

Matters arising:

Non-compliant continuous cruisers (minute 12/072): Mr Salem undertook to keep the Trustees updated in relation to this issue.

SS

Braunston Marina (minute 12/074): It was noted that planning consent had been granted in relation to the marina development at Onley.

Waterways Ombudsman (minute 12/077): Mr Johnson reported that a new Ombudsman, Mr Andrew Walker, had been appointed by the Waterways Ombudsman Committee to succeed Hilary Bainbridge.

[Confidential minute concerning commercial matters redacted.]

12/091 EXPANDING THE NETWORK (CRT 36)

Mr Evans presented a paper on the expansion of the waterway network, which set out a range of policy options. The Trustees were invited to consider and agree which if any of these options should be adopted.

At present, the Trust continued to operate the policy previously adopted by BW. The Trustees discussed the relative advantages and disadvantages of each alternative approach set out in the paper and after careful consideration asked the executive to consider setting up a small bespoke unit to champion and provide limited technical support for waterway restoration, giving consideration on a case-by-case basis to specific schemes as these presented.

RE

12/092 CHIEF EXECUTIVE'S REPORT (CRT 37)

The Chief Executive presented his written report and drew to the Trustees' attention the Trust's contribution to the Government's response to the consultation on improving the listed building consent process. Mr Johnson updated the Trustees on outstanding legal issues associated with agreements with Scottish Canals and the Scottish Waterways Trust for the transfer of funds from CRT and The Waterways Trust respectively.

Mr Evans presented the findings of the most recent employee survey, which had been conducted following the change of status. The Trustees were invited to comment on the survey findings and their feedback was duly noted and would be taken into consideration when formulating an action plan to address the report's recommendations.

12/093 FINANCE DIRECTOR'S REPORT (CRT 38)

Mr Ridal presented his written report. With reference to accounting policies for the Trust, the main issue remained the fair value assessment of the opening balance sheet for the Trust. Historically, waterway infrastructure assets had been valued at nil in BW's balance sheet (given the extensive liabilities) and these had been re-valued in accordance with UK GAAP. Grant Thornton, the external auditor, concurred with the executives' interpretation of the standard, namely, that the waterways should continue to be valued at nil. However, Grant Thornton had asked that the matter should be discussed with the Head of Accounting at the

PR

Charity Commission because the Trust is a new charity. A briefing paper was being prepared for the Charity Commission. Mr Ridal did not anticipate any risk in this issue.

Mr Ridal reported that a draft set of reserves policies was being prepared for submission to Defra and would be the subject of a future Board paper.

PR

It was noted that year-to-date waterways expenditure was behind plan but would catch up to meet the F6 forecast.

The Trustees noted the new KPI report and congratulated the executive on the clarity achieved in the report and for the high number of green indicators. Jane Cotton noted the increase in rates of absenteeism and was assured that the executive team was considering and addressing the implications of this issue.

12/094 DECISION PAPERS (CRT 39)

The following matters were considered and agreed:

- 1) **Annual Public Meeting 2013:** The Trustees were asked to consider a paper outlining the approach to the 2013 annual public meeting. It was agreed that the meeting should be brought forward from September to Tuesday 9th July 2013 to link the meeting to the publication of the annual report and accounts.
- 2) **Change to Bank Mandate:** The Trustees approved the proposed changes to the bank mandate;
- 3) **Draft CRT Rules:** The Trustees were invited to comment on the draft Rules. Subject to the incorporation of the revisions made in the light of feedback from Council, a final draft would be prepared and submitted to the Secretary of State by 31st December for approval.

SS

PR

NJ

12/095 FUNDRAISING REPORT

Mr Salem's written report was received and noted. Following the launch in the summer, the Trustees were gratified to note that, despite the current economic environment, over 2,000 friends had been recruited. It was to be expected that rates of growth would be affected by the uncertainty in the wider economy but learning points were being factored into the 2013/14 fundraising plan.

SS

12/096 OPERATIONS REPORT

Mr Moran reported on the work currently underway to rectify a breach on the Trent and Mersey Canal at Dutton following a recent prolonged period of intense rainfall. Mr Evans suggested that the IWA be invited to view the remedial works and this would be followed up.

VM

12/097 SMALL HYDRO COMPANY

Mr Johnson reported that an injunction had been awarded in favour of the Pride of Derby Angling Trust against the Small Hydro Company in relation to the potential interference with fishing rights at Sawley Lock posed by a scheme being developed by that Company on Trust land. Following a meeting with legal counsel attended by Mr Johnson and others, it had been concluded that it would

not be in the long-term commercial interests of the Trust to pursue an appeal.

12/098 DATE OF NEXT MEETING

Thursday 24th January 2013.

12/099 CLOSE OF MEETING

There being no further business, the Chairman closed the formal proceedings at 11:30 am.

Chairman

MEMORANDUM TO THE BOARD

Restoring and Expanding the Waterway Network

1. The inland waterway network

CRT managed navigable waterways	– c2000 miles
Total current navigable inland waterways	- c3000 miles
Peak historical navigable waterways	- c5000 miles

2. EA navigations

Trustees have previously confirmed our appetite for taking over the EA navigations (circa 750 miles including Thames, Medway and East Anglian waterways – but not the Broads). We have already begun early discussions with the EA and these will continue for most of 2013. Trustees will receive a full initial briefing on the scope and scale of the possible merger early in the New Year.

This paper includes only current Canal & River Trust navigations.

3. Background

The renaissance of the inland waterways from derelict and unloved back waters to the treasured network of today came about through the enthusiastic and determined efforts of many waterway enthusiasts. That same spirit and determination exists today in dozens of groups, trusts and societies around the country who are dreaming and planning of reopening a derelict waterway in their community. There are also a few examples (Daventry, Bedford – Milton Keynes) of plans for brand new waterways with no historical precedent.

A list of current campaigns and restorations is attached at Appendix A

British Waterways has had a chequered past when it comes to restoration. Some boaters never have, and probably never will forgive government for filling in and closing canals in the 60's. Even though this was the work of the British Transport Commission, BW has, perhaps unfairly, become associated with it. From the start of its life BW was far more proactive in helping to reopen lost waterways. By the late 90's and early part of this century BW had become recognised as having led a remarkable expansion of the network and BW reached a peak of popular support amongst boaters at this time. BW had capitalised on increased public spending, the creation of the lottery and the proven ability of restored waterways to act as a catalyst for urban and rural regeneration. Over this period BW brought 200 miles of waterway back into navigation.

A chronological list of restorations (courtesy of IWA) is attached at annex B

A characteristic of these projects was that the funding was fixed with little or no allowance for contingency/risk. Consequently BW invariably ended up paying to finish

the project out of its own funds thereby diverting funding away from day to day maintenance.

After 2005 funding quickly dried up as the Millennium Commission was wound up, the remaining Lottery concentrated on the Olympics and government spending began to reduce. Nevertheless BW continued to expand the network with the opening of the Liverpool Link in 2009 and the Droitwich Barge Canals in 2011. Unfortunately the goodwill BW had created in previous years evaporated when it withdrew from the Cotswold Canal restoration in 2006 after spending £1.5m of its own funds (it had pledged £6m). BW did this because it was clear that the project was underfunded (and has subsequently proved to be so) and BW was faced with an unexpected £7m repair bill for the Mon and Brec canal breach.

As BW concentrated its resources on improving the existing navigations (which had deteriorated over the decade when attention was focussed on restoration) it could only provide advice and engineering expertise to the restoration societies. BW in recent years has been criticised in some quarters for losing its restoration zeal and not matching the achievements of previous decades.

The IWA has some good pages on restoration which can be found at https://www.waterways.org.uk/waterways/restoration/about_waterways_restoration.

4. What makes Restoration (and new build) possible?

There are generally two types of restoration/new build projects and they have different characteristics and routes to success

i) Large Scale – where a long length of waterway is to be restored

Characterised by:

- An enthusiastic active campaigning local community
- A major funder (traditionally the Lottery or RDAs supplemented by European or LA funding)
- A competent delivery organisation (traditionally BW)

ii) Small scale – where short lengths are restored in a piecemeal fashion.

Characterised by:

- o As always an enthusiastic and campaigning local community
- o Occasional sporadic progress through third party works. For example a highways authority building a new road and creating the cutting or bridge for the waterway or the LPA requiring a developer to restore a section of canal as part of a section 106 agreement.
- o Local volunteers either doing the physical work themselves or raising funds locally (or a combination of both)

5. Identifying the next successful project

Restoration is very much a local issue and because of this it may not be easy to get a consensus as to the most important or desirable project. Some projects add greatly to boating enjoyment because they create new or extended cruising rings. Others are less important to boating but have powerful regeneration characteristics. Experience has shown that it is even more difficult to know which projects are most likely to get the funding and achieve completion because projects can suddenly become viable as unexpected and unconnected events create political or financial support. The trick seems

to be to keep a number of projects on the back burner ready to capitalise on any sudden change in circumstance. The local enthusiast groups do this very well.

6. The Trust's Policy

We currently operate under BW's policy of being enthusiastic supporters of expansion but not allocating any significant resource towards it. We give advice and non-financial support where we can but our priority is to improve the condition and attractiveness of the existing navigations. We are willing and able to project manage large restorations if and when funding becomes available.

Over the next 2-3 years we will be putting a lot of effort into expanding our network by trying to bring the EA navigations into the Trust. We are keen to have them but only on terms that ensure we can absorb them without undue risk to our existing network, reputation and customers.

There are many enthusiasts who hope the Trust will take a more proactive and prominent role in restoration and give it greater priority. There is no doubt this would be welcome by the majority of traditional stakeholders and the communities around the chosen project. It is also something we know the wider public will support. The downside is reduced spending on maintenance. A more positive stance by the Trust might well attract small scale voluntary giving but it might also be at the expense of fundraising for core maintenance.

The Trust will always support restoration because it believes waterways add to the quality of life and therefore more navigable waterways are a good thing. If we are to help keep alive the spirit of restoration and the growth of the network we need to see at least one successful major restoration completed within the next 10 years. If the Trust were the acknowledged to be one of the leaders of such a restoration it would enhance our wider reputation as a proactive organisation with a mission to grow its network. It would also have a huge impact on our traditional stakeholders and help them on their journey to recognise the Trust as the navigation champion.

The question is where would this fit into our priorities and what resource can we afford to allocate.

7. Our Statutory Duties and Commitments to Defra

The Trust has, under statute, onerous responsibilities for the care and maintenance of the existing network. Whilst this does not preclude involvement in restoration the Trust cannot be seen to be ignoring its statutory duties in favour of large scale investment in expansion.

It is also important to consider Defra's view on any significant investment in expansion. When we negotiated the funding agreement we forecast and modelled our income and expenditure for the next 20 years. This model became the basis on which our funding need was assessed and as a result we obtained the 15 year funding agreement with the additional £10m 'performance' grant and index linking.

It is important to remember that the model did not forecast any expenditure on restoration with the majority of 'new' income being applied to maintenance and repair. If we now decide to allocate significant resource to restoration we can expect some reaction from Defra as they will want to be convinced that we are doing all we can to reduce the maintenance liability over the next 15 years – not increase it.

8. Options

The options available to the Trust can be summarised as:

a) Status Quo

Continue with the existing policy of enthusiastic support and technical advice but without the allocation of significant resource. Confirming our keenness to take on the EA navigations and saying this will be our expansion priority for the next 3-4 years.

Advantages:

- low cost
- keeps Trust's restoration ambitions alive but only just

Disadvantages:

- Misses opportunity to reposition Trust as navigation champion
- Doesn't grow wider appeal of Trust

b) Status Quo Plus

Mark a change of emphasis by demonstrating our enthusiasm for expansion by allocating a relatively small amount of money (say £100K) to support a particular project

Advantages:

- Demonstrates Trust's desire for expansion
- Stakeholders will understand funding constraints prevent more ambitious proposals

Disadvantages

- Neither one thing or the other
- Will have a marginal impact on reputation and expansion
- Takes funding away from maintenance

c) Become a Catalyst for restoration.

Set up a specialist unit to champion and support waterway restoration (providing tools for community campaigners, browbeat local planning authorities, work to promote awareness of 'lost canals' etc). This could be a small team that brought in other experts as and when funds were available (either through sponsorship, grants or commercial consultancy fees).

Advantages:

- Shows real commitment whilst concentrating resources on the existing network and on the absorption of the EA navigations;
- Projects the Trust's image as forward-looking and pro-restoration;
- Builds closer associations with IWA/WRG and canal societies;
- Allows us to pick and choose the most viable projects to get more fully involved in.

Disadvantages:

- Could become just another passionate advocate without any end result
- Campaigning can create as many enemies as friends
- Diverts resource away from maintenance
- May find ourselves spreading ourselves too thinly and not making an impact

d) Full Monty

Make restoration a priority and allocate a meaningful amount (£1m pa or more) to achieve real growth in the network each year. We could start on our own network with the completion of the Montgomery canal.

