

Canal & River Trust Grant Review Meeting
Tuesday 5th April 11.00- 12.00, Nobel House room 105

Attendees:

Defra:

Shirley Trundle (Chair)

Redacted

Redacted

Redacted

Canal & River Trust:

Sandra Kelly

Richard Parry

Apologies:

Allan Leighton

Tom Surrey

Redacted

Redacted

Note of meeting

1. Introductions

Shirley Trundle welcomed everyone to the eleventh grant review meeting between Defra and the Canal & River Trust and introductions were made. Shirley welcomed [Redacted] as Defra's new commercial lawyer on waterways issues.

2. Actions from the last meeting, December 2015.

2.1 The note of the last meeting has been agreed and redactions confirmed. There are two outstanding actions: the meeting between Defra and the Trust's estates teams to look at the Trust's asset management strategy will now be arranged for May as the run up to end of financial year has been particularly busy. Defra Estates team has the contact details of the Trust's asset manager and will be in touch with the Trust soon to arrange a suitable date. Secondly, Defra and DCMS will receive the paper covering health, learning and skills from the Trust in due course. The Trust has already been in direct contact with DCMS following Defra providing contact details.

2.2 Redacted commercially confidential

2.4 Grant review meetings for 2016 have now been agreed for 26 July and 30 November.

3. CEO update

CRT provided a general update on the Trust's recent progress, governance matters and current public and media issues, as follows:

3.1 Flood Response - over 3,500 hours of volunteer's time has been given and much of the immediate repair and clean-up has been completed. Recovery proceeds steadily and most of the waterways are on track to re-open by end of June. Calderdale has had additional money approved and are in discussion with the Trust

about the amount which will go to the canal and towpath network. They will be looking at enhancements where possible rather than like-for-like. Funding for Cumbria and Leeds had not yet been confirmed but the Trust is continuing to discuss with them. The Trust's main focus on bridges is being delivered. The chair congratulated the Trust on their recovery work and the extent of the volunteer effort. RP suggested that the volunteer engagement would be a lasting legacy. He explained that the Trust would want to give an account of the work funded through the flood fundraising appeal which would likely be the materials used by the volunteers

3.2 HS2 - The Trust had made a successful appearance at HS2 committee about conjunction of railway and waterway and making it aesthetically pleasing. The committee has encouraged the perspective of canal users to be strongly taken into account in the design of infrastructure. The Trust is hopeful that HS2 will adopt the recommendations relatively easily. Engagement has started on phase 2. The chair flagged that Defra has been in touch with the HS2 Design Panel and that, at its next meeting with Defra on 5th April, Defra would be happy to point the Panel in the Trust's direction, which was accepted by the Trust.

Action: Defra to point the Panel in the Trust's direction at its next meeting

3.3 Housing & Planning Bill – the Trust had written to DCLG Ministers today about its concerns that the new type of 'planning permission in principle' contained within the Housing and Planning Bill, will undermine the Trust's current role as statutory consultee for any development that affects its waterways. This is not only in relation to aesthetics but also providing structural advice to developers where they are building near a waterway, to avoid problems later.

Action: The Trust to provide Defra with a copy of its letter to DCLG

3.4 Volunteering and fundraising – The Trust were pleased with the "Heritage Heroes" programme which comprises a new kind of volunteering work.

3.5 Property Development - The Trust has entered into a joint venture agreement with Birmingham City Council and a consortium made up of developers Urban Splash and People & Places to take a large brownfield site in central Birmingham and build 1,150 homes over the next 5 years or so. The Trust cautioned that it would be some time, at least two years, before there would be any income from this agreement.

3.6 People – CRT advised that the pensions' consultation had created a very positive staff engagement opportunity to explain how the existing pension scheme works as well as discussing the proposed changes. The decision has not yet been taken on the future of the scheme but there would likely be modifications as a result of the consultation. Redacted commercially confidential information The new National Asset Strategy Manager could usefully be involved in the planned estates meeting.

4. Interim Funding Update:

The Trust provided a summary for the nine months ending December 2015 and confirmed that they expected the overall result to be broadly break-even for the whole financial year. A lot of activity happens at the tail-end of the financial year, which is also weather dependant. If the break-even position changes, the Trust will provide a short-note to the chair. The Trust also explained that they were not experiencing any issues with the conversion to FRS102 although a lot more information was now expected. Defra confirmed they were content.

