



## MEETING OF THE BOARD OF TRUSTEES

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Minutes of a meeting of the Board of Trustees (the **Trustees**) of Canal & River Trust (**the Trust or CRT**) held at Canal & River Trust, The Dock Office, Commercial Road, Gloucester GL1 2EB on Thursday 23<sup>th</sup> May 2013 at 09:00.

### Trustees:

Tony Hales	Chairman
Jane Cotton	
John Bridgeman	
John Dodwell	
Frances Done	
Tom Franklin	
Lynne Berry	
Manish Chande	Agenda item 13/027 to end of meeting
Steve Shine	

### Apology:

Simon Thurley

### Executive Directors:

Robin Evans	Chief Executive
Nigel Johnson	Corporate Services Director (and Secretary to the Trust)
Stuart Mills	Property Director
Vince Moran	Operations Director
Philip Ridal	Finance Director
Simon Salem	Marketing & Fundraising Director
Julie Sharman	National Head of Enterprise, agenda items 13/022 & 13/023
Jason Leach	Enterprise Manager, agenda items 13/022 & 13/023
Vivienne Radfar	PA to Chairman & Chief Executive

### Secretary of the Meeting:

Mark Devin	Prism Cosec
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## Action

### 13/022 CHAIRMAN'S WELCOME

The Chairman welcomed all those present and welcomed Frances Done to her first Trustee meeting.

### 13/023 CRT-OWNED RESTORATIONS

The Trustees received a presentation from Julie Sharman and Jason Leach on the Enterprise team's work in further developing partnerships to advance and facilitate delivery of waterway restorations. The presentation included an overview of three projects currently underway on the network and summarised strategic priorities going forward to help focus resources. These included:

- i. Joint working with the Inland Waterways Association;
- ii. A workshop with the Heritage Lottery Fund on funding priorities;
- iii. Recruitment of additional multi-disciplinary resource and the development of volunteering; and
- iv. An annual 'expanding the network' workshop.

Following the presentation, questions were taken from the Trustees on a variety of topics including the use of the corporate website to recognise publicly the achievements of the Enterprise team, the development of strategic partnerships with, inter alia, universities and the acceleration of project work by the greater use of probationers and other volunteers.

The presentation concluded with an announcement by Julie Sharman of an award from the Heritage Lottery Fund for the development of two intermediate training programmes, which would draw widely on ethnic groups to enhance diversity. The Chairman congratulated the team and underlined the importance of the award in further strengthening relationships with the Heritage Lottery Fund.

The Trustees endorsed the strategic approach as outlined and thanked Julie Sharman and Jason Leach for their presentation.

(Julie Sharman and Jason Leach left the meeting at 09:25)

#### **13/024 DECLARATION OF INTERESTS IN ANY MATTERS ON THE AGENDA**

No interests were declared by individual Trustees, including in relation to agenda item 13/026 (business licence review).

#### **13/025 MINUTES**

The minutes of the meeting held on Thursday 28<sup>th</sup> March 2013 were approved.

##### ***Matters arising:***

##### CEO appointment (minute 13/009)

It was noted that since the last meeting the Trustees had resolved by written resolution to appoint Richard Parry as Chief Executive of the Trust.

##### Protector appointment (minute 13/013)

Mr Mills updated the Trustees on the joint Trust/Defra appointment of a 'Protector' in respect of the investment endowment under the terms of the Grant Agreement. Terms of appointment were being finalised. In the meantime, induction training was being arranged.

##### HS2 (minute 13/014)

It was noted that Duncan Sutherland (British Waterways Board member) was on the HS2 board and was responsible for liaising with CRT. ***It was agreed*** to prepare for Mr Sutherland a short summary of the Trust's strategy and priorities with regard to HS2, with specific reference to the Birmingham interface.

VM

##### May Gurney (minute 13/018)

Mr Moran updated the Trustees on the possible takeover of the Trust's omnibus contractor. There was no impact on the existing relationship and the contract was due for renewal in 12 months' time.

#### **13/026 CHIEF EXECUTIVE'S REPORT (CRT 46)**

The Chief Executive supplemented his written report with the following update:

***Health and safety:*** There were no reportable incidents.

***Knothrop Depot:*** Mr Mills updated on actions arising from the activities of the tenant in relation to the storage of waste. The tenant had gone into administration leaving the Trust with significant reinstatement liabilities. A

number of work-streams were underway with the objective of mitigating financial damage to the Trust. [Commercially confidential information redacted]. Mr Bridgeman commended the prompt reporting of the incident to both the Audit and Investment Committees and commended both committees for the prompt action taken to address this issue.

**Business licence review:** A consultation process was to begin in June on plans to review the way in which boats used for anything other than private leisure use are authorised and licensed. Implementation of the revised system would be in April 2014.

[Commercially confidential information redacted]

SM

**Trustee presentations:** Mr Evans invited the Trustees to suggest topics for inclusion on the list of presentations planned for future meetings. *It was agreed* that the following be added:

- i. Diversity (Autumn/Winter 2013);
- ii. Succession planning;
- iii. Staff engagement;
- iv. Volunteering; and
- v. Education.

(Mr Chande joined the meeting at 10:10)

#### 13/027 FIRST REPORT & ACCOUNTS FOR PERIOD ENDED 31<sup>ST</sup> MARCH 2013

Mr Salem provided an overview of the format of the Report and Accounts and invited comments. In addition to the full Report, there would follow a short-form report to include summary accounts. The Chair of the Remuneration Committee suggested that the report should include a specific recognition the work of the executive directors in achieving the set-up of, and transfer to, the Trust.

#### 13/028 FINANCE DIRECTOR'S REPORT (CRT47)

Mr Ridal presented his written report. The Audit Committee had at its meeting on Thursday 18<sup>th</sup> April considered outstanding accounting policy issues that had been discussed with Grant Thornton. These were:

- i. Categorisation of the CRT waterways and museum artefacts and collections as heritage assets under FRS30 and appropriate valuation in the accounts; and
- ii. Proposed new accounting treatment for the infrastructure dowries and income from Enterprise contributions.

Both these were to be put to the Trustee for adoption at a special Trustee meeting on Tuesday 18<sup>th</sup> June 2013.

PR

Mr Ridal highlighted the principal variances in the income and expenditure account. The most significant of these was a provision for the cost of removing waste from the industrial unit at Knostrop (minute 13/026 above refers), details of which were set out in Mr Ridal's report.

It was noted that a provision had been made for the cost of legal work required to register the waterways titles into the name of the Waterways Infrastructure Trust. This was a requirement of the Trust Settlement with Defra. Mr Evans explained that compliance with this obligation would be monitored through the risk dashboard.

Mr Dodwell suggested that fundraising from Enterprise activity be shown separately and Mr Salem undertook to look into this with the team responsible for project managing the annual report and accounts. **SS**

### 13/029 DECISION PAPERS (CRT 48)

The following matters were considered and agreed:

- 1) **Investment Policy (CRT 48A and appendix):** The Trustees were asked to consider a recommendation from the Investment Committee that they approve the draft Investment Policy Statement (**IPS**), the essence of which was to diversify away from property to some extent in order to provide a broader spread of risk whilst seeking a modest improvement in returns. Mr Mills explained that, were the IPS to be adopted, the next steps would be to secure the agreement of the Protector (by September 2013); procure external investment advisors by tender (also by September 2013); and by December 2013 to draft an annual investment plan for implementation from 2014/15. The plan would be executed from January 2014. Mr Mills invited questions. Jane Cotton noted that charities were being more closely scrutinised with regard to their position on ethical investment and suggested that CRT's approach might be articulated more clearly in the IPS. This was acknowledged and the draft would be amended accordingly. After further discussion, **it was resolved** to adopt the draft IPS and approve the next steps as summarised above. **SM**
  
- 2) **Debt Management (CRT 48B):** The Trustees were requested to consider and, if appropriate, approve a strategy to borrow funds to provide short-term funding of operational working capital. This would release some of the relatively high holdings of cash for investment. Mr Ridal's paper articulated how this would be achieved, namely, by way of an overdraft facility and committed revolving credit facility. Discussions were progressing with [...] and it was proposed to enter into a tender process during June 2013. **It was resolved** to adopt Mr Ridal's proposal. **PR**
  
- 3) **Welsh language (CRT 48C):** Mr Salem explained that the Welsh Language Act 1993 required certain bodies to prepare a scheme setting out in Welsh how services would be provided. British Waterways had prepared such a scheme in 2007 and this had been revised for the Trust. Mr Salem had prepared a decision paper requesting that the Trustee approve the revised scheme together with a Welsh language version of the annual report for forwarding to the Welsh Language Commissioner. Replying to a question from Mr Bridgeman, Mr Salem agreed to confirm whether or not the All Wales Partnership had been invited to participate in the process, following which his paper would be updated and re-circulated. **SS**

### 13/030 FUNDRAISING REPORT

Mr Salem's written report was noted and taken as read.