Advantages:

- Unequivocal statement about our passion and commitment to restoration and expansion
- Make a big impact on relationship with traditional stakeholders
- Trust seen as dynamic and making a difference

Disadvantages:

- Expensive and diverts funds from maintenance
- Experience suggests costs will be underestimated.
- No guarantee of third party funding so impact may be more muted than we would have wished

e) Expanding use not length

We could say that at this time we are more interested in growing the number and types of user rather than the physical length of the network. We might consider that there is greater public benefit to be gained by making our waterways more attractive to canoeists and young people than by regeneration through physical expansion.

Advantages:

- Inexpensive
- Appeals to a new audience
- Expands our reputation and influence by working with different people and different organisations

Disadvantages

- Will not help to bring traditional stakeholders on board and could make them hostile because it increases competition for water space and resources
- May be more difficult to demonstrate we have made a difference

9. Expansion through acquisition of waterways in the control of others

Over the past two years, as the formation of the Trust was being discussed, there was a lot of interest in whether we would aggressively look to take on other smaller navigation authorities.

There are a number of canals and rivers run by private companies (eg Manchester Ship Canal), Local Authorities (Basingstoke Canal), Trusts (IWA's Blackwater and Chelmer).

Our standard response has always been that the Trust has been formed to run the old BW navigations and possibly in due course the EA's. That is more than enough to be going on with and we have no plans to take on any other waterways. However, if the Trust was approached by a navigation authority to take on its waterways the Trust would certainly consider the possibility but an important pre requisite would be that these waterways came with sufficient funding to maintain them for the future.

It would be helpful if the Trustees could confirm that this remains the Trust's policy

10. Summary

Trustees are asked to consider which if any of the policy options above should be adopted. If one is favoured the executive will work up the details and bring back a formal policy proposal and a costed action plan for adoption.

Trustees are also asked to confirm the Trust's policy on taking over other navigations.

Annex A

Waterways Currently Under Restoration or Being Campaigned For

Those marked with an * are either existing, or would connect into, CRT waterways

A

Ashby Canal - Northern Reaches*
Ashton Canal - Hollinwood Branch*
Ashton Canal - Stockport Branch*
River Avon (Warwickshire) - Higher Avon*
Aylsham Navigation

B

Barnsley and Dearne & Dove Canals*
Bedford to Milton Keynes Link*
Bradford Canal*
Bridgewater Canal - Runcorn Locks* This links Bridgewater Canal and Manchester Ship Canal, neither of which are CRT's
Bude Canal

C

Caldon Canal - Leek Branch*
Cambridgeshire Lodes
Chelmer & Blackwater Navigation extension
Chesterfield Canal*
Chichester Canal
Cotswold Canals - Stroudwater Navigation
Cotswold Canals - Thames & Severn Canal
Cromford Canal

D

Derby Canal
Driffield Navigation

E - F

Fens Waterway Link*
Forth & Clyde Canal - River Carron

G

Grand Union Canal - Buckingham Arm*
Grand Union Canal - Daventry Arm*
Grand Union Canal - Foxton Inclined Plane*
Grand Union Canal - Wendover Arm*
Grand Western Canal
Grantham Canal*

H - K

Herefordshire & Gloucestershire Canal
Horncastle Navigation
Itchen Navigation
River Ivel Navigation

L

Lagan Navigation
Lancaster Canal - Northern Reaches*

Lapal Canal
River Lee Navigation - Bow Back Rivers*
River Leven Navigation
Lichfield & Hatherton Canals*
Little Ouse extension
Llangollen Canal - Whitchurch Arm*
Louth Navigation

M

Manchester Bolton & Bury Canal*
Melton Mowbray Navigation
Monmouthshire Canal
Montgomery Canal*

N

Neath & Tennant Canals
North Walsham & Dilham Canal
North Wilts Canal | Links Wilts and Berks with Thames and Severn, neither CRT's

O

River Ouse (Sussex)

P - R

Pocklington Canal*
Portsmouth and Arundel Canal
The Rother Link

S

Sankey (St Helens) Canal*
Shrewsbury & Newport Canals
Sleaford Navigation
Somersetshire Coal Canal
Stafford Riverway Link
River Stour (Essex & Suffolk)
Stourbridge Canal - Fens Branch
Stover Canal
Stowmarket Navigation (River Gipping)
Strabane Canal

Stroudwater Canal* (links Severn with Thames & Severn)
Swansea Canal*

T - V

River Thames - Maidenhead Waterways
Thames and Medway Canal
Trent & Mersey Canal - Burslem Port Branch*
Ulster Canal
Uttoxeter Canal

W - Z

Wey & Arun Canal
Wilts & Berks Canal*
River Wissey extension

Annex B Chronological list of canal restorations

Waterway	Miles	Kilometres	Date reopened
Great Ouse - St Ives to Eaton Socon	15.6	25.1	1938
Llangollen Canal - main line	46	74.1	1955
Oxford Canal - Wyken Arm	0.1	0.2	1959
Lower Avon (Worcs)	28	45.1	1962
Ports Creek (part of the Portsmouth & Arundel Canal)	1	1.6	1963
Stratford-on-Avon Canal - southern section	12.5	20.1	1964
Yorkshire Ouse - Linton Lock Navigation	9.5	15.3	1966
Stourbridge Canal - main line	6.5	10.5	1967
Great Ouse - Old West River (Earith to Pope's Corner)	11.5	18.5	1968
Grand Union Canal - Welford Arm	1.5	2.4	1969
Birmingham Canal - Old Main Line loops	4	6.4	1970s
Brecon & Abergavenny Canal	33.3	53.6	1970
Dilham Dyke	0.5	0.8	1972
Dudley Canal No 1 - Dudley Tunnel and entrances	2.5	4	1972
Erewash Canal - Gallows Inn Lock to Langley Mill	5	8	1973
Grand Western Canal - Barge	11	17.7	1973
Ashton Canal	6.5	10.5	1974
Upper Avon (Worcs)	17.5	28.2	1974
Birmingham Canal - Titford Branch	1.8	2.8	1974
Caldon Canal - main line	17.5	28.2	1974
Caldon Canal - Leek Branch	3	4.8	1974
Dudley Canal No 2 - Windmill End to Coombeswood	2.5	4	1974
Peak Forest Canal - Marple to Dukinfield	8	12.9	1974
Rochdale Canal - Dukes Lock to Ducie Street	1.2	1.9	1974
Middle Level Navigations - Well Creek	5.5	8.9	1975

Oxford Canal - Old Engine Arm	0.3	0.5	1977
Great Ouse - Eaton Socon to Bedford	15.5	24.9	1978
Montgomery Canal - Arddlin to Berriew	11.5	18.5	1980s
Llangollen Canal - Prees Branch	1.5	2.4	1980
Staffs & Worcs Canal - Hazelstrine Arm	0.2	0.3	1980
Stourbridge Canal - Stourbridge Arm	2	3.2	1981
Birmingham Canal - Ridgeacre Branch	1.5	2.4	1982
Grand Union Canal - Saltisford Arm	0.1	0.2	1984
Pocklington Canal - East Cottingwith to Melbourne	4	6.4	1986
Sleaford Navigation - River Witham to Coblers Lock	7.6	12.2	1986
Bridgewater Canal - Castlefield Basins	0.1	0.2	1988
Chesterfield Canal - Chesterfield to Staveley	5	8	1990s
Kennet & Avon Canal - Bath to Hamstead Lock	53.5	86.1	1990
Kennet Navigation - Bulls Lock to Tyle Mill Locks	8.5	13.7	1990
Basingstoke Canal - to Greywell Tunnel	31	49.9	1991
Forty Foot River - Welches Dam to Horseway Lock	2.4	3.9	1991
Chelmer & Blackwater Navigation - Springfield Basin	0.5	0.8	1993
Bridgwater & Taunton Canal	16	25.7	1994
Shannon-Erne Waterways (Ballinamore & Ballyconnell Canal)	7.5	12.1	1994
Dudley Canal No 1 - Grazebrook Arm & Pensnett Canal	0.1	0.2	1995
Little Ouse - above Brandon Lock	1.5	2.4	1995
Monmouthshire Canal - Pontymoile to Pontnewydd	2.2	3.5	1995
Montgomery Canal - Frankton to Maesbury	6.1	9.8	1995
Walsall Canal - Walsall Arm	0.1	0.2	1995
Grand Union Canal - Lapworth Link	0.1	0.2	1996

Ripon Canal	2	3.2	1997
Bude Canal - Sea Lock to Falcon Bridge	0.1	0.1	2000
Forth & Clyde Canal	35.2	56.6	2001
Great Ouse - Flood Relief Channel (new navigation)	6.5	10.5	2001
Huddersfield Narrow Canal	21	33.8	2001
Ribble Link (new waterway)	3.5	5.6	2002
Rochdale Canal - Ducie Street to Sowerby Bridge	30.8	49.6	2002
Union Canal	32	51.5	2002
River Weaver Navigation - Anderton Boat Lift Branch	0.1	0.1	2002
River Ancholme - above Harlem Hill Lock	2.5	4	2003
Chesterfield Canal - Worksop to Norwood Tunnel	7	11.3	2003
River Severn - Lydney Docks	0.1	0.1	2004
Ashby Canal - Moira Section	0.5	0.8	2005
Grand Union Canal - Wendover Arm - above Tringford	0.5	0.8	2005
Peak Forest Canal - Bugsworth Basin	0.1	0.2	2005
Bow Back Rivers and Prescott Sluice	4	6.4	2008
Bude Canal - Falcon Bridge to Helebridge Wharf	2	3.2	2009
Leeds & Liverpool Canal - Liverpool Link	0.5	0.8	2009
Manchester Bolton & Bury Canal - Middlewood Section	0.1	0.2	2009
South Forty Foot (Black Sluice) Drain - to Donnington Bridge	12.7	20.4	2009
River Tyne - Ouseburn (newly impounded)	0.1	0.2	2009
Wey & Arun Canal - Loxwood to Drungewick	3	4.8	2009
Droitwich Barge Canal	7	11.3	2010
Droitwich Junction Canal	2	3.2	2011

MEMORANDUM TO THE BOARD

CHIEF EXECUTIVE'S REPORT – NOVEMBER 2012

1. Health and Safety Report

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

2. New IWA Chairman

Les Etheridge has been appointed as IWA's new national chairman after Clive Henderson stepped down after four years in the role.

Les Etheridge was previously National Treasurer of the IWA and remains Treasurer of IWA's Kent & East Sussex Branch and Chairman of the organising committee of the 2013 National Trailboat Festival.

Asked to comment on his role as the incoming national Chairman:

'It is important to remember that IWA is concerned for the nation's waterways, not just those managed by Canal & River Trust. Whilst CRT and IWA have similar objectives, we clearly have different roles. CRT is a navigation authority, whereas IWA is not (other than for the Chelmer & Blackwater Navigation) and that potentially leads us at times to different views. A comparison was made at our AGM to CRT being the landlord and IWA being the tenant's association, and I firmly believe that is a valid way of looking at it.

As two charities, it is natural for IWA and CRT to work together for the common good in terms of delivering our charitable objectives. So hopefully we can celebrate each other's successes and equally tell each other when we think something is wrong. My intention is to ensure that in a professional and constructive way CRT is well aware of IWA's views'.

The Chairman and I are meeting Les for an informal discussion on the 27th November.

3. Government's response to the Consultation on Improving Listed Building Consent

Thanks to some tremendous work by Nigel Crowe Head of Heritage, government have announced that they plan to introduce a system of national class consents whereby we would be authorised to undertake maintenance and repairs to listed structures without having to apply for listed building consent every time.

To quote the government announcement *"We envisage that national class consents could be used in describing operational or routine works carried out by specific organisations (e.g. works by the Canal and River Trust for the functioning of a canal)."*

Nigel has been working hard behind the scenes to encourage this new policy which he believes could save the Trust up to £250K pa.

4. Contemporary Art Society Partnership

As part of the work we are doing with the Arts Council England to find new and creative ways to connect people with the nation's waterways we have teamed up with the highly regarded Contemporary Art Society to oversee a series of exhibitions at five Canal & River Trust offices, devised by local curators and artists. The purpose of these exhibitions is twofold:

- To make connections between local art communities and Trust staff and:
- To provide a focus to attract potential new funders.

The exhibitions will be held in Gloucester, Hatton, Milton Keynes, Paddington and Wigan

5. Business Planning

The Board's Strategic Plans Committee met on the 25th October to discuss strategy and give the executive guidance on resource allocation for the forthcoming 2013 – 2016 Operating Plan. Following that meeting we have sent all Partnerships briefing papers outlining the planned priorities within the Marketing, Property and Operations directorates. We have asked for their feedback in accordance with the timetable presented at the SPC meeting.

6. Senior Managers Conference

Some 70 senior managers and other invitees attended a one day and one night conference on the 13th November. In addition to updates from directors on strategic plans and direction the conference also had a presentation from the Canal Laureate. There were workshops on tone of voice, volunteering and staff engagement. There was also a two hour workshop the following day on Equality and Diversity.

7. Residential Boating Association Memorandum of Understanding

We have agreed the wording of a MoU with the RBOA along similar lines to that with the IWA. It will be signed off shortly when we find a suitable time and place to do it.

8. Staff Survey

The staff survey took place during August and there was a 73% response rate which was similar to previous occasions and above national average. It means we can take some comfort in the fact that staff believe their views are wanted and will make a difference. The survey used a 5 point response, i.e. there is a middle score, as opposed to previous surveys which used a 4 point score. The survey is now in line with industry standard but it does make comparison with previous years more difficult.

