchester & Pennine
Develop and pilot a model destination development and management plan for Foxton or Stoke Bruerne.	South East
Develop a NE Non Powered Boating Strategy & Action Plan to widen participation	North East
"Paddle to the Heart" initiative with Canoe England and Birmingham City Council	West Midlands
Hold a showcase event in Nottingham as a national pilot in developing event management model for the Trust	East Midlands
Bicentennial for Leeds & Liverpool canal in 2016, possible funding for delivery post, linked to Pennine Lancs Super Slow Way (funded by the Arts Council)	North West
Develop the Mid Worcestershire Canal Ring Arts Trail programme at key gateways and visitor hubs around the 21 mile Mid-Worcestershire Canal Ring.	South Wales & Severn
Schools Programme (Key Stage 3) - Develop a programme of engagement with schools and academies to reduce anti-social behaviour and to create future supporters e.g. Nuneaton, Coventry and Leicester. CRT Explorers to develop a programme supported by the Partnership with 8 schools per annum visited in key areas.	Central Shires
Produce a Hillingdon waterside / waterspace regeneration strategy - prospectus on exemplar waterside developments and how the amenity value of canals is transforming places and enriching lives, building on key waterside opportunities presented by Tottenham Hale Village (Haringey), Meridian Water (Enfield), Walthamstow Wetlands (Waltham Forest)	London
Partnership with Derbyshire County Council and Derbyshire Youth Council facilitated and structured events consulting with young people to identify potential projects that will get young people engaged in waterways.	East Midlands
Partnership to develop two "products" specifically designed for children and young people so that canals and rivers are more relevant to the younger population	K& A
Develop and secure external funding for proposals for pop up school and summer school concept at Sea Cadet site at Thwaite as pilot	North East
Support the delivery of a pilot Natural Health Service Project centred on the Weaver Valley.	North Wales & Borders
Develop and implement Engagement Programme with Faith Leaders in conjunction with Esmee Fairburn funded project within Birmingham and the Black Country.	West Midlands

Develop a Moorings policy for London based on the four themes of capacity, communication, behaviour and management.	London
NW Partnership to establish task group of members to promote and secure community and business adoption schemes in Pennine Lancashire area in 2015/16 as pilot area.	North West
Community Engagement / Stewardship initiatives in Dewsbury and Muirfield (Kirklees MDC). Develop and submit lottery bid for the extension and expansion of the Dewsbury Renaissance Project to link to the Muirfield Promenade, connecting at least 15 community groups (including Asian and mental health groups) with the aim of delivering a large scale community adoption and stewardship scheme	North East
To provide and secure adoption of a community workboat for the Worcestershire waterways. Identify a suitable boat and secure the necessary resources for its conversion. Work with a local group to secure the boats adoption, and provide the necessary support to develop a volunteer programme	South Wales & Severn
Dry stone walling volunteering initiative - volunteering and training initiative on the Rochdale Canal	Manchester & Pennine
"Friend Raising" - Develop branded local marketing and fundraising materials that can be tailored and used by Partnership Members and Waterway Units at local events, festivals and open days	Central Shires
Develop and implement a programme of political engagement with riparian MPs and Peers	West Midlands
Produce Local Stakeholder Engagement Strategy (including stakeholder mapping) and Local Community Engagement Strategy for each Partnership area. Develop and implement a programme of engagement with Riparian Local Authorities, Parish Councils and County Parish Forums	ALL
Hold Neighbourhood Planning Seminar & Workshop with group of Parish Councils to explore the appetite to establish an Alliance of Neighbourhood Planning Organisations. Central Shires Partnership member has secured DCLG funding to explore the development of the alliance concept.	Central Shires
Develop a Planning Obligations (S106) Strategy identifying Priorities for Partnership Area for engagement with Local Planning Authorities	North Wales & Borders

Customer Service priorities:

Waterway Unit	Priority 15/16
Central Shires	Visitor moorings
East Midlands	Boating , visitor mooring creation or improvement (Kiveton, Lincoln, Bardeny, Dogdyke, Fiskerton, Meadow Lane)
Kennet & Avon	Avoncliffe water point
Kennet & Avon	Caen Hill Floating Welcome Station
London	Additional Bin compounds for boaters' rubbish, Feildes Weir, Lee Bridge, Acton's Lock and Hertford Union
London	Facilities improvement new water points Lee Bridge, Slough Basin, Bankside/ Ponders End
London	Signage at Visitor destinations top 100 sites (13 in London)
London	Mooring ring installation various for London mooring strategy
Manchester & Pennine	Peak Forest visitor moorings
Manchester & Pennine	Operation & Maintenance agreements

Manchester & Pennine	Standedge development plan
North East	Salterhebble conversion of old stables to make meet and greet centre /promotions/education training.
North Wales & Borders	Complete remedial works on restored section of Montgomery Canal, recently completed by volunteers
North West	Customer service - Service Station improvements Eldonian village, Apperley Bridge
North West	Princes Lock Pontoon
South East	Signage at visitor destination 14 of the top 100 sites are in the South East Waterway
South East	St Edwards Service Station (reinstate after fire)
South East	Braunston Elsan Improvement
South Wales & Severn	Mon & Brec Visitor Mooring improvements (recent VM Review identified no. of S1 sites fail acceptable condition standards)
West Midlands	Graffiti: Match funding to local authorities. Hire/purchase of appropriate equipment
West Midlands	Stourport Welcome Station

APPENDIX 2 : SIGNIFICANT PRIORITY PROJECTS / MAJOR WORKS 15/16

Project Name / Location
Bosley Reservoir – works to raise dam and improve draw-off capacity
Llangynidr Relining, Mon & Brec
Manchester & Pennine area – Address High Proportion D and E Assets
Culvert Surveys 2015/16
Islington Tunnel and Portals, Regents Canal – address missing brickwork
Footbridge 45G Alrewas, Trent & Mersey – to avert deterioration
West India Dock Lock - Outer Northern Gate Pintle, to ensure dock remains manageable
Woodseaves Cutting Phase 2, Shropshire Union – works to avert collapses
Worcester & Birmingham Lock Brickwork Repairs
Lapworth Locks Repairs, Stratford Canal
Harthill Reservoir Safety Work (Spillway and Valve)
Horbury Culvert No. 10, Calder & Hebble
National Lock Grouting 2015/16
Startops End, Wilstone and Marsworth Reservoirs safety works
Goytre Aqueduct/ Weir/ Culverts, Mon & Brec
Lock 63, Trent & Mersey Stabilisation work, to address movement and voids
Dock Lane Swing Bridge, Llangollen canal - safety improvements
Allotment Bridge 29 and Towpath Repairs Bridge 28-30
River Tame Aqueduct, Peak Forest structural repairs
Bridge Painting – to avert costly replacement
Lower Bittell/ Mill Shrub Embankment Retaining Wall (road currently restricted)
Bridge 131, Lancaster Canal Retaining walls – repair failed wall, limiting access
Sheffield Lock, Kennet & Avon - repairs to timber king posts on original turf sided structure
West Midlands Cuttings, address severe weathering of rock face
Brick Lock, Soar navigation – works to address lock leaks affecting neighbours
Leaches Swing Bridge, Llangollen canal – works to address significant corrosion
Bridge 1, Walker, Calder & Hebble – works to address damaged towpath/ culvert
Soulbury Pumping Station, Grand Union – heritage at risk project, to avert further deterioration
Park Farm Cottage Culvert, Gloucester & Sharpness – work to address risk of breach
Bolton Le Sands Embankment, Lancaster canal – work to address flood risk affecting neighbours
Niffany Swing Bridge, Llangollen Canal – work to address rotten deck
Manchester & Pennine Washwall Repairs
Regents and Hertford Union Waterway Wall Repairs to avert collapse