### **13/031 OPERATIONS REPORT**

Mr Moran presented his report, commenting on major works including those required to repair the collapsed lock chamber wall on the Aylesbury Arm of the Grand Union Canal. This incident was the subject of an ongoing investigation to understand the causes. The Trustees were gratified to note a reduction in the proportion of assets graded D & E (the worse two grades) to 15.5%. However, it was noted that this was an average and that some parts of the network had higher proportions, some lower. Detailed analysis was being carried out with reference to those parts of the network where the proportion was above average in order that consideration can be given to allocating sufficient resource.

### **13/032 BOARD COMMITTEES**

The Trustees noted the following draft minutes:

- i. Audit Committee meeting held on Wednesday 18<sup>th</sup> April 2013. Mr Bridgeman noted that the audit clearance meeting in relation to the financial year ended 31<sup>st</sup> March 2013 would be held on Friday 24<sup>th</sup> May.
- ii. Investment Committee meetings held on Monday 11<sup>th</sup> March and Thursday 18<sup>th</sup> April 2013.

### **13/033 GOVERNANCE**

Mr Johnson advised that, following Mr Evans's resignation effective from Friday 31<sup>st</sup> May 2013, the scheme of delegated authorities would need to be amended with the temporary substitution of Mr Moran for Mr Evans for the period that the former was Acting Chief Executive. The Board confirmed the appointment of Vince Moran as Acting Chief Executive until Richard Parry took up his post and that Vince Moran should be authorised to exercise all delegated authority and other powers of the Chief Executive whilst so acting.

The Board confirmed that the bank mandate authority and all other authorities exercised by or delegated to Robin Evans would cease on his retirement on 31<sup>st</sup> May 2013.

Mr Johnson informed the Board that Greta O'Shea, a solicitor in the Legal Department, was leaving the Trust at the end of the month and accordingly the Board confirmed that her authority to witness the Common Seal of the Trust and other delegated authorities would cease from the date of her leaving.

### **13/034 ROBIN EVANS**

The Chairman, on behalf of the Trustees and the executive directors, acknowledged the extraordinarily significant achievements of Mr Evans to not only as to the creation of the Trust but also the development of its predecessor, British Waterways. It was noted that the waterways in the care of the Trust were now in a more secure and sustainable condition than at any time since the post-war nationalisation. Mr Hales conveyed the best wishes of all those present and wished Mr Evans well for the future.

### **13/035 DATE OF NEXT MEETING**

Tuesday and Wednesday 9<sup>th</sup> and 10<sup>th</sup> July 2013 (Ellesmere Port)

### **13/036 CLOSE OF MEETING**

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

**Chairman**

## MEMORANDUM TO THE BOARD

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### CHIEF EXECUTIVE'S REPORT – MAY 2013

#### 1. Health and Safety Report

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

#### 2. New CEO – Richard Parry

Richard's appointment as the new CEO was announced internally and externally on the internet. Richard has met with all the Directors and briefly attended the Senior Management Forum in Birmingham on the 9<sup>th</sup> May.

We are currently mapping out a visits programme for his first 4-6 months. This will include internal and external people, sites and organisations. Once we have a draft proposal, Vince will agree it with Richard and we will then start to plan his diary.

#### 3. Development of Strategy

Trustees will recall endorsing a paper about how best to take forward the ideas developed at their workshop in January. The paper envisaged a phase (now) of technical development, an opportunity for the new chief executive to become involved followed by consultation (autumn) and publication (end year). The early start date planned for Richard Parry will make it easier to maintain momentum.

The main developments since the last Board have been:

- Organisation with the volunteering advisory group of a workshop to help us define our volunteering strategy as we move from an organisation that 'welcomes volunteers to do extra work' to one that 'cannot deliver its ambitions without them.' The workshop will be on 25 June.
- A review of the developing 10 year local waterway partnership plans and our mechanisms for drawing these together. We believe the combined summary of these plans will form the basis of the trustees' overall strategy on localism. The Heads of Enterprise and Planning will be working together to complete this element of the draft strategy.

So overall, work on the strategy is in hand and progressing to target.

#### 4. Property and Investment

##### 4.1 Knostrop

Members of the Audit Committee and the Investment Committee are aware that a tenant of Trust buildings at Knostrop in Leeds has recently gone into liquidation leaving the Trust with significant reinstatement liabilities. The Finance Directors report incorporates an update on the required accounting treatment in respect of these liabilities. The Property Director will provide a verbal update at the meeting on the current actions which are underway to resolve the problem and mitigate potential liabilities.

##### 4.2 Business licence review

**CRT46**

The Business Boating Team is about to undertake a major consultation on plans for reviewing the way in which boats used for anything other than private leisure use are authorised and licensed.

The purpose of the review is to ensure consistency, fairness and transparency. The current system generally links business licence prices to private licence fees which has been a cause of some angst in the hire industry for some time. Other business licence types are priced with reference to a complex series of allowances and discounts which is often unclear to business operators. The current terms and conditions for business boats are generally appropriate for the hire industry but less so for other types of business operators.

The consultation paper includes new definitions for workboats and cargo carrying, new pricing structures for all sectors and a new, fit for purpose, application and assessment process to ensure that all boats comply with relevant regulations and standards. This is supported by a bespoke set of national terms and conditions for business licences enabling all operators to have confidence that they are competing on a level playing field. Trustees may recall having already advised on concessions offered to boats operated by other charitable organisations on our waterways.

Whilst the review does not set out to increase overall revenue from business boats, there are currently sectors where the discounting and pricing models have led to some unintentional and anomalous pricing for certain types of craft. This review seeks to correct that and so does produce a modestly better return than that currently enjoyed by the Trust. The review proposes appropriate transitional arrangements for cases where prices increase.

The intention is to consult on the revised measures from June 2013 with implementation of the final revised system in April 2014. A copy of the full consultation document is available to those Trustees who wish to consider it in more detail prior to launch of the consultation process.

**4.3**

[Confidential information redacted].

**4.4 Investment Activity**

The Trustees are aware that the Trust continues to invest unallocated capital resources in property assets pending adoption of a revised investment strategy.

At a telephone conference meeting on 5<sup>th</sup> April 2013, the Investment Committee considered a proposal to acquire [Confidential information redacted].

The Investment Committee approved the investment pursuant to its delegated authority from the Board (£10m) and the acquisition is expected to complete prior to the Board meeting. The Trustees are asked to note the acquisition.

**5. Marketing & Fundraising****5.1 On the Ground****5.1.1 Significant positive media coverage**

In April (May not yet complete) 90.6% of our media coverage was positive, 8.4% neutral and 1% negative.

However the most positive coverage happened in May, with significant national broadcast coverage for our stories about hedge maintenance (BBC Breakfast) and the reopening of the Dutton breach (The One Show and BBC Breakfast).

The coverage of the Dutton breach, in particular, shows how our new status is transforming our perspective and giving us the confidence to treat our work in a completely new, positive and appealing way.

### **5.1.2 Arts Council England bid success**

The £1.9M Arts bid submitted to Arts Council England for the Leeds & Liverpool Canal around Burnley under the Creative People and Places scheme has been awarded, the next stage is to further develop the programme with £50k development funds over the next few months with the full funding being reserved for us.

The success of a bid of this type and scale is a major step forward for the Trust.

### **5.1.3 Towpath Moorings Management Project**

Managers for the London and South areas have been recruited, and Sorwar Ahmed has already started work in London.

### **5.1.4 Marks & Spencer clean up**

Around 1,000 M&S employees attended at around 40 sites with good coverage in local and digital media. Their feedback has been very positive and we are beginning discussions with Marks & Spencer about the future.

## **5.2 Behind the scenes**

### **5.2.1 Partnership/national team joint marketing and fundraising workshop**

Around 60 partnership members and staff joined this workshop in Birmingham on 1 May. The event offered opportunities to make connections, explain work in hand and discuss ideas for the future. It was very positively received.

### **5.2.2 Senior Management Forum**

This was held on 9 May in Birmingham. It was an opportunity to review our success this year and more importantly to look ahead to future opportunities. The Forum focused on the trustees' priorities (localism and volunteering) for their new strategy with presentations from John Best (SE Partnership Chair) and Helen Timbrell (Volunteering and Engagement Director, National Trust) proving particularly inspiring.

### **5.3 Coming soon**

#### **5.3.1 20<sup>th</sup> century voices oral history project**

This project to collect 20th century waterways oral history will launch with at Cambrian House on 30 May with the unveiling of a plaque in memory of boaters' efforts in the first world war.