We only received the report last Friday so we are still reflecting on the results. A short presentation will be made at the Board.

9. Alien Species

A species of non-native shrimp, called *Dikerogammarus haemobaphes*, or more easily the “Demon Shrimp” (as the Environment Agency have termed it), has been found on our waterway network.

It is the first time that this species has been recorded in the UK and it is thought to pose a high risk to the natural environment. The Demon Shrimp has distinctive red antennae, unlike our native shrimp species. It has only been confirmed in the Midlands and South East, but may be present elsewhere. We are working together with the Environment Agency to help identify the full extent of its spread.

We are raising awareness of this species with staff, volunteers and waterway users so that they can do their bit to help reduce its spread. We have organised a mailshot to our angling and boating trade customers.

10. Marketing & Fundraising

Trustees have received separate papers on:

- Individual/corporate fundraising
- Annual Public Meeting 2013

Other items of interest:

- Awareness of the Trust from in our rolling survey of a sample representative of the population rose from c20% in the months pre-launch to c26% in the months immediately afterwards
- We are currently in the process of re-tendering the Trust's public affairs contract with a view to have a new contract in place before Christmas. The purpose of the retainer is to support the Trust in maintaining and building relationships with Parliamentarians, policy makers and other key opinion formers, protect the interests of the waterways and help position the Trust in its formative years. We will hold a series of meetings in the New Year to help inform the Trust's public affairs strategy.
- On 23rd October we held a reception for Glandwr Cymru, the Canal & River Trust in Wales, in the Senedd building in Cardiff. The event provided a good opportunity to introduce Welsh Assembly Members to the work of the Trust and was warmly received by the Minister for Environment and Sustainable Development, John Griffiths who spoke at the event. As well as speaking the Minister viewed all of the displays and spoke to staff and volunteers working on the stands (and was so interested that he ignored the plenary bell which caused his minder some concern). John has been invited to visit the works on the Mon & Brec at Llangattock.
- HLF stage 1 pass for the Marple Aqueduct project has been secured, Bid Value £1.28m
- Interreg IVC *Numerical* – The €3.7 million bid has been approved of which BW should receive c£0.6 million contribution much of which is for programmed BW works.

- Gloucester Waterway Museum: HLF Stage 1 Application_A £980k application for HLF Stage One funding towards a £1.4 million Gloucester Waterway Museum project will be submitted in early November. The project aims to revitalise the museum through the retelling of the story of the waterways from Birmingham to the sea. The new works will include compressing three floors of the existing museum onto two, restoring and adapting the Sabrina 5 river barge which is listed as part of the National Historic Fleet for use as a floating meeting venue and classroom, building a new ticketing and shop area and undertaking repairs to the Salt Warehouse which houses the reserve collection. Volunteers will also be trained to enable them to restore a number of external exhibits including cranes and turntables.
- Lower Lea Valley Olympic Park: HLF Stage 1 Application:_A site meeting was held with representatives from HLF on 12th October to discuss the circa £1million lottery bid for the Lower Lea Valley waterways. This includes the full restoration of Carpenters Road Lock as well as the development of an innovative social enterprise project with young people to create a sustainable trip boat business using the waterbus legacy from the Olympic Games. The feedback from HLF was very positive and they have encouraged us to progress to a Stage 1 funding bid in late November 2012.
- The West Mids Partnership chair (Peter Mathews) hosted a stakeholder boat trip event in Birmingham. Guests included a senior elected member from the city council (who is also the partner of the city leader Sir Albert Bore); a senior council officer and senior representatives from the Primary Care Trust, Sea Life Centre, International Convention Centre, Sustrans and the local police. Three other members of the partnership also came along. The city reps were keen to understand our position generally and particularly interested in looking at mapping access points etc. There is now an appetite to do more in Birmingham. The PCT rep was able to brief us on health funding opportunities and felt we have a good basis for a new project in the city following on from the Heartlands Ring (Access to Nature) project. The police rep is interested in following up volunteer opportunities. The event was therefore a success as Peter has opened up doors for us, raising our profile with new partners and reassuring existing partners we're keen to move forward in a new charity-based context.
- All waterways have now addressed their first Strategic Plan workshops and the second workshops are planned.

11. Freight Advisory Group

The membership of this group has now been finalised and is set out below:

- David Quarmby CBE, Chairman a respected transport professional with a wealth of experience encompassing business, government, public bodies and academia.
- Mike Garratt, MDS Transmodal Transport Consultant.
- Mike Grimshaw-Smith, Head of Rail and Sea, Cemex UK Logistics, business and economics professional.
- James Hookham, 10 years as Managing Director, Policy and Communications at the Freight Transport Association.
- David Lowe, Chairman of the Commercial Boat Operators Association, operator and owner of boat and freight businesses for over 40 years.

- Dr Heather McLaughlin, Academic and past director and advisor of the Government funded Agency Sea & Water and the Governments House of Commons Select Committee on Transport.
- Ian Wainwright, Freight Programme Manager, Transport for London Planning professional and logistics expert.

John Dodwell has also been invited to attend the meetings because of his great interest and knowledge about waterway freight.

12. Legal

The agreements with Scottish Canals and the Scottish Waterways Trust for transfer of funds from respectively Canal & River Trust and The Waterways Trust remain to be completed as discussions continue over issues of intellectual property rights (primarily trading names), indemnities and non-competition. The Board will be updated about progress in resolving these at the meeting.

We also await the outcome of various non-routine litigation where judgments are due to be handed down soon, and again the Board will be updated at the meeting as to any case where judgment is received in time.

A handwritten signature in blue ink, appearing to read 'R. Evans'.

ROBIN EVANS
November 2012

HEALTH & SAFETY MANAGEMENT SUPPLEMENT – NOVEMBER 2012

1.0 INTRODUCTION

1.1 This report covers the period September and October 2012. 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 Management

2.1.1 AIP2008

The primary risk management mechanism which we apply is the cyclical and hierarchical inspection of assets. The inspection process is governed by AIP2008 which defines responsibilities, the assets to be inspected, cycles of inspection, standards of reporting, and requirements for review. AIP2008 will undergo a comprehensive review in 2013. Additional data is being gathered via focussed length inspections on our lock infrastructure to enable us to identify and prioritise future user operation improvements. We have taken urgent action to validate and improve some of our asset data in response to a recent audit report on high risk assets.

2.1.2 AMP2012

The principle of continual improvement is built into our asset management plan (AMP2012) which will prove the level of compliance with the Institute of Asset Management specification for the optimised management of physical assets (PAS 55) - one of the measures agreed with DEFRA for our future conditional grant. AMP2012 is nearing completion and will define key targets for improvements to our asset management system.

2.2 Property

2.2.1 At present, whilst there are regulatory requirements for the maintenance of both gas and oil fired appliances, there are no statutory requirement for the servicing and maintenance of solid fuel systems. A new Trust Standard has been developed to ensure the control of carbon monoxide when burning solid fuel within an enclosed space throughout the Canal & River Trust estate.

2.2.2 DTZ manage some of the property held by the Trust and use the Maximo property management system to ensure that compliance is monitored across the portfolio. We have been working with DTZ to improve the quality of data and provide

employees within the Trust's property teams with immediate information regarding health and safety data held by DTZ.

3.0 VISITOR SAFETY

3.1 On 10th September 2012, a female boater while waiting at a landing area on the approach to a lock in the Manchester & Pennine waterway stepped into a hole behind sheet piling resulting in compound fracture to her left ankle. The hole was caused by erosion of material through corrosion holes in the piles. Unfortunately, this is the second incident in this vicinity within a month which indicates that our initial local remedial actions following the first incident were insufficient. Improved methods for detecting these hidden defects are under investigation.

3.2 The analysis of the incidents involving members of the public reported for the 7 months to the end of October shows 269 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 10.4%. This level is just above our accepted risk threshold of 10%.

4.0 CONTRACTORS

4.1 There were no reportable injuries to contractors during the period. There has been one serious near miss when a subcontractor to Fountains overturned a mini tractor into the canal whilst undertaking grass cutting works at Smeath Lane on the Chesterfield Canal. No injuries were sustained and the tractor was recovered the next day. The following actions are underway by the contractor:

- Briefing is issued to all staff to share the learning from this incident.
- Communication of specific site risks and selection of appropriate work methods during planning of works to be improved.
- Contractor to review suitability and stability of tractor/flail units and ensure staff have knowledge of limitations and safe operating angles on slopes.

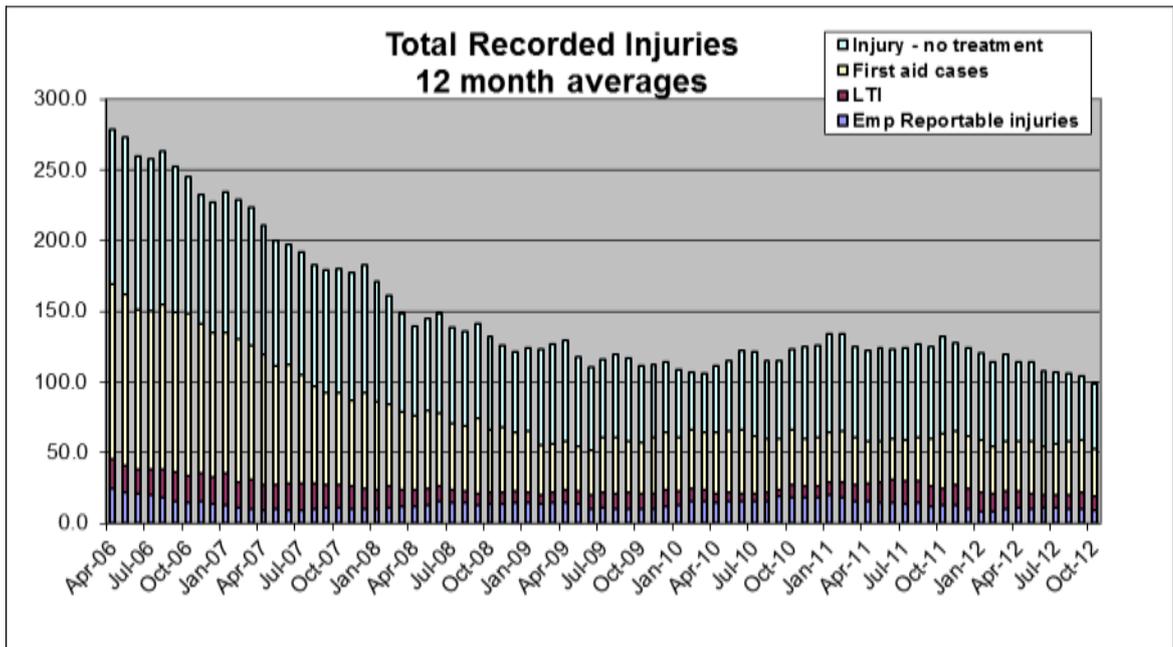
5.0 OUR PEOPLE

5.1 Volunteers

5.1.1 There have been no reportable injuries to volunteers since the last report.

5.2 Employees

5.2.1 The trend line in total Lost Time Injuries continues to show improvement as does the number of overall injuries – see following chart. Many of the incidents are near their limit of severity, with minor manual handling injuries and slips/trips being a particular feature.

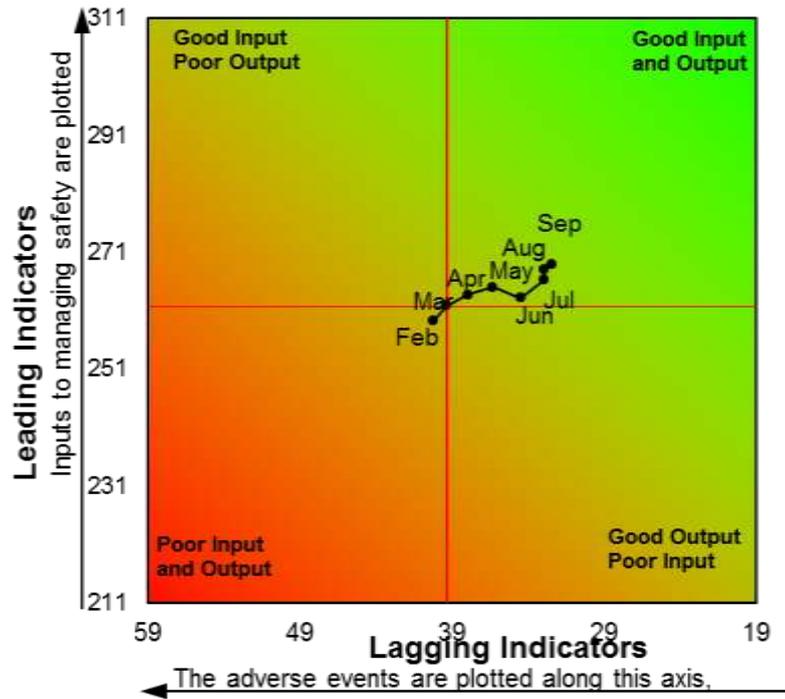


5.3 Safety Benchmarks

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

5.3.2 As part of our performance monitoring processes, we record Leading and Lagging Health and Safety KPI's. We use this process as a key metric to monitor the overall performance of the Health and Safety management system. Leading KPI's are made up of positive inputs by employees to improve health and safety performance such as completed safety actions, safety audits and safe behaviour discussions. Lagging indicators are the negative outcomes of the Health and Safety system such as injuries to employees or public and overdue safety actions. The following chart shows the resultant movement of the KPI's over 2011/12.