Action: If the break-even position changes, the Trust to provide a note to the chair.

5. Business Plan:

5.1 CRT provided various papers in relation to their business plan. The Trust's overall strategy remains unchanged – “living waterways, transforming places and enriching lives”, with updated ten year targets to reflect experience since they were originally set in October 2014. Organisational KPIs have been developed to enable the monitoring of progress towards these targets and a programme of activities has also been identified.

5.2 The financials paper (CRTGR024) sets out the financial context for 2016 - 19 to progress towards the ten year targets as well as the achievement of the strategic programmes. The Board had agreed to use the surplus generated in 2014/15 to smooth the overall profile over the plan period to protect the level of investment on the waterways. Further work and stress testing will be undertaken in the coming months on the investment portfolio, which may lead to recommendations on possible changes in the investment strategy.

5.3 The plan absorbs the flooding costs from the 2015/16 extreme weather events but further work is needed by the Trust to consider:

- Whether the Trust should move to an insurance rather than a self-insurance model. The Trust already insures against damage to other people's property but there can sometimes be issues where householders' insurance (for example) does not cover damage to the Trust's property. Some contact with other bodies who maintain heritage assets, such as the National Trust, might be helpful;
- How much extra resilience should be built into rectification and recovery work. Where there is regular flooding, (e.g. River Ouse) this is already allowed for. The Trust would consider the outcome of the Cabinet Office's resilience review in this regard as this includes consideration of forecasting;
- Reserves policy in terms of how much should be set aside in reserves to allow for future extreme events;
- The likely impact on income, in terms of boating/ moorings and impact on waterside development. The effect on income so far has been only at the margins but there may be a “tipping point” if there are flood or other extreme events causing damage in successive years.

5.4 The Trust could also be part of the solution in some cases in terms of moving water around the canal network in a flooding situation.

Action: C&RT to provide an update on their thinking on this issue at the next grant review meeting

5.5 The financials paper sets out the 'Defra funding' until 2018/19. Defra noted that the Trust had used the agreed inflation figures for 2016/17 and 2017/18 but wondered what figure had been used for 2018/19.

Action: SK to confirm the inflation figure used by the Trust for 2018/19 to Rachel Boulderstone

6. Risk

.[Redacted commercially confidential information]

7. AOB:

7.1 Water abstraction – the Trust had tabled two papers – one in relation to England and one Wales. The Trust was preparing its response to the English consultation. It was concerned to avoid being disadvantaged given its long history of abstraction and sustainable water management. Redacted commercially confidential information..

7.2 EA Navigations - The working group had made very good progress and the Trust was very pleased with the engagement from the Agency. Sir James would be going out with RP on 28 February. The Trust considered that most of the navigation assets were in good condition but this was not so for the flood and coastal risk management assets, such as weirs and sluices, so including such assets would pose more risk for the Trust and therefore likely require more funding. Redacted commercially confidential information]

Action: Redacted commercially confidential information.

Action: Defra to consider what might be appropriate timing for a Ministerial meeting

7.3 RP reiterated the Trust's open invitation to Defra Ministers and officials to visit the waterways.

Summary of actions

Actions	Who?
Defra and the Trust to arrange estates meeting in May to discuss the asset management system and shared experiences, to include the Trust's new National Asset Strategy Manager.	HR/C&RT
Redacted commercially confidential information	C&RT/RB

CRT to share paper on their work with Cardiff University, covering health, learning and skills with Defra and DCMS	C&RT
Defra to point the HS2 Design Panel in the Trust's direction at its next meeting	Defra
The Trust to provide Defra with a copy of its letter to DCLG in relation to the Housing and Planning Bill	C&RT
If the expected 2015/16 break-even financial position is not borne out in reality, the Trust to provide a note to Defra	SK
C&RT to provide an update on their thinking on how flooding is incorporated into their business planning at the next grant review meeting	C&RT
SK to confirm the inflation figure used by the Trust for 2018/19 to Rachel Boulderstone	SK
Redacted commercially confidential information	Defra
Defra to consider what might be appropriate timing for a Ministerial meeting on the EA transfer	Defra

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Inland Waterways Team**