#### **5.3.2 100 destinations visitor marketing campaign**

This will launch in July to maximise school summer holiday visits. The main thrust is door drop leaflets to reach over 1 million people carefully targeted for proximity of a waterway and relevant demographic profile. The campaign will include devices to encourage people to sign up with us for further digital updates and potential fundraising conversion.

#### **5.3.3 Pocklington Canal**

Following a lengthy meeting with HLF regarding our Pocklington resubmission, we were advised to omit the accredited learning element so that it did not detract from our national Skills for the Future Bid and did not water-down a potential major restoration bid in the future. The value of the new bid will be circa £600k, key elements will be towpath improvements, an interpretation scheme, SSSI improvements and volunteer activity. We were also advised to hold off any other Trust bids to HLF Yorkshire until this one had gone to committee in August.

#### **5.3.4 HLF strategic workshop**

Bob Bewley, HLF Director of Operations, visited the Stourport Restoration project (2005 - 2009) with Robin Evans, Julie Sharman and Tony Harvey to talk about the national programme context of HLF investment for the Trust. We plan to take this forward via a joint workshop with HLF this autumn.

**Trustee Presentations**

Set out below is a list of presentations already received by the trustees and those that are planned for the future. The original list was drawn up shortly after the first Trustee meeting. I thought it would be useful to review the list and decide whether on reflection some could be deleted and others included.

<b>TOPIC</b>	<b>DATE DISCUSSED</b>
SAP Renewal	Feb 2012
Fundraising	March 2012
Volunteering	March 2012
Heritage	May 2012
Environment	May 2012
Water Resources	July 2012
Non-Compliant Continuous Cruisers	Sept 2012
Waterway Restoration	Nov 2012
EA Navigations Introduction	March 2013
HS2	March 2013
Investment Policy	May 2013
Freight	July 2013
Waterway Classification	
Climate Change	
Hydro Power and Wind Energy	
Diversity (minute 12/033 refers)	
Moorings and Licences	
Residential Boating	

**6 Governance – Financial and other Authorities**

Changes to the bank mandate; to internal financial authorities and to the delegation of authority to witness the common seal of the Trust and to give certain certificates under the Charities Act are needed as a consequence of the departure of Robin Evans and of Greta O'Shea (a solicitor in Legal Department) and the end of May.

A Board Resolution dealing with those issues will be tabled at the meeting as we hope to incorporate prospective authority for Richard Parry but currently await formal confirmation of his start date."



**ROBIN EVANS**  
May 2013

## APPENDIX 1

### HEALTH & SAFETY MANAGEMENT SUPPLEMENT – MAY 2013

#### Appendix 1: 1.0 INTRODUCTION

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

#### 2.0 ASSETS

##### 2.1 Asset Management Plan (AMP2012)

2.1.1 We have now published our asset management plan that sets out the requirements of PAS 55 (compliance with which is written into our contract with Government), how we manage that compliance, and the steps that we intend to take over the next 3 years in improving our asset management system. Each step improvement helps mitigate or reduce risk to CRT.

##### 2.2 Asset Inspection Process (AMP 2008)

2.2.1 Applying a rigorous and closely monitored inspection programme continues as the key platform of our Asset Management Plan.

##### 2.3 Asset Risk Grading

2.3.1 The latest analysis of the proportion of Principal Assets in the worst two condition grades (D/E) indicates a reduction to 15.5%.

##### 2.4 Property

2.4.1 Property information is now largely held electronically. As Sharepoint is being populated with more data this gives better access to property information across the business and allows information such as the location of services to be more readily accessed.

2.4.2 The Property Maintenance Term Contractor (PMTTC) has begun the current programme of testing and inspection to comply with statutory responsibilities. In addition, testing and inspection is undertaken where tenants vacate premises to ensure that they are re-let in a compliant state. This compliance is managed across both in-house and externally managed property. Where property is managed by the national external agents DTZ these tests will also be undertaken as is best practice. The agent will contact the appropriate Property team to advise of what tests are recommended and seek instruction in this regard. This ensures that the agent retains responsibility for identifying the requirement and advising the client, but retains flexibility where circumstances have changed such as an intention to demolish a structure or where an alternate delivery is preferred such as the PMTTC undertaking inspection. This also allows property teams to monitor what works are being

undertaken on behalf of the Trust but responsibility for delivery must be clear to ensure that no gaps in compliance occur.

### **3.0 VISITOR SAFETY**

- 3.1 There were 8 fatalities on our property during March and April and, although tragic, none of the incidents appear to have been caused by any infrastructure inadequacy.
- 3.2 One case received understandable high profile as it involved four very young children playing without adult supervision near a lock on the Staffordshire & Worcestershire canal when two fell in. A third child jumped in to try to assist while the fourth ran home to get help. One child died subsequently and we are assisting with the HSE investigation.
- 3.3 In another high profile incident, a two year old child was recovered from an arm of the Leeds & Liverpool Canal and remains in a serious condition. The arm is the property of the local Council who we are liaising closely with to offer advice and assistance.
- 3.4 There have been no reportable injuries to visitors since the last report. The analysis of the incidents involving members of the public reported for the 12 months to the end of March shows 373 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 9.4%. This level is below 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 contractor hired a crane accessing the site of a stoppage and overturned into the canal. No one was injured in the incident and the crane has been recovered from the canal. HSE conducted an investigation and have concluded that no further enforcement action is necessary. HSE are presenting a paper on temporary works management to our upcoming Technical Conference. We have accepted HSE's recommendations and we will be improving our control of temporary works by training 'Temporary Works Coordinators' to be in place for the start of the next stoppage season.

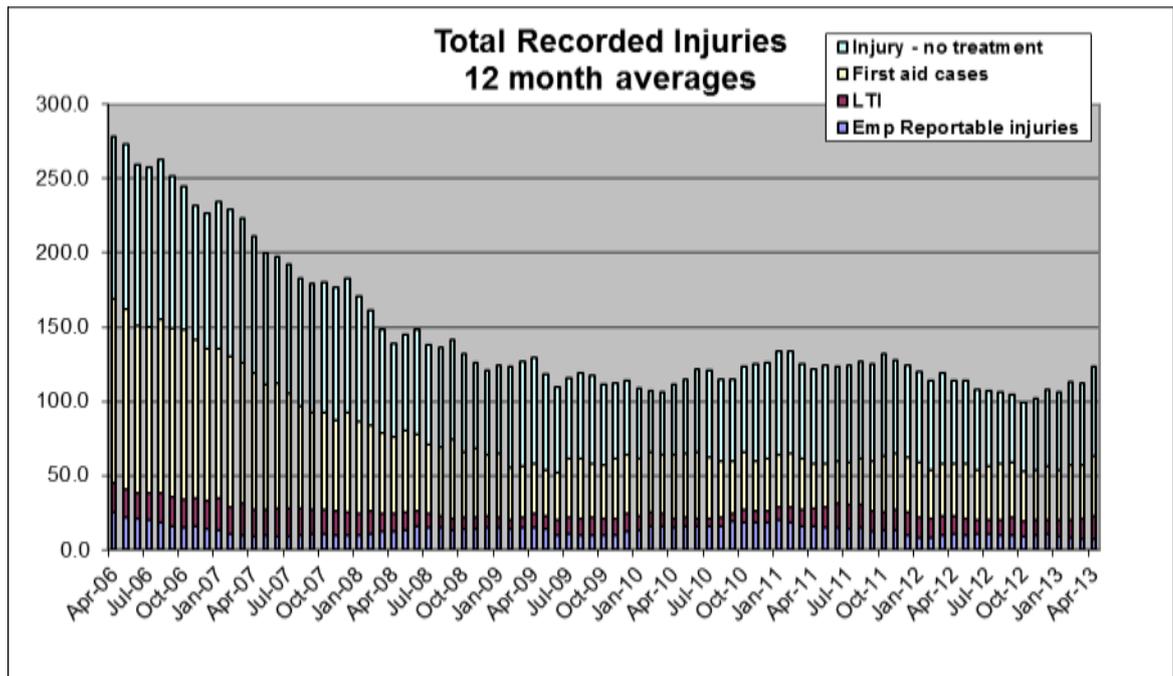
### **5.0 OUR PEOPLE**

#### **5.1 Volunteers**

- 5.1.1 There has been no reportable injury to a volunteer since the last report. There has been a serious injury to one of the Trust's volunteer coordinators. The co-ordinator was working on the Droitwich Canal supervising a volunteer helmsman when the tug they were travelling in struck a bridge. The impact forced the cabin door shut when the volunteer co-ordinator was looking out. She sustained serious chest injuries and a punctured lung. Fortunately, she is making a good recovery but is still off work. The incident was reported to the Marine Accident Investigation Branch. They have not taken any further action, but are awaiting our report.