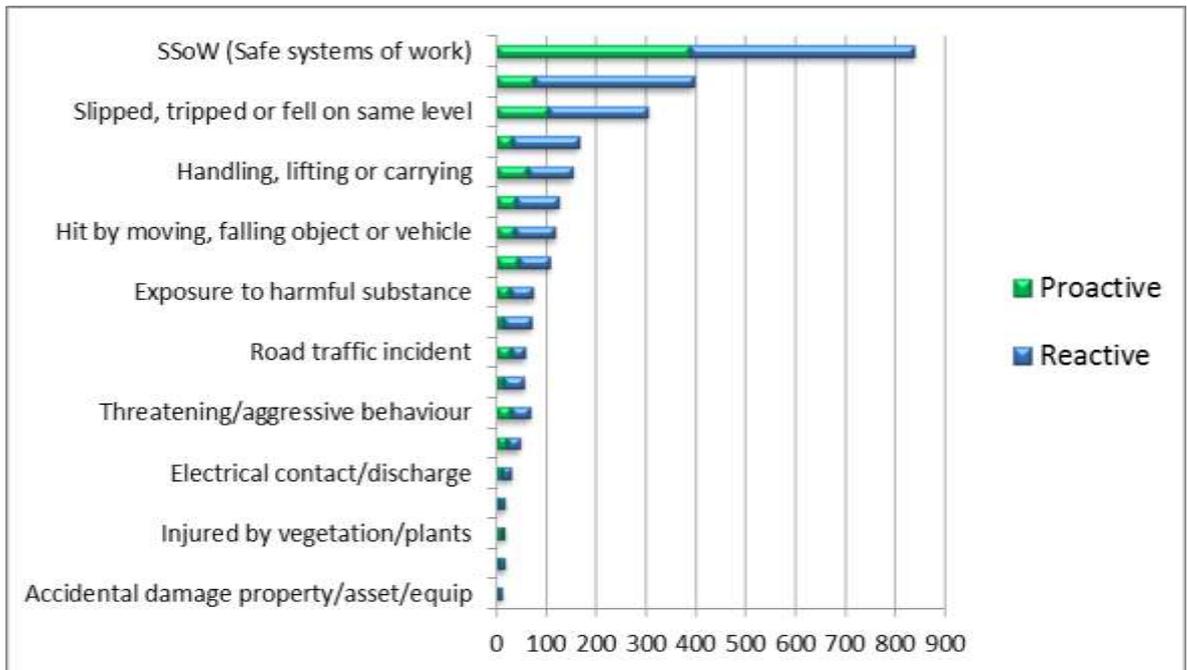
CRT Health & Safety KPIs 2012/13



- 5.3.3 Managers have direct control over the Leading Indicator inputs but not on the Lagging Indicator outcomes. The objective is to continuously increase the inputs which drive safety improvements resulting in movement in the vertical direction. The reward is improved outcomes driving the chart to the right. The positive trend established last year has continued into 2012/13. Increased positive safety actions have resulted in reduced incidents driving the chart towards the upper right corner.

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. Early indications from the recent Employee Survey indicate that the importance of health and safety has embedded strongly within the workforce.



5.5 Lost Time Incidents during Period

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

4/9/2012 Lost Time Injury - Bradley Workshop

A carpenter was sweeping wood waste and stepped on a small block of wood which caused him to lose his footing and sustain a fall landing on his left shoulder. This caused bruising and stiffness to his left shoulder (1 day lost).

6/9/2012 Lost Time Injury - Central Shires

An operative was relaying block paving and struck his thumb with a hammer causing severe bruising (1 day lost).

2/10/2012 Over 7 day Injury - 3 Mills, London

A weed boat operator was attempting to recover a large (10' x 4') floating board using the weed boat bucket. When trying to place the board on a hopper, the board slid off the bucket into the operators position hitting the operative in the face causing facial injuries. The cuts became infected resulting in hospital treatment. There are a number of issues around the operative working alone and the appropriateness of the weed boat for this task that are under investigation.

5.6 Progress against targets 2012/13 (Trust Employees)

- 10% reduction in lost time injuries to CRT. employees (start point 23, 2012) – progress:- 19 for 12 months to end of October 2012 - **17 % Decrease**
- 10% reduction in Manual Handling injuries (start point 19, 2012) – progress:- 20 for 12 months to end of October 2012 - **5% Increase**
- 10% reduction in Slip/Trip/Fall injuries (start point 29, 2012) – progress:- 26 for 12 months to end of October 2012 - **10% Decrease**

- 300 worksite safety audits by management team members - *progress to the end of October 2012 – 128 Site Safety Audits & 1604 Safe Behaviour Conversations.*

6.0 OCCUPATIONAL HEALTH

6.1 No case of occupational illness has been reported in the period.

A handwritten signature in black ink that reads "Vince Moran". The signature is written in a cursive style with a long horizontal stroke at the end.

Vince Moran

Operations Director

MEMORANDUM TO THE BOARD

FINANCE REPORT – NOVEMBER 2012

Report by the Finance Director

1.0 PURPOSE

1.1 The report provides an explanation of:

- the progress on agreeing the Accounting Policies for the CRT and the fair value assessment of the opening CRT balance sheet
- the cash position and forecasts,
- income and expenditure reports including F6 forecast
- operational planning progress report and verbal update, and
- in-year KPIs report.

2.0 RECOMMENDATION

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

3.0 ACCOUNTING POLICIES FOR CRT

3.1 The Scotland completion statement and the results for the three months to 30th June 2012 have been completed, agreed Scottish canals and reviewed by Grant Thornton. The external auditors' report was presented to the CRT Audit Committee on 10th October 2012. A meeting was held with Audit Scotland on 25th October 2012 and there are no matters of substance arising from that. Those matters are now effectively closed.

3.2 The main issue remaining to be resolved is the fair value assessment of the opening balance for CRT. All the work has been completed and all matters are agreed except for the valuation of the waterway infrastructure assets. Historically these have been valued at nil on the BW balance sheet on the basis that they have a negative economic value. In the CRT opening balance sheet these have to be valued afresh in accordance UK GAAP accounting standards. Our interpretation of the standards leads us to the same conclusion as before namely that the waterways should be valued at nil. We have had a lengthy technical debate with Grant Thornton about whether this treatment is correct. The current outcome is that GT agree with our interpretation of the Accounting Standards but they are of the opinion that because CRT is a new large charity, and that this is an unusual accounting situation, we should hold a discussion with the Head of Accounting at the Charity Commission to seek their agreement with our proposed accounting treatment. As matters stand we are writing a briefing paper to send to the CC and it is likely that a meeting will be held. I am confident that our accounting treatment will be confirmed and there is no risk in the issue. This needs to be resolved before the 2013 Annual Report is published. The opening balance sheet for CRT is shown in Appendix F at the end of this report.

4.0 CASH POSITION

- 4.1 The cash position is noted in Appendix A. The Strategic Plan Committee met on 25th October 2012 to discuss the priorities for the forthcoming operational Plan and the use of surplus cash resources. A surplus of up to £12m has been identified in the No.1 bank account that is available for utilisation on waterway and other priority items, subject to clarifying and agreeing the reserves accounting policies.
- 4.2 The moving average graph is shown in Appendix B. This has been adjusted for the surplus referred to above.
- 4.3 The bank balance and the cash flow forecast for the Investment account is shown in Appendix C.

5.0 INCOME AND EXPENDITURE

- 5.1 Appendix D provides two Income Statements both of which are prepared for the full year and include the first three months:
- the year to date results for the six months to 30th September, and
 - the F6 forecast for the full year to March 2013.
- 5.2 In the year to date actuals, the main point to note is that waterway expenditure is £4.3m behind Plan after six months but is scheduled to catch up and meet the F6 forecast, including the extra £4m for the full year. The main point to note in the F6 is that an additional £4m of waterway expenditure (in excess of Plan) has been included in the forecast.
- 5.3 An additional statement is included at Appendix E which shows how the full year figures are divided between the actuals for the 3 months to 30th June and the forecast for the nine months to 31st March 2013. This provides a view of how the 2012/13 nine month period will appear in CRT's accounts.
- 5.4 There are no issues for concern in the year to date results or the full forecast.

6.0 KPIs

- 6.1 The new KPIs report is attached. The amber indicators are:
- priority 1 notifications which are marginally behind the target at 47% at the end of October (this will be recovered during the second half of the year),
 - absence where the average days absence pa has risen from 5.5 at March 2012 to 6.7 by September 2012, and
 - voluntary income where the actual income is behind Plan due to the delayed launch of CRT until July (compared with April in the Plan).



P M Ridal
November 2012

MEMORANDUM TO THE TRUSTEES

APPENDIX TO FINANCE REPORT – NOVEMBER 2012

Appendix A – Cash balances

Cash balances summary £ms

As at:	08/11/12 November	31/10/12 Oct	30/09/12 Sept	02/07/12 Opening
Revenue account - no 1 a/c	33.4	29.8	23.6	35.7
Investment Capital account - no 2 a/c	11.0	18.1	10.0	17.6
Overdraft, BWML and others	2.8	3.8	1.9	0.9
Total cash balances	47.2	51.7	35.5	54.2

Invested:		Rate	Maturity
NatWest	14.7	0.80%	Overnight
Bank of Scotland	7.5	0.75%	Overnight
Barclays	5.0	0.35%	Overnight
Bank of Scotland	10.0	1.40%	up to 3 months
Santander	5.0	2.25%	14/03/2013
Barclays	5.0	0.70%	up to 3 months
Total	47.2		

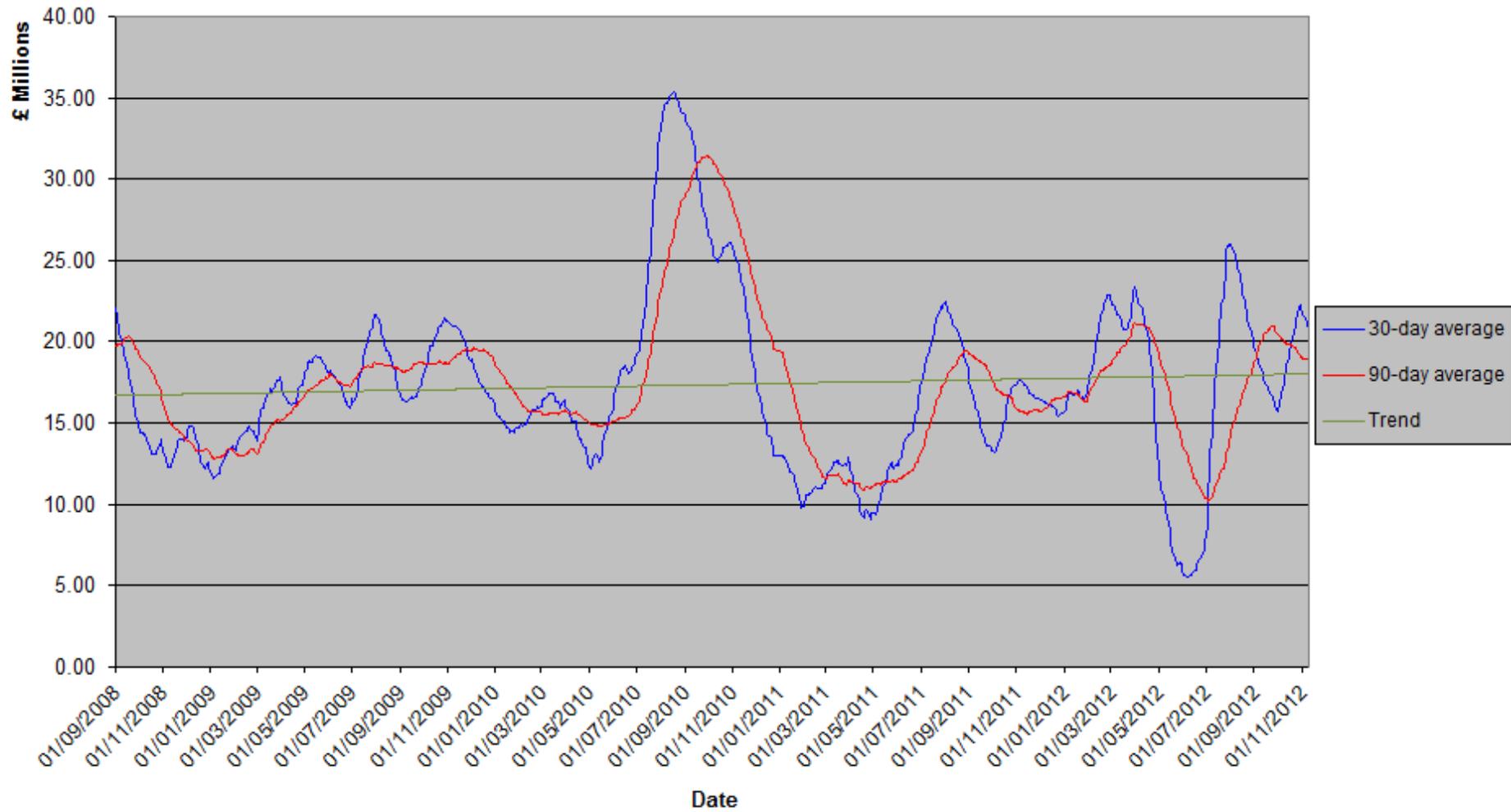
A.1 The exposure to Santander is £5m above plus a further £2m in C&R Reinsurance, based in Dublin. The rates offered are higher because of the Spanish euro difficulties that overhand the bank. Santander UK is, however, a UK bank that is ring fenced from the Spanish holding company and has a single A (negative) S&P rating. The other banks that we deposit with have S&P ratings as follows:

Natwest	A- stable
Bank of Scotland	A stable
Barclays	A+ negative

A.2 As part of the new Investment Strategy alternative investment vehicles are being sought to increase the yield on the surplus cash.