#### **5.2 Employees**

5.2.1 The improving trend line in total Lost Time Injuries has unfortunately seen an increase in the period with a similar trend in the overall number of injuries – see following chart. Many of the incidents are near their limit of severity, with manual handling injuries and slips/trips being a particular feature. In 2013/14, we are running a series of initiatives to improve our employees’ risk perception and awareness with continuing focus on manual handling and slips trips and falls which are stubbornly continuing to show increased incidence. This programme will supplement the ongoing work on safe behavior which underpins all our safety improvement actions.

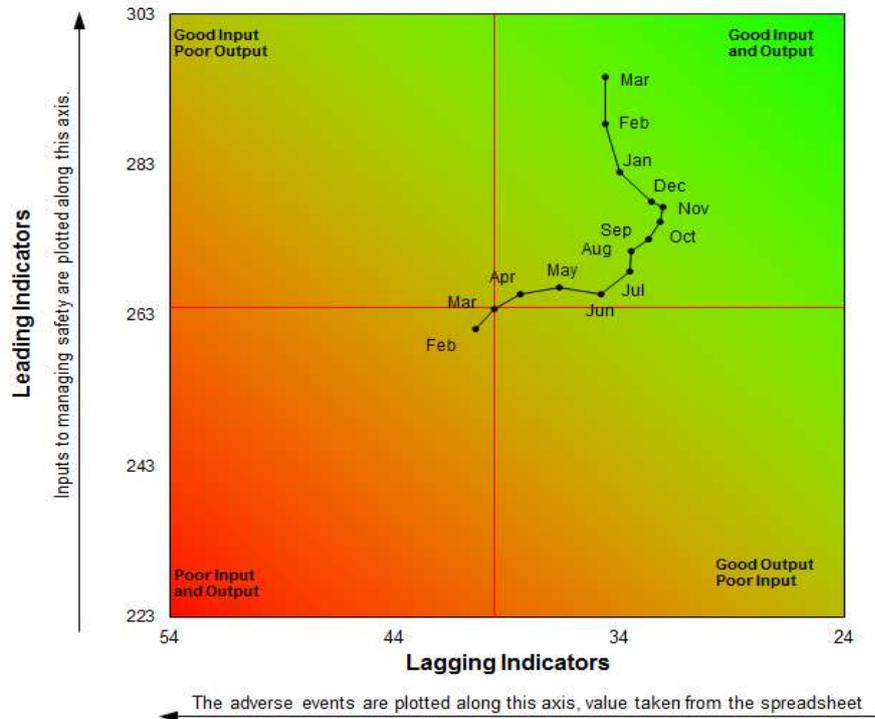


5.3 Safety Benchmarks

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

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 H&S management system. Leading KPI’s are made up of positive inputs by employees to improving H&S performance such as completed safety actions, safety audits and safe behaviour discussions. Lagging indicators are the negative outcomes of the H&S system such as injuries to employees or public and overdue safety actions. The following chart shows the resultant movement of the KPI’s over 2012/13.

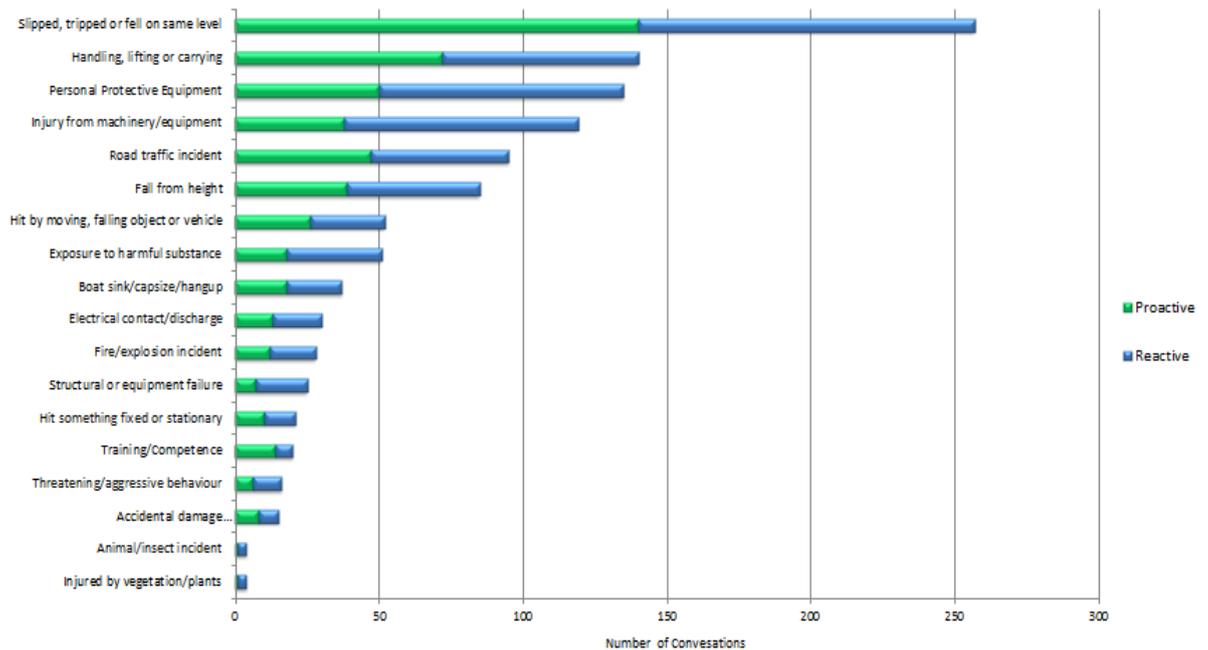
CRT Health & Safety KPIs 2012/13



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.

5.4 **Safe Behaviour**

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



## 5.5 Lost Time Incidents during Period

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

**London, Regents workboat** - Operative stepped into uncovered sump for the bilge pump. Supervisor spoke to the person responsible for pumping out the craft to ensure that next time he removes the cover he will lock the entrance door next to the well and the cover will be replaced immediately after pump out is complete. (1 day lost)

**Talybont Aqueduct outfall weir Mon & Brec** - An operative was working on the weir grouting up some small holes on the outfall. Part of the works was mixing wet grout. During this process as he picked up a 10 litre bucket of water he twisted and strained his back. (5 days lost)

**K&A, Devizes – RIDDOR over 7 day absence** - An employee was tasked to empty a waste fuel/oil area of all empty containers. Several old oil cans and plastic containers were also to be removed and the area cleared. The employee was instructed not to move anything too heavy but to leave them until a plan to remove them safely was available. The following day, the employee reported that he had a doctor's appointment as he was in pain. He thought this might have happened when one of the containers was stuck to the bottom of the area and he tugged at it to lift it out. The individual has been signed off work by his GP for 6 weeks.

**Coventry Canal, Grendon** - An Employee was clearing out a hopper moored at Grendon Wharf. He had cleared a path through the hopper from the access point to the far end of the hopper. As he picked up a piece of the polystyrene and turned, he stood on a piece of rubble causing him to fall. As he fell, he landed on his left side onto another piece of rubble which caused bruising to his left ribcage. (2 days lost)

**Macclesfield Canal, Bridge 1** - Two employees were clearing litter when one climbed over a wall onto the offside embankment. He slipped on loose soil and jarred his back. The following day, the employee was in noticeable pain and attended a local walk in centre for treatment. He was advised to rest his back for a day or two. (3 days lost)

#### 5.6 **Targets 2013/4**

- 10% reduction in lost time injuries to CRT. employees (start point 21)
- 10% reduction in Manual Handling injuries (start point 21)
- 10% reduction in Slip/Trip/Fall injuries (start point 34)
- 300 worksite safety audits by management team members

#### 6.0 **OCCUPATIONAL HEALTH**

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



**V P Moran**  
Operations Director

## MEMORANDUM TO THE BOARD

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### FINANCE REPORT – MAY 2013

#### Report by the Finance Director

#### 1.0 PURPOSE

1.1 The report provides an explanation of:

- summary of accounting issues,
- draft income and expenditure reports for the full year,
- fair value adjustments on the acquisition of The Waterways Trust
- further explanation of the Fund Raising Plan,
- cash position, and
- KPI's report.

1.2 The accounting issues and management accounts presentations are considerably more complex than usual because of the issues relating to the transition to CRT during the year.

#### 2.0 RECOMMENDATION

2.1 Trustees are recommended to note and comment on the information in this report. The accounts for the period ended 31<sup>st</sup> March 2013 will be submitted for approval to a special Board meeting on 18<sup>th</sup> June 2013.