Appendix B – Moving average graph

CRT No.1 Trading Bank Account Balance



Appendix C – Commercial Capital Forecast

[Confidential information redacted]

- C.1 The balance on the commercial capital bank account as at 8th November was £11m.
- C.2 As at the time of writing there are about £9m of proposed property acquisitions that have yet to be committed. This is to be balanced against a similar level of planned disposals that have yet to be completed. Some of these are to be auctioned over the next few months.
- C.3 Looking forward the figures represent the latest estimates prior to preparing the operational plan. The figures do not yet take account of any borrowing facilities that will become available.

Appendix D – Year to Date Results – 6 Months

Figures in £k

September Year to Date	Income	Costs	Contribution		
	Actual	Actual	Actual	Original Plan	Variance
Contribution					
Generated Funds and Investment Income					
Investment Property	17,722	(4,111)	13,610	13,020	590
Boating and Moorings	15,859	(3,452)	12,406	11,932	474
Utilities	11,128	(461)	10,667	10,980	(314)
Olympic Games	3,174	(1,611)	1,563	950	613
Marinas Subsidiary	3,670	(3,063)	607	447	160
CRT Share of Joint Ventures CBT *	3,506	(3,797)	(291)	(451)	160
Voluntary Income and Fundraising	78	(315)	(237)	(562)	325
Interest	2,081	(1,162)	900	760	139
Total Generated Funds and Investment Income	57,218	(17,974)	39,225	37,076	2,149
Governance					
Governance	6	(328)	(322)	(320)	(2)
National Teams	1,334	(15,557)	(14,223)	(16,211)	1,988
Total Governance and National Teams	1,340	(15,885)	(14,545)	(16,531)	1,986
Pension Deficit Funding					
Pension Deficit Funding	-	(3,500)	(3,500)	(3,500)	-
Charity Transition	0	(1,633)	(1,633)	(757)	(876)
Net Incoming Resources before Defra Funding	58,559	(38,992)	19,547	16,288	3,260
Defra Funding					
Defra Funding	19,773	23	19,796	19,813	(17)
Total Net Incoming Resources	78,331	(38,968)	39,343	36,101	3,242
Charitable Activities					
Waterway Maintenance and Repair	3,797	(28,519)	(24,723)	(26,656)	1,934
Major Works	35	(7,650)	(7,615)	(9,873)	2,258
Enterprise (Third Party Funded Projects)	1,458	(2,294)	(836)	(937)	102
Museums and Attractions	400	(587)	(186)	(199)	12
Total Charitable Activities	5,690	(39,050)	(33,360)	(37,666)	4,306
Surplus/(Deficit)	84,021	(78,018)	5,983	(1,565)	7,548

N.B. Figures include results of BW for April to June 2012

* Costs include Net Interest and Profit/(Loss) on Disposal

- D.1 The above statement is for the year to date, 6 months to 30th September 2012.
- D.2 There is a positive variance at the “Net Incoming Resources” level for the year to date of £3.2m (compared with Plan) which is mainly due to a number of timing differences most of which are forecast to eliminate by the year end. The permanent variances are explained in the F6 forecast on the next page.

Appendix D – Full Year Forecast

Figures in £k

Full Year	Income	Costs	Contribution		
	F6 Forecast	F6 Forecast	F6 Forecast	Original Plan	Variance
Contribution					
Generated Funds and Investment Income					
Investment Property	35,270	(7,967)	27,303	27,212	92
Boating and Moorings	31,656	(7,732)	23,924	23,591	333
Utilities	22,869	(948)	21,921	21,980	(59)
Olympic Games	3,301	(1,696)	1,605	950	655
Marinas Subsidiary	7,028	(5,938)	1,090	1,041	49
CRT Share of Joint Ventures CBT *	8,665	(9,277)	(613)	61	(673)
Voluntary Income and Fundraising	906	(1,211)	(304)	(748)	443
Interest	3,847	(2,705)	1,084	1,036	48
Total Generated Funds and Investment Income	113,542	(37,473)	76,011	75,124	888
Governance	12	(725)	(713)	(678)	(34)
National Teams	1,483	(31,950)	(30,467)	(30,314)	(153)
Total Governance and National Teams	1,495	(32,675)	(31,179)	(30,992)	(187)
Contingency	-	-	-	(2,000)	2,000
Pension Deficit Funding	-	(7,000)	(7,000)	(7,000)	-
Charity Transition	0	(1,788)	(1,788)	(757)	(1,031)
Net Incoming Resources before Defra Funding	115,037	(78,935)	36,044	34,375	1,669
Defra Funding	39,158	23	39,181	39,626	(445)
Total Net Incoming Resources	154,195	(78,912)	75,226	74,001	1,224
Charitable Activities					
Waterway Maintenance and Repair	7,388	(64,893)	(57,505)	(57,231)	(274)
Major Works	149	(21,649)	(21,500)	(17,534)	(3,966)
Enterprise (Third Party Funded Projects)	7,248	(8,811)	(1,562)	(1,660)	97
Museums and Attractions	731	(1,916)	(1,185)	(984)	(200)
Total Charitable Activities	15,517	(97,269)	(81,752)	(77,409)	(4,343)
Surplus/(Deficit)	169,712	(176,181)	(6,526)	(3,407)	(3,119)

N.B. Figures include results of BW for April to June 2012

* Costs include Net Interest and Profit/(Loss) on Disposal

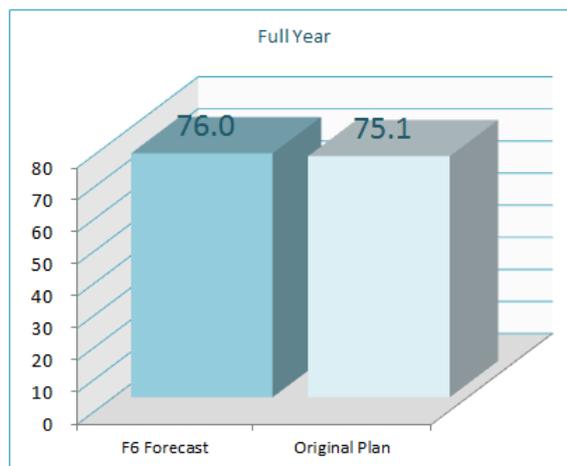
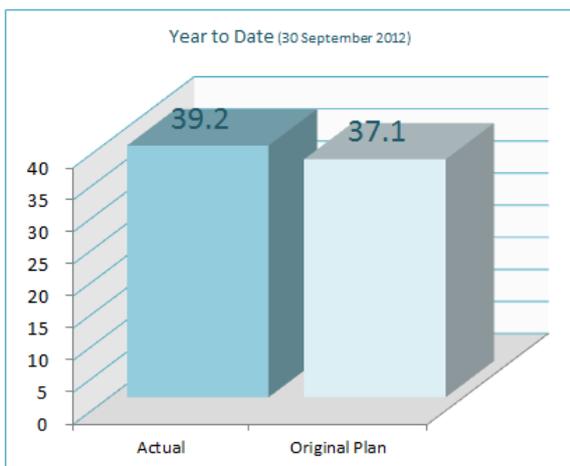
D.3 The main forecast variances against Plan for the full year are:

- * Boating and Moorings – an increase in income from trade agreements
- * Olympics – ships and super yachts more than compensated for lower than expected leisure moorings income. Additional income was also earned from Water Chariots, phone masts and water abstraction.
- * JVs – delays in the planned sale of the development site at Thurrock (in Isis) and various developments in H₂O
- * Fundraising – the favourable out-turn is expected from lower costs of face to face fundraising
- * Charity Transition – cost were higher due to the unplanned delay of the launch to July, additional costs of the Pension Fund on the Pension Funding partnership structure
- * The spend on waterway maintenance is forecast to be £4m greater than planned. This is partly compensated by the release of the £2m contingency.

Appendix E – In Year Key Performance Indicators

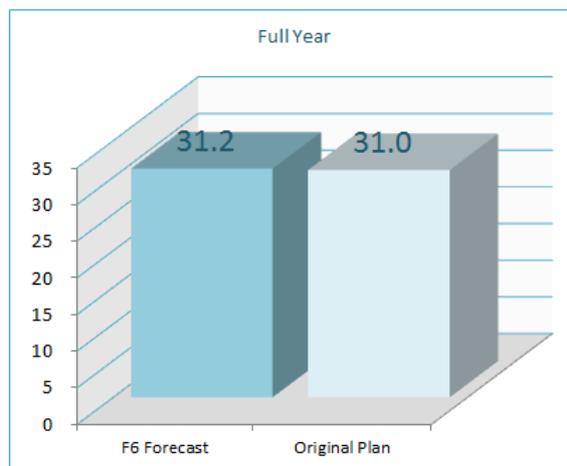
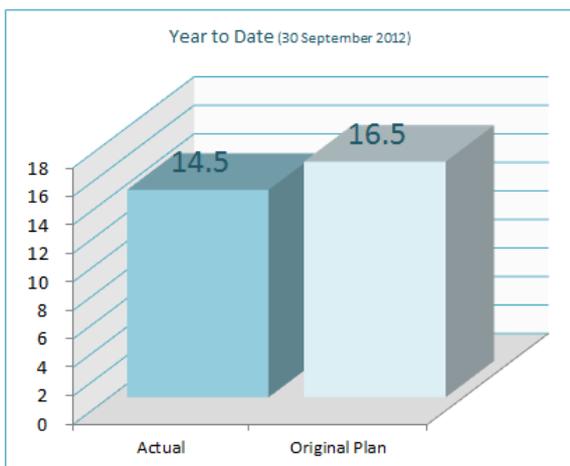
Total Net Income - Generated Funds and Investment Income

	Year to Date (30 September 2012)			Full Year			Status
	Actual	Original Plan	Variance	F6 Forecast	Original Plan	Variance	
Investment Property	13,610	13,020	590	27,303	27,212	92	
Boating and Moorings	12,406	11,932	474	23,924	23,591	333	
Utilities	10,667	10,980	(314)	21,921	21,980	(59)	
Olympic Games	1,563	950	613	1,605	950	655	
Marinas Subsidiary	607	447	160	1,090	1,041	49	
CRT Share of Joint Ventures	(291)	(451)	160	(613)	61	(673)	
Voluntary Income and Fundraising	(237)	(562)	325	(304)	(748)	443	
Net Interest	900	760	139	1,084	1,036	48	
Total Net Income	39,225	37,076	2,149	76,011	75,124	888	



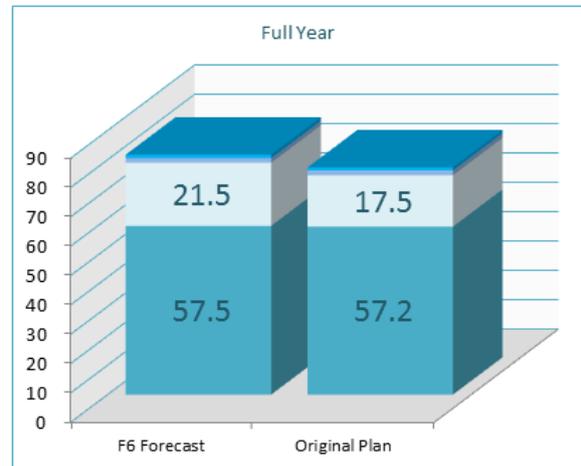
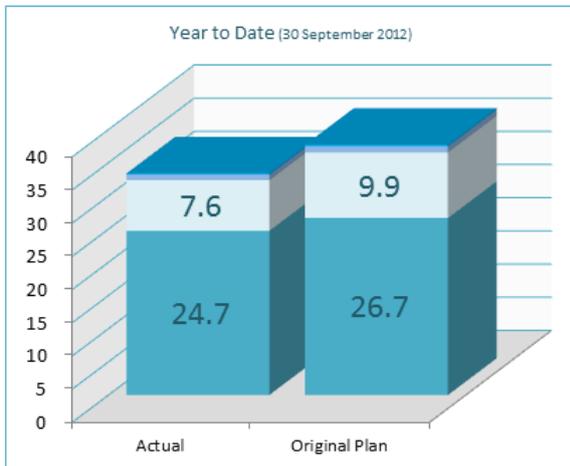
Expenditure on Governance and National Teams

	Year to Date (30 September 2012)			Full Year			Status
	Actual	Original Plan	Variance	F6 Forecast	Original Plan	Variance	
Governance	322	320	(2)	713	678	(34)	
National Teams	14,223	16,211	1,988	30,467	30,314	(153)	
Governance and National Teams	14,545	16,531	1,986	31,179	30,992	(187)	



Expenditure on Charitable Purposes

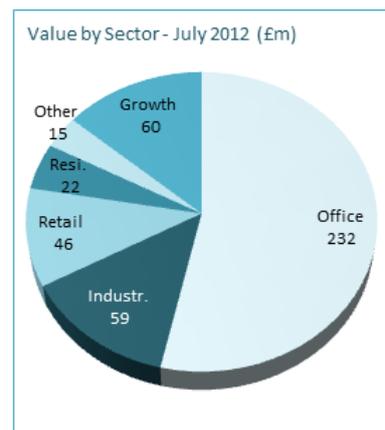
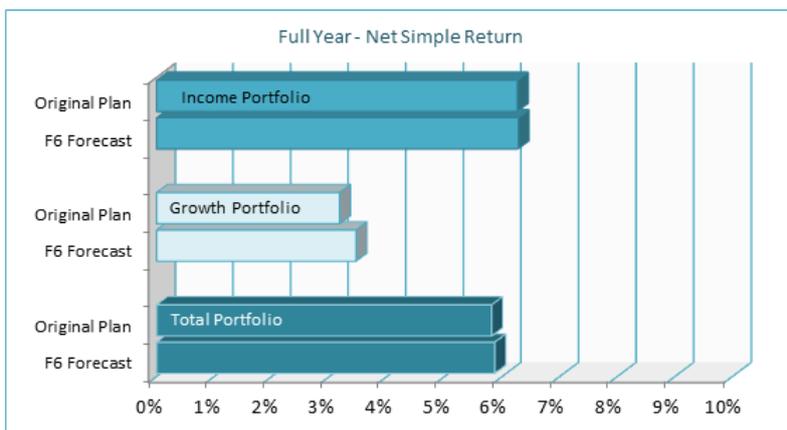
	Year to Date (30 September 2012)			Full Year			Status
	Actual	Original Plan	Variance	F6 Forecast	Original Plan	Variance	
Waterway Repairs and Maintenance	24,723	26,656	1,934	57,505	57,231	(274)	█
Major Works	7,615	9,873	2,258	21,500	17,534	(3,966)	
Enterprise (Third Party Funded Projects)	836	937	102	1,562	1,660	97	
Museums and Attractions	186	199	12	1,185	984	(200)	
Expenditure on Charitable Purposes	33,360	37,666	4,306	81,752	77,409	(4,343)	



Investment Property Returns

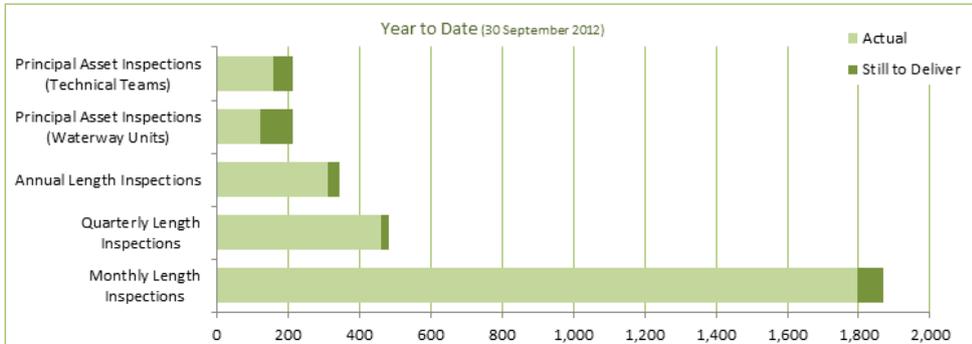
	Full Year - Net Simple Return *			Status
	F6 Forecast	Original Plan	Variance	
Income Portfolio - CRT Managed	6.3%	6.4%	(0.1%)	█
Income Portfolio - Outsourced	6.3%	6.2%	0.1%	
Income Portfolio	6.3%	6.3%	0.0%	
Growth Portfolio	3.5%	3.2%	0.3%	
Total Portfolio	5.9%	5.8%	0.1%	

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



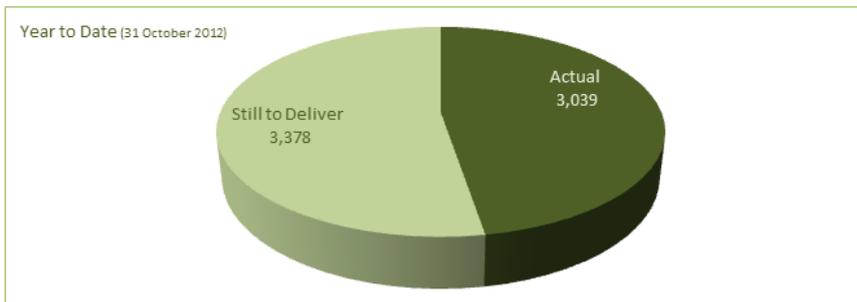
Infrastructure Risk Management - Number of Inspections

	Year to Date (30 September 2012)			Full Year		Status
	Actual	Due	Still to Deliver	Due	Still to Deliver	
Monthly Length Inspections	1,795	1,870	75	4,052	2,257	[Green Bar]
Quarterly Length Inspections	461	483	22	1,198	737	
Annual Length Inspections	312	342	30	534	222	
Principal Asset Inspections (Waterway Units)	123	211	88	357	234	
Principal Asset Inspections (Technical Teams)	159	213	54	315	156	
Total Number of Inspections	2,850	3,119	269	6,456	3,606	



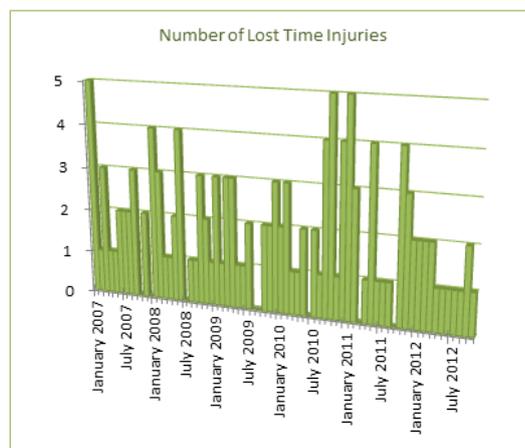
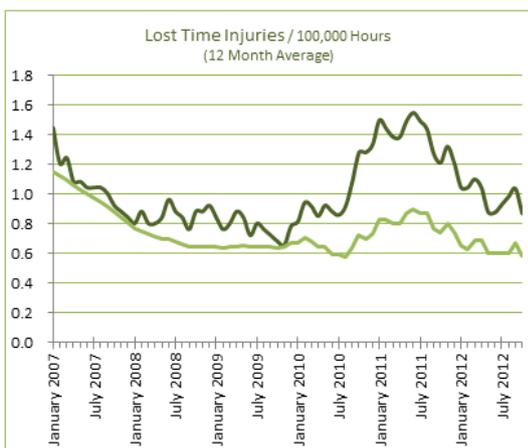
Priority One Defects Repaired

	Year to Date (31 October 2012)	Full Year	Still to Deliver	% Delivered	Status
	Actual	Original Plan	Plan - Actual	Actual	
Number of Priority One Notifications	3,039	6,417	3,378	47.4%	[Orange Bar]



Safety - Lost Time Injuries

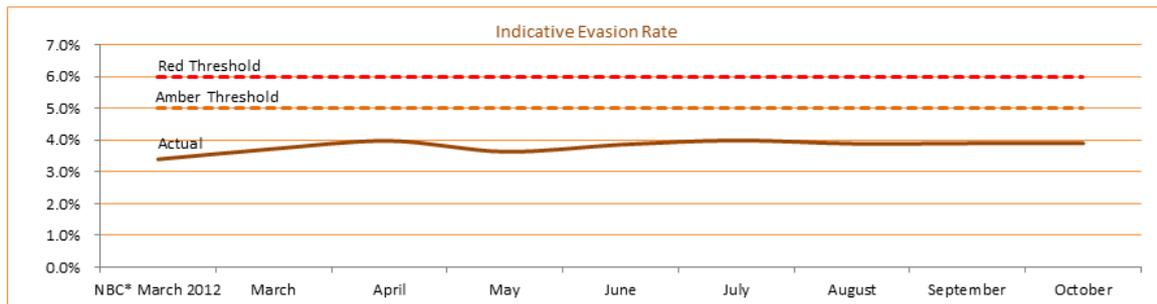
	Number of Lost Time Injuries	Lost Time Injuries / 100,000 Hours	Change since July 2012	Status
	Actual (Rolling 12 Month Total)	Actual (12 Month Average)	Change since July 2012	
All Waterway Units	16	0.87	6.5%	[Green Bar]
All CRT	19	0.58	3.8%	



Licence Evasion

	31 October 2012	NBC* March 2012	Variance	March 2013	Status
	Actual	Actual		Target	
Indicative Evasion Rate	3.9%	3.4%	(0.5%)	< 5.0%	■

* NBC = National Boat Check



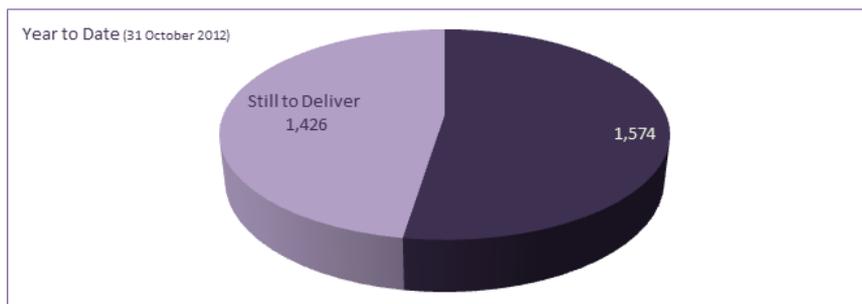
Average Days Absence per Employee

	30 September 2012	30 June 2012	31 March 2012	Status
	Actual			
Finance	4.4	3.4	3.2	■
Marketing	4.3	5.5	5.5	
Property	4.2	3.7	2.6	
Technical	1.9	1.7	2.1	
Corporate Services	-	-	-	
HR	3.7	3.7	2.7	
BWML	6.6	5.5	4.5	
Operations	8.3	7.8	7.0	
Total	6.7	6.3	5.5	

Number of Friends

	Year to Date (31 October 2012)	Full Year *	Still to Recruit	% Recruited	Status
	Actual	Original Plan	Plan - Actual	Actual	
Donors with an active pledge	1,574	3,000	1,426	52.5%	■

* Adjusted for delayed launch



Voluntary Income

	Year to Date (30 September 2012)			Full Year *			Status
	Actual	Original Plan	Variance	F6 Forecast	Original Plan	Variance	
Individual Giving	16	93	(77)	289	407	(118)	■
Leadership Giving	62	113	(50)	618	580	38	

* Not adjusted for delayed launch

Volunteer Days

	Year to 30 September 2012	Full Year Plan	Status
	Actual	Original Plan	
Number of Volunteer Days	19,241	40,000	■

Appendix F – Opening group consolidated balance sheet for CRT under UK GAAP

As at 2nd July 2012 - Draft

	£m
Fixed Assets:	
Land and Buildings	515.2
Plant and Machinery	29.3
Tangible assets	544.5
Share of joint venture net assets	33.5
Investments	33.5
Fixed Assets	578.0
Current assets:	
Raw materials and consumables	1.1
Held for Resale	0.5
Stocks	1.6
Trade Debtors	15.7
Other debtors	21.8
Debtors	37.5
Cash at bank and in hand	54.0
Loan notes	48.0
Current Assets	141.1
Current liabilities:	
Trade creditors	(3.7)
Other Creditors	(3.9)
Accruals	(20.2)
Deferred Income	(47.9)
Creditors: Amounts falling due within 1 Year	(75.7)
Net Current Assets	65.4
Total Assets Less Current Liabilities	643.4
Liabilities falling due greater than year:	
Deferred income	(46.8)
Port of London Properties loan	(12.9)
Other Creditors > 1 Year	(0.9)
Creditors: Amounts falling due after more than 1 Year	(60.6)
Provisions for Liabilities and Charges	(10.7)
Net Assets exc. Pension Liabilities	572.1
Pension Liability	(65.3)
Net Assets exc. Pension Liabilities	506.8
Reserves:	
Investment endowment	485.3
Operational reserve	21.5
Reserves	506.8

MEMORANDUM TO TRUSTEES

FUNDRAISING REPORT – NOVEMBER 2012

Report by Marketing & Fundraising Director

1. PURPOSE

To inform Trustees of progress and issues relating to fundraising and to brief them about future developments.