#### 3.0 ACCOUNTING ISSUES

3.1 As explained at the last meeting, there was a meeting of the Audit Committee on 18<sup>th</sup> April 2013 to consider the accounting policy issues that were remaining to be decided. Proposals were put to the Audit Committee that had been discussed extensively with Grant Thornton and represented a consensus position on the technical issues. These were:

- categorisation of the CRT waterways and Museums artefacts and collections as Heritage Assets under FRS 30 and the appropriate valuation in the accounts,
- proposed new accounting treatment for the infrastructure dowries and income from Enterprise contributions.

##### Heritage Assets

3.2 The proposed accounting policies endorsed by the Audit Committee were that the waterway and the museum assets will be categorised as Heritage Assets in the annual report, with appropriate disclosures of the nature and characteristics of the

assets in the notes to the accounts. In addition, it was agreed that the Heritage Assets will be valued at nil (effectively excluded from the balance sheet) because the “information on their cost or value is not available, or cannot be determined at a cost that is commensurate with the benefits to users of the accounts” is satisfied. The nil valuation of the waterway Heritage Assets is also justified on the basis that we believe their net realisable value is nil or negative because of the significant negative net cash flows that arise from the waterway assets.

### **Asset Dowries**

- 3.3 The Audit Committee approved a revised accounting policy for dowry assets, compared with the one used by BW. These dowries are amounts of cash that were received by BW many years ago in return for accepting responsibility for the Tees Barrage and Liverpool Docks. They appeared on the last BW balance sheet as deferred income creditors at £48.7m plus a further £1.75m provision, totalling liabilities on the balance sheet of £50.5m.
- 3.4 This proposed accounting treatment represents a change from that used in CRT's management accounts to date and accordingly the management accounts reported below have been restated for this new policy.
- 3.5 After extensive discussion and advice from Grant Thornton, we have reached a conclusion that under the Charity SORP these dowry balances need to be classified as Restricted Reserves with the effect that the opening reserves of CRT will increase from £506m to approximately £556m, as explained below.
- 3.6 The dowry agreements meet the SORP requirements for grants and donations (rather than deferred income) and should be recognised as a grant on acquisition by the Trust on 2nd July 2012. The effect is that the opening reserves of CRT will increase by including the dowry balance as a restricted reserve.
- 3.7 On original acquisition of the dowry cash received was invested in investment properties so that the resulting rental income would enable BW to meet the day to day operating cash requirements for these assets. It was also envisaged that investment properties would be sold if cash is needed to fund major repairs to dowry assets. The investment properties that this cash funded were not ring-fenced within the investment property portfolio.
- 3.8 The Protected Endowment provisions of the Defra Grant cause all of CRT's investment properties to be included within the Protected Endowment. It is therefore appropriate that the new restricted reserve for the asset dowries is classified within the Protected Endowment reserve and that major repair costs of the dowry assets be funded from the Protected Endowment reserve until such time that this restricted reserve is exhausted.
- 3.9 The income from the dowry funded investment properties will be taken to the General Fund column in the SoFA. Accordingly the routine recurring expenditure on the dowry assets is funded from the General Fund.
- 3.10 The amount of the dowry restricted reserve on acquisition by CRT at 2nd July 2012 has been restated as though this new accounting policy had applied from the original receipt of the dowry. That is, the cash value of the original dowry, less major repair expenditure up to 2nd July 2012.
- 3.11 The main change is on the balance sheet where an amount of approximately £50m will move from creditors (deferred income) to become a restricted reserve. The change to the SoFA is to remove the “interest” charge that had previously

been shown as a charge for the discount unwinding on the dowry creditor balances and also to remove the “maintenance” income that was released from the dowry creditor into waterway income. These SoFA items approximately net off but the “interest” item is shown above the line in the Generated Funds section and the “maintenance income” item is shown below the line in the Charitable Activities section, and this causes some changes to the previously reported figures, which have been restated. The Operating Plan is also being amended accordingly.

- 3.12 These accounting policy changes will be put to the Board for adoption at the Special Board meeting scheduled for 18<sup>th</sup> June 2013.

#### **4.0 INCOME AND EXPENDITURE**

- 4.1 The detail of the variances against the Plan is provided in the appendix. **[Commercially confidential information redacted].**

- 4.2 **[Commercially confidential information redacted].**

- 4.3 **[Commercially confidential information redacted].** These figures are presented over 12 months to enable a fair comparison with the Plan. The 12 month presentation is becoming increasingly convoluted because of the transition to CRT, the change in accounting policy and the fair value provisions made at 2<sup>nd</sup> July 2012. To try to simplify this, the draft actual results for the nine months to 31<sup>st</sup> March 2013 are also presented below. These are in management accounting format but are the figures that will be used in the audited annual report of CRT.

#### **4.4 Summary of the 12 months results for Plan comparison purposes.**

The draft actual results are summarised below. The contingency has been shown above the line in accordance with the presentation in the original Plan for 2012/13. The Plan has been restated for the change in accounting policy for Asset Dowries (for the nine months from 2<sup>nd</sup> July 2012) so that it is exactly comparable with the actual figures. A full explanation of the variances against the Plan is given in Appendix A.

Statement of Financial Activities	Full Year				
	Actual	Original Plan	Variance	F10 Forecast	Var Act - F10
<b>Contribution</b>					
Generated Funds and Investment Income					
Investment Property	25,943	27,202	(1,259)	27,380	(1,437)
Boating and Moorings	24,586	23,600	987	24,418	168
Utilities	22,053	21,980	73	21,878	176
Olympic Games	1,589	950	639	1,577	12
Marinas Subsidiary	1,010	1,041	(30)	1,001	9
CRT Share of Joint Ventures	(639)	61	(700)	(573)	(66)
Voluntary Income and Fundraising	(456)	(748)	291	(479)	22
Net Interest	2,905	2,666	239	2,837	68
<b>Total Generated Funds and Investment Income</b>	<b>76,992</b>	<b>76,752</b>	<b>240</b>	<b>78,039</b>	<b>(1,047)</b>
Governance					
National Teams	(662)	(678)	17	(648)	(13)
<b>Total Governance and National Teams</b>	<b>(31,013)</b>	<b>(31,024)</b>	<b>11</b>	<b>(31,286)</b>	<b>274</b>
Pension Deficit Funding					
Charity Transition	(6,959)	(7,000)	41	(6,459)	(500)
Contingency	(1,833)	(757)	(1,076)	(1,795)	(37)
<b>Net Incoming Resources before Defra Funding</b>	<b>37,187</b>	<b>35,971</b>	<b>1,216</b>	<b>38,498</b>	<b>(1,311)</b>
Defra Funding					
<b>Total Net Incoming Resources</b>	<b>39,181</b>	<b>39,626</b>	<b>(445)</b>	<b>39,181</b>	<b>-</b>
Charitable Activities					
Waterway Maintenance and Repair	(58,893)	(59,600)	707	(58,911)	18
Major Works	(21,081)	(17,534)	(3,547)	(21,500)	419
Enterprise (Third Party Funded Projects)	(1,173)	(1,660)	487	(1,308)	135
Museums and Attractions	(1,217)	(991)	(226)	(1,392)	175
<b>Total Charitable Activities</b>	<b>(82,364)</b>	<b>(79,785)</b>	<b>(2,579)</b>	<b>(83,111)</b>	<b>746</b>
<b>Surplus/(Deficit)</b>	<b>(5,996)</b>	<b>(4,188)</b>	<b>(1,808)</b>	<b>(5,431)</b>	<b>(564)</b>

Note: The Original Plan and F10 Forecast have been adjusted for the change in accounting policies for dowries

4.5 The main variances against the F10 forecast are:

- [Commercially confidential information redacted],
- the Pension Deficit where we have transferred a full year's £2m into the Designated Fund rather than nine months, as assumed in the F10 (i.e. £1.5m),
- major works expenditure has finished marginally behind the revised target of £21.5m, and
- the cost of the museums activity have been adjusted for the fair value provisions made on acquisition by CRT, as at the end of July 2012.

4.6 To make a fair comparison against the Plan, for performance purposes, it is proposed that some adjustments are made to allow for unusual events in the year. The various items in this schedule are explained below.

[Commercially confidential information redacted]

- (1) The Defra grant line in the Plan includes the release of deferred income held in the BW balance sheet that related to the funding of capital expenditure and which was being released over the useful life of the asset. This deferred income creditor was eliminated as party of the fair value exercise on the BW assets and consequently there is not income to release to the "P&L" after 2<sup>nd</sup> July 2012. This is an accounting issue should have been amended in the Plan (as the Dowry changes have been). To make a fair comparison the Plan needs to be amended for the period after 2<sup>nd</sup> July to remove the income.
  - (2) [Commercially confidential information redacted].
  - (3) To arrive at a true performance comparison, the excess of the transition costs over the Plan should be added back to the Actual result. The costs were incurred in getting the transition completed.
  - (4) Similar to the transition costs, we have made a provision for the cost of the legal work needed to register all the waterway titles into the name of the Waterways Infrastructure Trust. This is a requirement of the Trust Deed with Defra. The full cost of this three year project is charged against the 2012/13 Legal Dept within National Teams in the 2012/13 management accounts and it is proposed to add it back in arriving at true performance.
- 4.7 The figures for the nine months to 31<sup>st</sup> March 2013 are shown below. These are entirely for the CRT period and on the new accounting policies adopted for CRT. A comparison with the Plan has not been provided the comparison generates another set of variances, that can be explained, but add little value to the overall understanding. A comparison against the F10 forecast, for the same period, has been provided to enable a comparison.
- 4.8 The Actual figures in the table below are the ones that form the basis of the results to be published in the forthcoming Annual Report. The external audit is at an advanced stage and there are no major issues to report [Commercially confidential information redacted].