2. HEADLINES

- We have built on our successful launch through the early autumn and have now recruited over 2000 Friends.
- With six appeals now fully funded, we now have clear plans to complete most of the rest with four being closed because local support on the waterway is no longer in place for the projects. Our work on corporate partnerships continues to be sector-leading, with potential new partnerships in negotiation with a range of companies. Employee volunteering continues to be a strong element of most partnerships.
- [Confidential information redacted].
- [Confidential information redacted].
- The Trent & Mersey breach provided us with a useful opportunity to test reactions to an emergency appeal, has quickly raised £13,341 and given us some useful learning.

3. BACKGROUND

3.1 Strategy and key assumptions – (for ref - as stated in September paper)

The Fundraising Strategy is founded on a feasibility study conducted by THINK Consulting Solutions and on research conducted with towpath users. Key assumptions underpin the strategy:

- That building a strong base of committed, individual donors will require investment over the first 3 – 4 years of the charity's life, but will provide a sustainable income source for the future
- That our target audience for individual donors is within the c10 million towpath users who experience our network, free of charge, every year
- That our individual fundraising should therefore focus on our towpaths and be built around face to face fundraisers recruiting committed donors
- That alongside this, we have the opportunity to engage in mutually beneficial relationships with companies who share our values and goals. This support may come in the form of money, time or gifts in kind.
- That individual giving and corporate partnerships should therefore form the heart of our fundraising programme with legacy, events and major donor fundraising built in at a later stage

3.2 Proposition development

The fundraising proposition for Friends was developed working with Open, a leading fundraising consultancy in the sector (clients include, WWF, St John Ambulance, Oxfam) and is based on the core idea of 'making your canal better'. This proposition refers both to the improvements your donation enables us to make to the canals and to your increased enjoyment of the canals you visit thanks to the benefits and information you receive as a Friend.

[Confidential information redacted].

During September and October we conducted qualitative research with our target market of towpath users. This research confirmed previous research that the underlying motivation people have to support our work relates to their perception of 'their section' of our canals and rivers as a 'haven' they want to protect. It also emphasised how much people want to see evidence of what we do before they will make a donation or become a Friend, confirming our views that the growth of our supporter base will be slower than we originally anticipated as we build credibility and reputation in parallel.

4 SUMMARY OF PROGRESS

[Confidential information redacted]

5. LEADERSHIP GIVING

5.1 Corporate Partnerships

Our work with corporate partners continues to progress well. [Confidential information redacted].

5.2 Charitable Trust Fundraising

Trust fundraising is the newest area of our portfolio with our Trust Fundraising Manager only joining the organisation post-launch. This post holder has already submitted 20 applications. She is focusing particularly on seeking match funding for Enterprise projects.

This form of fundraising has a lead time of 3 – 6 months so we expect to receive our first donations from charitable trusts towards the end of 2012. So far, we have only had 1 response which was, unfortunately, a rejection.

6 INDIVIDUAL GIVING

6.1 Friends

We have been recruiting for only 20 weeks to the date of the Trustee meeting and have data available for slightly less. We have recruited 2041 Friends and expect to meet our 2012/13 target (3000) although this will be stretching.

[Confidential information redacted]

6.2 Appeal projects

We launched 50 projects under the theme of 'Bringing towpaths to life' to coincide with the launch of the charity. These appeals were designed to appeal to local media and local people and are being promoted through signage alongside towpaths as well as on our website and in the media. In the event, media coverage focused more

on Friends and the responses to signage and online has also been slower than projected.

We are now in a situation where we have:

- 6 projects fully funded
- 10 projects with a very strong pipeline including corporate support
- 13 projects that we feel confident we can attract more support for through concerted effort from Communications and Fundraising
- 17 projects that have attracted limited support and that we have now progressed with general donations (either to the launch appeal as a whole or to the Golden Pound Fund) in order to create additional momentum and to provide the kinds of evidence of delivery that our target market tells us they require.
- 4 projects that have attracted no support at all and that lack the internal buy-in required to deliver them, and so have been closed.

So at this point we still plan to complete 46 out of 50 projects by the financial year end. By focusing renewed effort on the 25 projects that have a strong pipeline or have potential for support we are confident that we can engage more businesses, trusts and members of the public.

We will seek alternative ways of attracting 'prospects' for conversion to Friends next year. Specific projects suggested by Waterway Partnerships could be taken on and fundraised for on the basis that only if they meet their target, will they be delivered.

6. OTHER FUNDRAISING

Our emergency appeal for the breach on the Trent & Mersey has raised over £13,000 to date. It has motivated some individuals and groups to give us 4 figure donations and clearly reinforces that when people can see our work and the need, they are motivated to give.

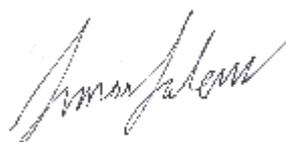
We are also holding a competitive tender for a company to develop and deliver a cycling challenge event aimed at the corporate market for launch in late summer 2013.

We are beginning to explore the prospect of a major donor recruitment campaign.

7. CONCLUSION

Fundraising for a brand new charity, where every supporter has to be recruited from scratch is undeniably challenging, particularly in this economic environment. Both results to date and recent research has shown us that we will need to be patient and accept slower rates of growth than we hoped while we establish the credibility of our brand and demonstrate the difference we make.

We continue to gain more learning each month and are now building this into a robust plan for 2013/14.



Simon Salem
Marketing & Fundraising Director
November 2012

MEMORANDUM TO THE BOARD

TECHNICAL/OPERATIONS REPORT – NOVEMBER 2012

Report by Technical/Operations Director

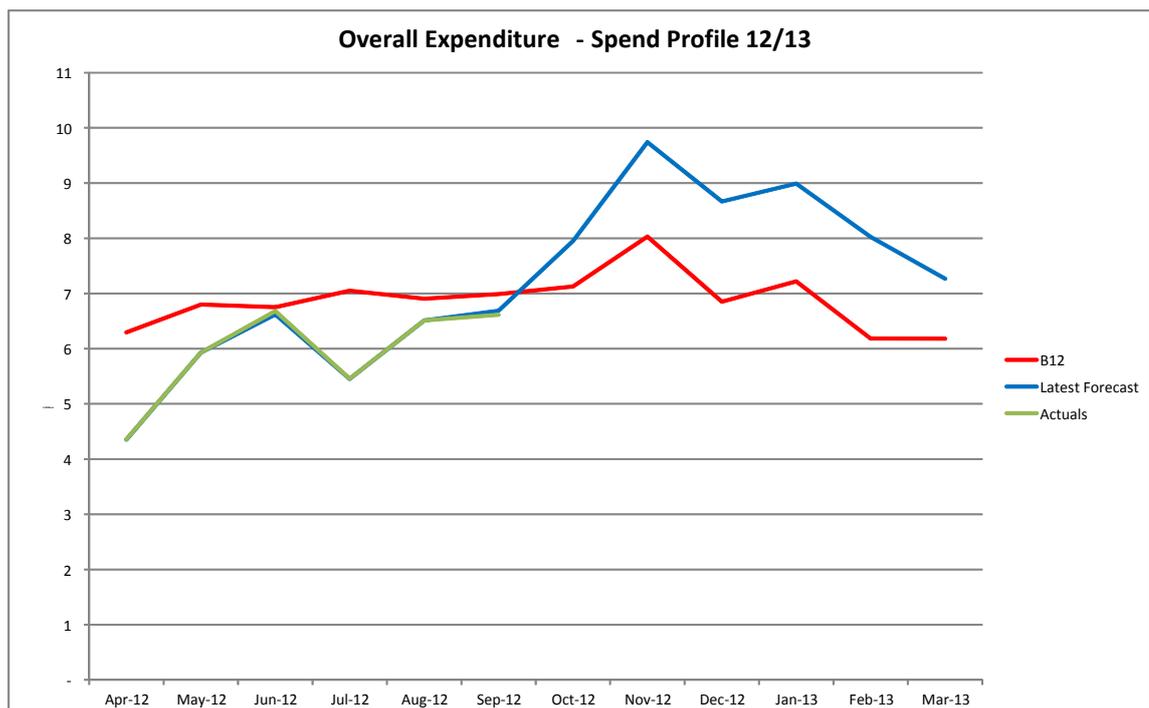
This report is for information only and no decisions are required on this occasion.

1.0 Repair & Maintenance Delivery Update

1.1 Expenditure Profiles – General & Major Works

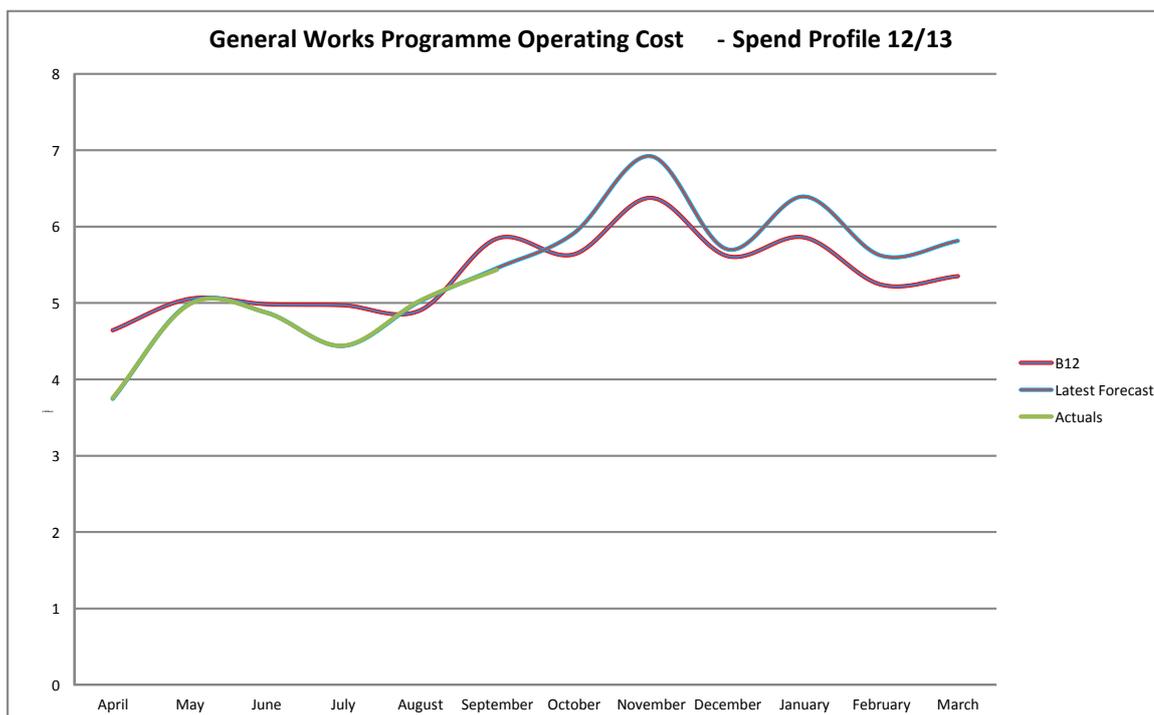
- 1.1.1 There are two main categories of operational expenditure - General Maintenance and Major Works. The following graph shows actual expenditure against Plan and Forecast for the two areas combined:

Overall Expenditure Profile



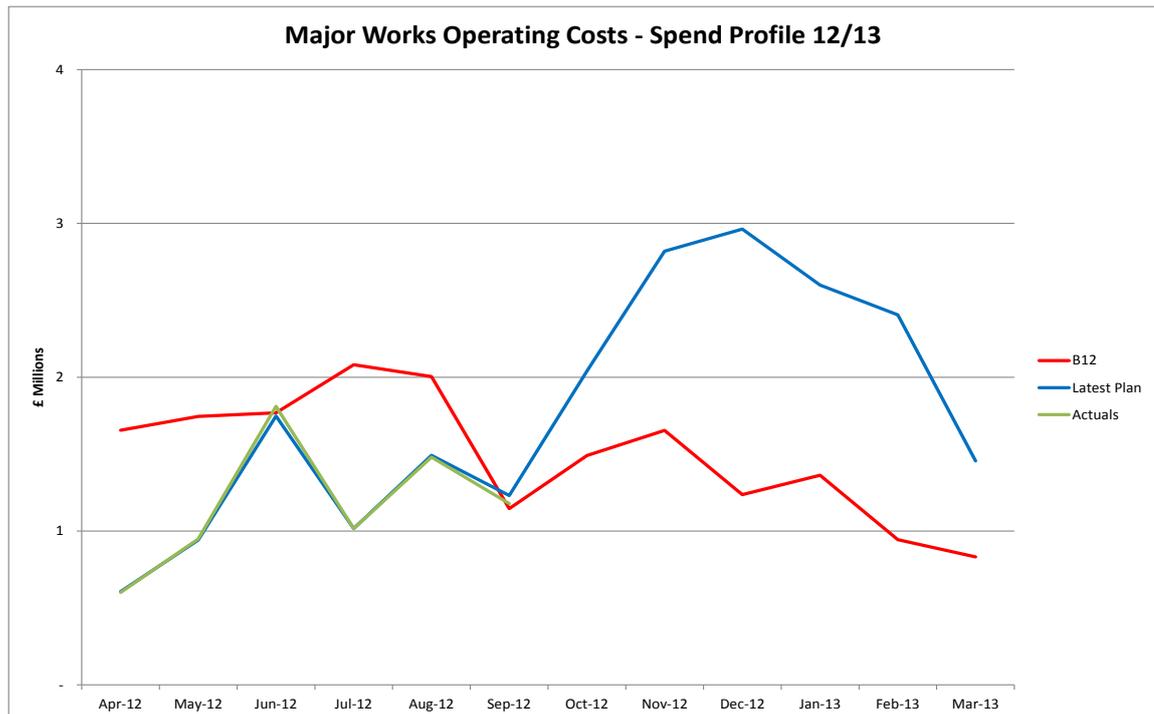
- The variance of actual expenditure from Plan is due to some delays in programmed General Works delivery (particularly related to vegetation management where weather conditions impacted on grass cutting and weed spraying), re-scheduling of new national contracts for Operational Property/Mechanical and Electrical maintenance and these will be recovered in the remainder of the period. The most significant change is in the Major Works area where the release of contingency funding plus additional funds brought forward to enable emergency works (Trent & Mersey breach/Mon & Brec. reline) has been agreed together with some rescheduling of projects for efficiency purposes. In total, £4m of additional expenditure above plan has been programmed for the remainder of the year.