Statement of Financial Activities	Nine Months to March 2013		
	Actual	F10 Forecast	Var Act - F10
<b>Contribution</b>			
Generated Funds and Investment Income			
Investment Property	18,966	20,397	(1,431)
Boating and Moorings	18,292	18,124	168
Utilities	16,737	16,561	176
Olympic Games	1,688	1,676	12
Marinas Subsidiary	718	755	(37)
CRT Share of Joint Ventures	(543)	(423)	(120)
Voluntary Income and Fundraising	(380)	(403)	22
Net Interest	2,477	2,409	68
<b>Total Generated Funds and Investment Income</b>	<b>57,955</b>	<b>59,097</b>	<b>(1,142)</b>
Governance			
Governance	(533)	(520)	(13)
National Teams	(23,002)	(23,292)	289
<b>Total Governance and National Teams</b>	<b>(23,536)</b>	<b>(23,812)</b>	<b>276</b>
Pension Deficit Funding			
Pension Deficit Funding	(5,750)	(5,250)	(500)
Charity Transition	(577)	(539)	(37)
<b>Net Incoming Resources before Defra Funding</b>	<b>28,093</b>	<b>29,496</b>	<b>(1,404)</b>
Defra Funding			
Defra Funding	33,291	33,291	-
<b>Total Net Incoming Resources</b>	<b>61,384</b>	<b>62,787</b>	<b>(1,404)</b>
Charitable Activities			
Waterway Maintenance and Repair	(47,167)	(47,209)	42
Major Works	(17,459)	(17,997)	538
Enterprise (Third Party Funded Projects)	(792)	(926)	135
Museums and Attractions	(1,211)	(1,386)	175
<b>Total Charitable Activities</b>	<b>(66,629)</b>	<b>(67,518)</b>	<b>889</b>
<b>Surplus/(Deficit)</b>	<b>(5,245)</b>	<b>(4,731)</b>	<b>(514)</b>

Note: The Original Plan and F10 Forecast have been adjusted for the change in accounting policies for dowries

- 4.9 The most notable issue is that the deficit for the year comes out at £5.2m which will be a deduction from the General Fund.

## 5. THE WATERWAYS TRUST ACQUISITION

- 5.1 TWT was acquired, and became a wholly owned subsidiary, on 26th July 2012. The consideration for the acquisition was nil on the basis that TWT is charitable company limited by guarantee and CRT took over the membership from the previous members.
- 5.2 We have been conducting a fair value assessment and made various provisions totalling £1.45m in the acquisition balance sheet to allow for the cost of complying with repairing obligations under the property leases and to comply with CRT

operating standards. This approach is required under FRS 7 which allows an extended period to assess the fair value of the assets and liabilities acquired.

- 5.3 The funds and assets relating to Scottish Canals were transfer from TWT to the Scottish Waterways Trust (a charity) with effect from 1<sup>st</sup> January 2013. The remaining assets and undertaking of TWT (just E&W) was transferred to CRT with effect from 1<sup>st</sup> April 2013.
- 5.4 The balance sheet before acquisition and the fair value adjustments and transfers to SWT are summarised below.

Group	Book Value	Fair value adjustments (1)	Transfer to Scottish Waterways Trust (2)	Fair Value
	£m	£m	£m	£m
Tangible fixed assets	0.5	(0.2)	-	0.3
Stocks	0.1	-	-	0.1
Debtors	0.7	-	-	0.7
Creditors	(2.0)	-	-	(2.0)
Provisions	-	(1.4)	-	(1.4)
Cash	1.3	-	(0.5)	0.8
<b>Net assets/ (liabilities) acquired</b>	<b>0.6</b>	<b>(1.6)</b>	<b>(0.5)</b>	<b>(1.5)</b>
Consideration				-
<b>Fair value of transfer</b>				<b>(1.5)</b>

## 6. FUND RAISING PLAN

[Commercially confidential information redacted]

## 7.0 CASH POSITION

- 7.1 The trading cash position continues to fluctuate within the established ranges, the mid-point of which has declined in line with the expectations and reflects the deficit being incurred on the General Fund.
- 7.2 The Investment Capital bank account currently stands at £18.4m plus £4.2m held within the CIC subsidiary. The acquisition of an investment property at Oldbury in the amount of £8m is due complete in May.

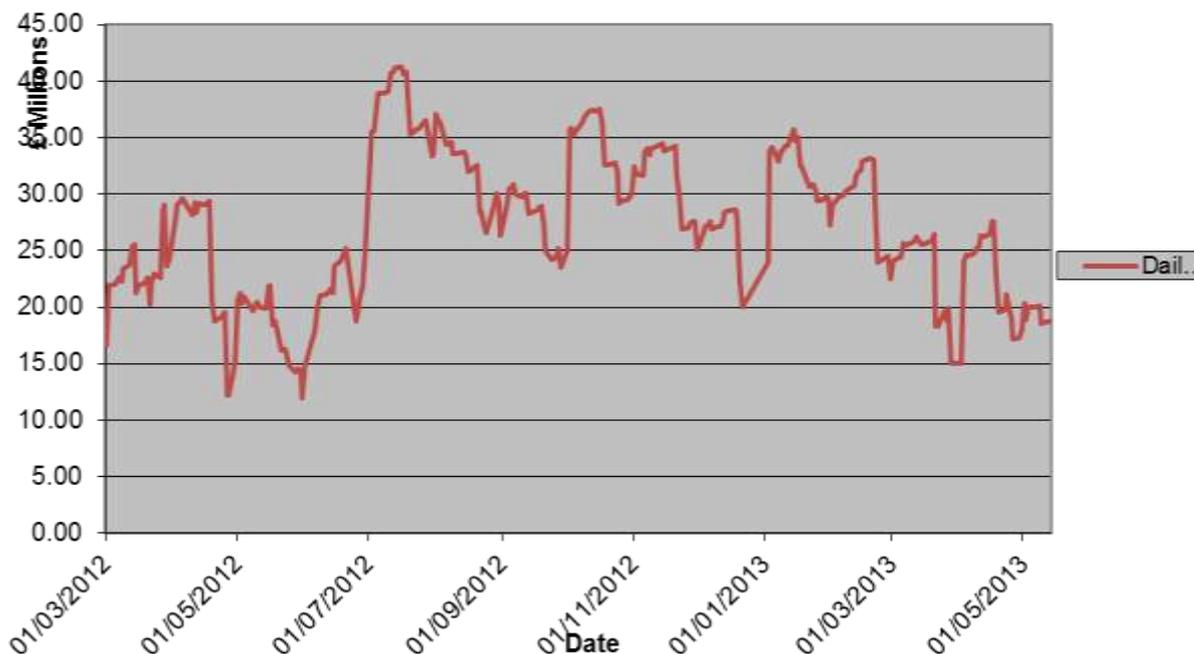
## Cash balances summary £ms

As at:	10/05/13 May	30/04/13 April	31/03/13 March	28/02/13 Feb
Revenue account - no 1 a/c	18.7	19.8	15.0	22.5
Investment Capital account - no 2 a/c	18.4	18.9	17.0	11.4
CIC, BWML and others accounts	6.2	5.4	4.8	5.7
<b>Total cash balances</b>	<b>43.3</b>	<b>44.1</b>	<b>36.8</b>	<b>39.6</b>

Invested:		Rate	Maturity
NatWest	15.8	0.80%	Overnight
Bank of Scotland	17.5	0.75%	Overnight
Barclays	5.0	0.35%	Overnight
Santander	5.0	1.25%	up to 3 months
Total	43.3		

- 7.3 Cash forecasting is being undertaken so that, after allowing for known capital cash flows and short term requirements, the available cash balance will be invested in a series of rolling 6 month maturities such that at least one of these deposits will be due to mature in the next 30 days or less. The interest rates for six month deposits are better than short term. We have done this before, but allowed the positions to unwind over the year end.

**CRT No.1 Trading Bank Account Balance**



## 8.0 KPIs

- 8.1 The KPIs report is attached at appendix C. There are no major variances to report that are not covered elsewhere.

*P. Ridal*

**P Ridal**  
**May 2013**

## Appendix A – 12 month period to 31<sup>st</sup> March 2013

Figures in £k

Statement of Financial Activities	Full Year				
	Actual	Original Plan	Variance	F10 Forecast	Var Act - F10
<b>Incoming Resources</b>					
Generated Funds and Investment Income					
Investment Property	35,554	34,596	958	35,592	(38)
Boating and Moorings	31,869	31,225	644	31,673	196
Utilities	22,976	23,095	(119)	22,804	172
Olympic Games	3,286	2,818	468	3,286	1
Marinas Subsidiary	6,978	7,139	(161)	6,988	(10)
CRT Share of Joint Ventures	8,136	8,944	(808)	9,122	(986)
Voluntary Income and Fundraising	907	987	(80)	953	(47)
<b>Total Generated Funds and Investment Income</b>	<b>109,706</b>	<b>108,804</b>	<b>902</b>	<b>110,419</b>	<b>(713)</b>
Governance					
National Teams	3,050	939	2,111	2,950	99
<b>Total Governance and National Teams</b>	<b>3,062</b>	<b>951</b>	<b>2,111</b>	<b>2,962</b>	<b>99</b>
Defra Funding					
<b>Total Incoming Resources before Charitable Activities</b>	<b>151,925</b>	<b>149,381</b>	<b>2,544</b>	<b>152,539</b>	<b>(614)</b>
Charitable Activities					
Waterway Maintenance and Repair	6,701	4,833	1,868	7,119	(418)
Major Works	128	1,000	(872)	236	(107)
Enterprise (Third Party Funded Projects)	5,969	7,831	(1,862)	6,380	(411)
Museums and Attractions	756	917	(160)	696	60
<b>Total Charitable Activities</b>	<b>13,555</b>	<b>14,581</b>	<b>(1,026)</b>	<b>14,431</b>	<b>(876)</b>
<b>Total Income</b>	<b>165,481</b>	<b>163,962</b>	<b>1,519</b>	<b>166,970</b>	<b>(1,490)</b>
<b>Contribution</b>					
Generated Funds and Investment Income					
Investment Property	25,943	27,202	(1,259)	27,380	(1,437)
Boating and Moorings	24,586	23,600	987	24,418	168
Utilities	22,053	21,980	73	21,878	176
Olympic Games	1,589	950	639	1,577	12
Marinas Subsidiary	1,010	1,041	(30)	1,001	9
CRT Share of Joint Ventures	(639)	61	(700)	(573)	(66)
Voluntary Income and Fundraising	(456)	(748)	291	(479)	22
Net Interest	2,905	2,666	239	2,837	68
<b>Total Generated Funds and Investment Income</b>	<b>76,992</b>	<b>76,752</b>	<b>240</b>	<b>78,039</b>	<b>(1,047)</b>
Governance					
National Teams	(30,351)	(30,345)	(5)	(30,638)	287
<b>Total Governance and National Teams</b>	<b>(31,013)</b>	<b>(31,024)</b>	<b>11</b>	<b>(31,286)</b>	<b>274</b>
Pension Deficit Funding					
Charity Transition	(1,833)	(757)	(1,076)	(1,795)	(37)
Contingency	-	(2,000)	2,000	-	-
<b>Net Incoming Resources before Defra Funding</b>	<b>37,187</b>	<b>35,971</b>	<b>1,216</b>	<b>38,498</b>	<b>(1,311)</b>
Defra Funding					
<b>Total Net Incoming Resources</b>	<b>76,368</b>	<b>75,598</b>	<b>771</b>	<b>77,679</b>	<b>(1,311)</b>
Charitable Activities					
Waterway Maintenance and Repair	(58,893)	(59,600)	707	(58,911)	18
Major Works	(21,081)	(17,534)	(3,547)	(21,500)	419
Enterprise (Third Party Funded Projects)	(1,173)	(1,660)	487	(1,308)	135
Museums and Attractions	(1,217)	(991)	(226)	(1,392)	175
<b>Total Charitable Activities</b>	<b>(82,364)</b>	<b>(79,785)</b>	<b>(2,579)</b>	<b>(83,111)</b>	<b>746</b>
<b>Surplus/(Deficit)</b>	<b>(5,996)</b>	<b>(4,188)</b>	<b>(1,808)</b>	<b>(5,431)</b>	<b>(564)</b>
Gains/(Losses) on Disposal					
Property	2,373	2,819	(447)	1,810	563
Other	155	-	155	193	(38)
<b>Contribution before Tax - Capital</b>	<b>2,527</b>	<b>2,819</b>	<b>(292)</b>	<b>2,003</b>	<b>524</b>

The main variances to note against the Plan are:

- [Commercially confidential information redacted];
- Boating and Moorings is ahead of Plan due to increased yield from boat licences, reduction in section 8 recovery costs, and various small improvements in Boating trade and moorings income;
- Olympic Games income was ahead of Plan, as previously reported;
- [Commercially confidential information redacted];
- The charity transition costs are higher than Plan due to the delay in launch to July 2012 and the extra costs incurred on marketing, external audit of the opening balance sheet, and the high level of fees incurred to achieve the transfer of the Pension Fund;
- In National Teams there were many savings, most notably in ICT (£400k) that were offset by (1) the high level of third party claims experienced, and a resulting loss of £550k in C&R Reinsurance, due to various waterway incidents and (2) the provision of £500k for legal fees for the three year project to transfer the title to the waterways into the Waterways Infrastructure Trust;
- The Defra Funding adverse variance relates to different accounting treatment of deferred grant income after the transfer to CRT – this is just an accounting policy issue;
- Waterway expenditure is above Plan because of the decision earlier in the year to increase the major works target by £4m to £21.5m. The final out turn expenditure is marginally below the targets;
- The positive variance on Enterprise was due savings in cash contributions to various projects;
- In Museums, income is generally down against the Plan together with some immediate repairs that were carried out totalling £150k.

The final revenue deficit of £6m is some £1.8m worse than the Plan.

## Appendix B – 12 month period to 31<sup>st</sup> March 2013 – Alternative Presentation

Figures in £k

Full Year	Income	Costs	Contribution		
	Actual	Actual	Actual	Original Plan	Variance
<b>Contribution</b>					
Generated Funds and Investment Income					
Investment Property	35,554	(9,611)	25,943	27,202	(1,259)
Boating and Moorings	31,869	(7,283)	24,586	23,600	987
Utilities	22,976	(923)	22,053	21,980	73
Olympic Games	3,286	(1,697)	1,589	950	639
Marinas Subsidiary	6,978	(5,968)	1,010	1,041	(30)
CRT Share of Joint Ventures CBT *	8,136	(8,775)	(639)	61	(700)
Voluntary Income and Fundraising	907	(1,363)	(456)	(748)	291
Interest	4,034	(1,128)	2,905	2,666	239
<b>Total Generated Funds and Investment Income</b>	<b>113,740</b>	<b>(36,747)</b>	<b>76,992</b>	<b>76,752</b>	<b>240</b>
Governance	12	(674)	(662)	(678)	17
National Teams	3,050	(33,401)	(30,351)	(30,345)	(5)
<b>Total Governance and National Teams</b>	<b>3,062</b>	<b>(34,074)</b>	<b>(31,013)</b>	<b>(31,024)</b>	<b>11</b>
Pension Deficit Funding	-	(6,959)	(6,959)	(7,000)	41
Charity Transition	0	(1,833)	(1,833)	(757)	(1,076)
Contingency	-	-	-	(2,000)	2,000
<b>Net Incoming Resources before Defra Funding</b>	<b>116,801</b>	<b>(79,614)</b>	<b>37,187</b>	<b>35,971</b>	<b>1,216</b>
Defra Funding	39,158	23	39,181	39,626	(445)
<b>Total Net Incoming Resources</b>	<b>155,959</b>	<b>(79,591)</b>	<b>76,368</b>	<b>75,598</b>	<b>771</b>
Charitable Activities					
Waterway Maintenance and Repair	6,701	(65,595)	(58,893)	(59,600)	707
Major Works	128	(21,209)	(21,081)	(17,534)	(3,547)
Enterprise (Third Party Funded Projects)	5,969	(7,142)	(1,173)	(1,660)	487
Museums and Attractions	756	(1,974)	(1,217)	(991)	(226)
<b>Total Charitable Activities</b>	<b>13,555</b>	<b>(95,919)</b>	<b>(82,364)</b>	<b>(79,785)</b>	<b>(2,579)</b>
<b>Surplus/(Deficit)</b>	<b>169,514</b>	<b>(175,510)</b>	<b>(5,996)</b>	<b>(4,188)</b>	<b>(1,808)</b>