1.1.2 **General Works Expenditure Profile** - the following graph illustrates the General Works proportion of overall operations expenditure comparing Plan, Forecast and Actual:



- Cyclical works continued on Planned Preventative Maintenance to 7 key assets with satisfactory progress across all waterways together with vegetation management in testing climate conditions due to a much wetter than average summer. Some minor delays to vegetation schedules have occurred with the Framework Contractor tasked to recover where possible.
- During the period, progress continued on the repair of the Highest Priority Defects – mainly critical visitor safety and customer service items such as bank protection, leak stopping, safety fencing and Minimum Safety Standards compliance. Our target for the year is the repair of 6,417 High Priority Defects with around 50% completed so far.
- In addition to planned defect repairs, the nature of the network constantly throws up a number of arising, usually, small scale defects which have to take priority over planned work to manage risk and can impact on the delivery of planned works. The variety of tasks are significant including lock gate repairs following impact damage, lock paddle failures, leak management, emergency tree works, pollution, weed blooms, vandalism and most notably in this period flood and associated breach events.

1.1.3 **Major Works Expenditure Profile** - the following graph illustrates the Major Works proportion of operations expenditure comparing Plan, Forecast and Actual:



- The Major Works area manages the more complex and higher risk projects delivered by Framework Contractors (May Gurney/Civil & Mechanical & Electrical Engineering, Land & Water/Dredging) covering activities such as Reservoir works, Embankment & Culvert repairs, Bridge works, Dredging, Tunnel repairs, Water Management, etc.
- 72 projects were originally planned for delivery during the year with a budget of £17.5m. The programme has now been amended to deliver £21.5m of works to include £3m of emergency flood damage repairs (Trent & Mersey and Mon & Brec) and £1m of additional projects.
- Despite the changed programmed, due to emergency repairs which will significantly increase expenditure in the second half of the year, it is pleasing to report that around 40% of planned works were completed by the end of September taking advantage of generally better working conditions in the spring/summer period.
- The following photographs illustrate the nature and scale of typical Major Works project underway:



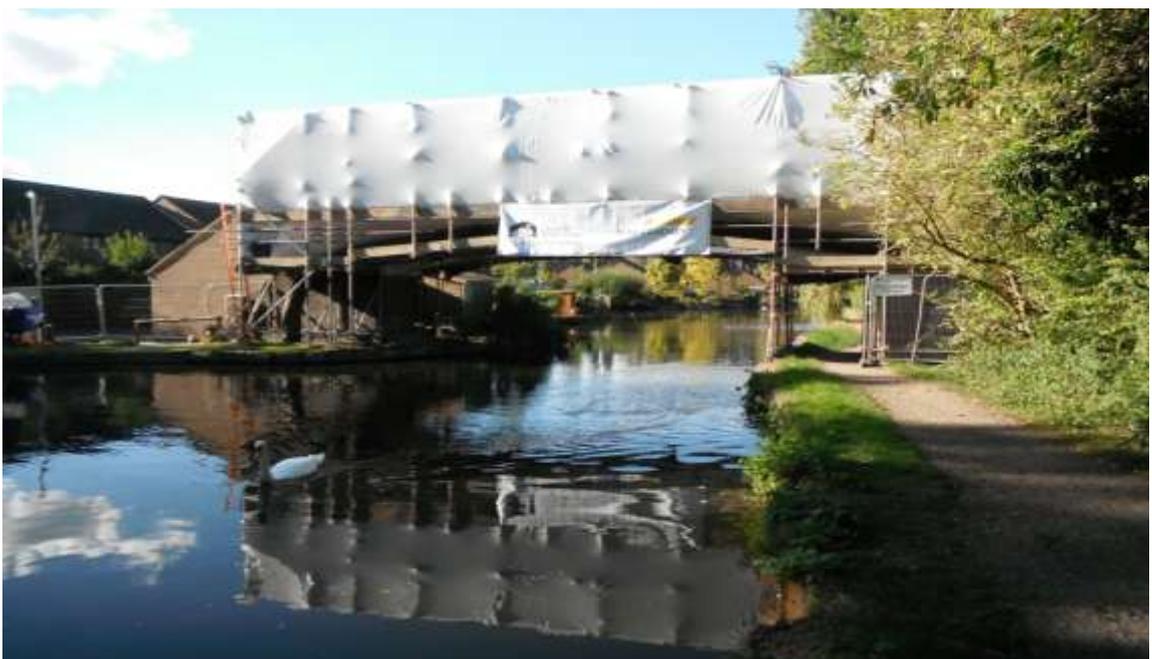
Sharpness North Warehouse (Buildings at Risk register) - roof replacement



Pebley Reservoir (East Midlands) - cofferdam for accessing culvert through dam



Sutton Weaver Swing Bridge (Weaver Navigation) - design and procurement works on-going



Bridge 157 Toovey's Bridge (Grand Union Canal) – encapsulation for painting

1.2 Trent & Mersey Breach/Near Breach - Update

- 1.2.1 On 26th September following a period of intense and prolonged rainfall the Trent & Mersey canal breached at Dutton with a near breach occurring at Croxton resulting in a 12 mile stretch of the canal being closed to navigation impacting on around 500 craft in the area. The breach at the Dutton site is shown below where the embankment collapsed releasing water into adjacent farmland.



- 1.2.2 Prior to the breach, there were no indications of leakage or other problems at this location and it is likely that a tree fall caused by saturated ground may have weakened the embankment and allowed the canal water to mobilise the sandy material of the embankment creating the catastrophic failure. The repair solution at this site has required careful consideration of ground stability conditions before any remedial work could commence and the objective is to complete repairs by Easter.
- 1.2.3 At Croxton, the near breach was caused by water overtopping of the canal wall at a low point together with undercutting of the embankment by the adjacent river in flood. The low point of the canal wall at which overtopping occurred was in our winter works plan as a high priority defect repair. Work to repair this site commenced almost immediately and is progressing well as can be seen from the photograph below. It is anticipated that works will be complete during December.



- 1.2.4 Following initial action to make both sites safe, our focus shifted quickly to the boating customers impacted to ensure that safe moorings and services were available. The local team put significant effort in to detailed and regular communications and facilitated the movement of craft away from the area via the River Weaver and Manchester Ship Canal to Ellesmere Port where they could re-enter the main network.

2.0 Monitoring Technical/Operational Performance

2.1 A range of Performance Indicators have been developed to monitor performance across the wide range of activities within Waterways and the Major Works areas. A summary of the performance indicators is shown below with traffic light indication of current performance:

Operational Performance Indicators - September 2012/13

KPI Area	All Waterways Total	Commentary
Compliance		
Safety (TRIF, Leading/Lagging KPI's)	Yellow	TRIF scores improved in 3 Waterways since previous quarter. The Lead/Lag score measurement of safety improvement from start of year position puts the overall safety score into amber. No waterway has a safety score in red
Heritage standards compliance	Green	On target
Environment standards compliance	Green	On target
Delivery		
Planned Preventative Maintenance	Yellow	Recording of timesheet booked hours behind plan due to processing errors, improvement actions have seen increased performance
High Priority defect repairs	Yellow	A small number of repairs have been reprioritised to next year, mainly due to flooding works in M&P
Financial Delivery (CBIT)	Yellow	CBIT £1.9m behind plan - actions to recover in place
Delivery of outputs - Plant Maintenance Orders	Yellow	General Works Programme behind plan - recovery targets in place
Timesheets - recording of booked hours to Steady State works	Yellow	Improved processes have seen the time recording increase over the last quarter, previous score was red
People Management		
Absence Levels	Red	8/11 Waterways have an absence score greater than national average of 6.7
Volunteering		
Volunteering	Yellow	Waterway Towpath Talk practical days (one per month) are behind plan. Volunteer time spent not being recorded on a timely basis - improvement actions in place
Efficiency		
Waterway Plan Efficiency Delivery	Yellow	Planned Efficiency savings on target, however not all Waterways are contributing to overall efficiency target
Asset Inspections		
Waterway (Length, Annual and Principal)	Green	On target
Central (Principal)	Yellow	Tunnels, Culverts & Public Bridges slightly behind, balanced by embankments, cuttings & reservoirs being slightly ahead or on target
Major Works		
Overhead cost as a percentage of total cost – 12.3%	Green	On target
Deliver increasing proportion of programme outside stoppage season – 30%	Green	On target to improve delivery outside of stoppage to 40% by value
To successfully manage the delivery of the Major Works programme – agreed programme completed – 90%	Yellow	Baseline KPI programme (April 2012) has been amended in line with arising works delivery of original KPI programme forecast to be 75%
Maintain CRT framework & programme costs as a % of contract value delivered (across all contracts) – 3%	Green	On target
Seek greater return under each contract arrangement, by reduction in total return achieved by contractor (2010/11 baseline) – 5%	Green	On target - forecast net 10% reduction in May Gurney direct return

3.0 Water and Environment Developments

3.1 Water Resources

- 3.1.1 **Water Transfer** - Our involvement in the potential use of parts of the canal system for water transfer schemes to assist water companies with their Drought Plans continues and discussions have been on-going with Thames water, Anglian Water and Affinity Water (formerly Veolia Water). We have been asked to take the lead in convening a collaborative meeting between the four water companies who would be involved in a potential water transfer scheme to take water from either the Minworth (Birmingham) Waste Water Treatment Works or the River Trent to be transferred via canal towards the Northampton area with possible off takes for Thames Water at Banbury.
- 3.1.2 **Abstraction Licensing** – Close monitoring of legislative developments continues as the potential for removal of abstraction exemptions is a risk to future water resources.

3.2 Environment

- 3.2.1 **Ash Dieback Disease** – Considerable publicity has surrounded Ash Dieback as the latest threat to the landscape of trees in this country and adds to the existing problems of Sudden Oak Death, Alder Dieback and Horse Chestnut Bleeding Canker in addition to the more well known Dutch Elm Disease. All these diseases are affecting or are likely to affect the landscape character and biodiversity of the canal and river corridors and monitoring is taking place in line with best practice advice. We do not believe there are any particular safety implications of Ash Dieback as the disease has a slow and gradual impact and generally Ash trees do not grow close to the waters edge as their roots do not tolerate wet soil.

4.0 Technical/Operations Contribution to Trust Development

- 4.1 The three key areas where the Technical/Operations function is contributing to the development of the Trust are Volunteering, Waterway Partnerships and Advisory Groups.
- 4.1.1 **Volunteering** – all Waterways continue to develop and deliver a wide range of volunteer involvement. The season for volunteer lock keepers came to end in October and this was a particular success which will be built on in future years. The work by the IWA Waterway Recovery Group on the repair of bridges on the Oxford canal was a notable success and has created a strong base to build further partnership projects with this influential group.
- 4.1.2 **Waterway Partnerships** – all the Partnerships continue to bed in well with good relationships developed. Their focus over the next few months is to develop local strategic visions to feed into our business planning processes.
- 4.1.3 **Advisory Groups** – three key Advisory Groups are operating well in the Technical/Operations area covering Heritage, Environment and Navigation. The Heritage Advisory Group is engaged actively with the development of an updated Heritage Strategy which will be produced shortly for approval and a spin off from the Navigation Advisory Group is starting to work on the development of greater canoeing involvement on the waterways.

5.0 Other Notable Activities

- 5.1 **Bristol Water Supply Emergency Simulation** – in partnership with Bristol Water a simulated emergency exercise took place during October to test our capability to respond to a breach on the Gloucester & Sharpness canal which supplies a significant proportion of drinking water to the Bristol area. The exercise involved a full emergency mobilisation of pumps and associated equipment and we were able to demonstrate that water supplies would be secured within the required period. A presentation of the full outcome is being made to the Bristol Water Board. The lessons from this test exercise and our response to the recent Trent & Mersey breach are being reviewed together as part of our Asset Management Plan 2012 contingency planning requirements.
- 5.2 **Asset Management Plan 2012/PAS 55** – the Executive have reviewed and approved the Asset Management Plan developed to satisfy the requirements of the Government funding conditions.

A handwritten signature in black ink that reads "Vince Moran". The signature is written in a cursive style with a long horizontal stroke at the end.

VINCE MORAN
Operations Director