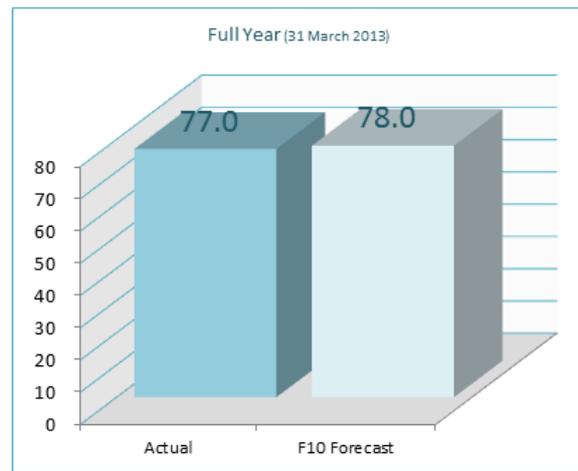
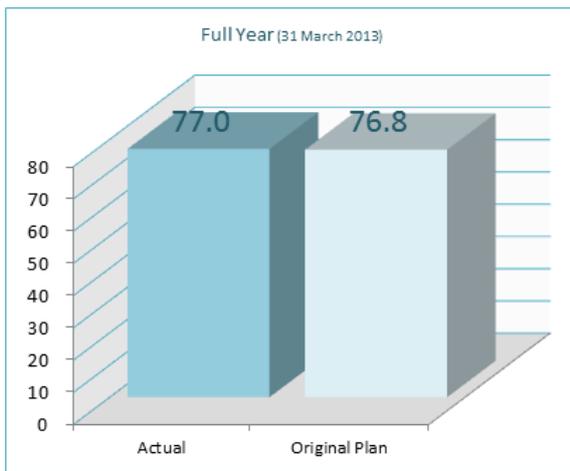
N.B. Figures include results of BW for April to June 2012

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

## Appendix C – Key Performance Indicators

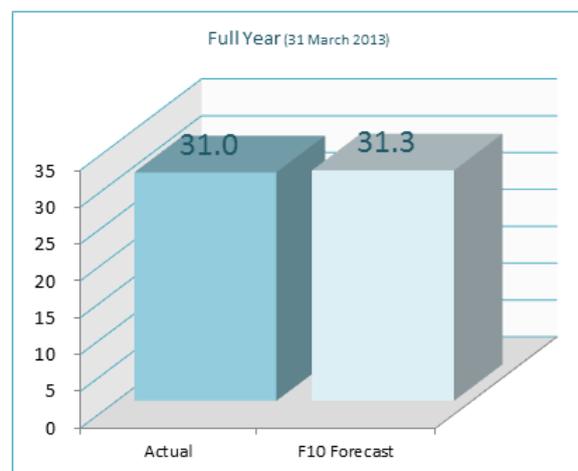
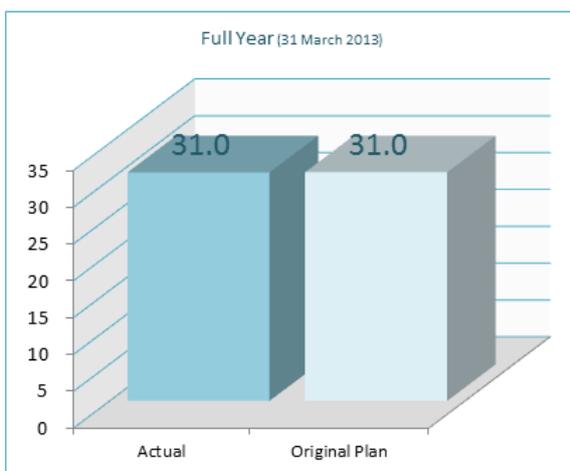
### Total Net Income - Generated Funds and Investment Income

	Full Year (31 March 2013)			Full Year (31 March 2013)			Status
	Actual	Original Plan	Variance	Actual	F10 Forecast	Variance	
Investment Property	25,943	27,202	(1,259)	25,943	27,380	(1,437)	
Boating and Moorings	24,586	23,600	987	24,586	24,418	168	
Utilities	22,053	21,980	73	22,053	21,878	176	
Olympic Games	1,589	950	639	1,589	1,577	12	
Marinas Subsidiary	1,010	1,041	(30)	1,010	1,001	9	
CRT Share of Joint Ventures	(639)	61	(700)	(639)	(573)	(66)	
Voluntary Income and Fundraising	(456)	(748)	291	(456)	(479)	22	
Net Interest	2,905	2,666	239	2,905	2,837	68	
<b>Total Net Income</b>	<b>76,992</b>	<b>76,752</b>	<b>240</b>	<b>76,992</b>	<b>78,039</b>	<b>(1,047)</b>	



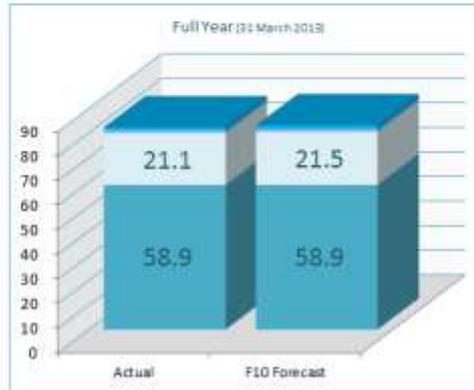
### Expenditure on Governance and National Teams

	Full Year (31 March 2013)			Full Year (31 March 2013)			Status
	Actual	Original Plan	Variance	Actual	F10 Forecast	Variance	
Governance	662	678	17	662	648	(13)	
National Teams	30,351	30,345	(5)	30,351	30,638	287	
<b>Governance and National Teams</b>	<b>31,013</b>	<b>31,024</b>	<b>11</b>	<b>31,013</b>	<b>31,286</b>	<b>274</b>	



## Expenditure on Charitable Purposes

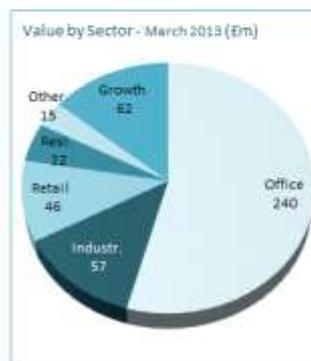
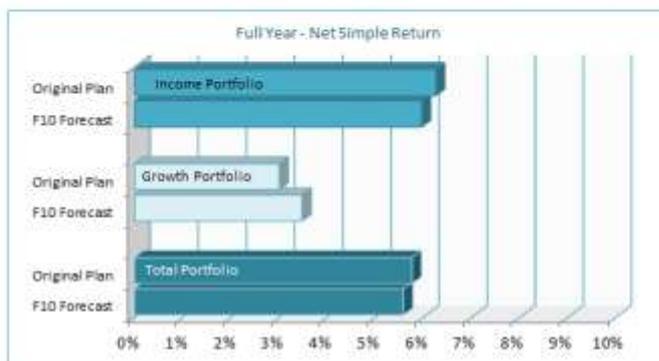
	Full Year (31 March 2013)			Full Year (31 March 2012)			Status
	Actual	Original Plan	Variance	Actual	F10 Forecast	Variance	
Waterway Repairs and Maintenance	58,893	59,600	707	58,893	58,911	18	On Track
Major Works	21,081	17,534	(3,547)	21,081	21,500	419	
Enterprise (Third Party Funded Projects)	1,173	1,660	487	1,173	1,308	135	
Museums and Attractions	1,217	991	(226)	1,217	1,392	175	
<b>Expenditure on Charitable Purposes</b>	<b>82,364</b>	<b>79,785</b>	<b>(2,579)</b>	<b>82,364</b>	<b>83,111</b>	<b>746</b>	



## Investment Property Returns

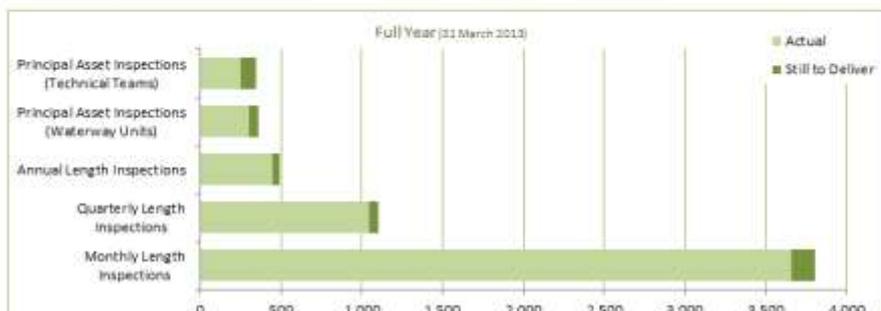
	Full Year - Net Simple Return *			Status
	Actual	Original Plan	Variance	
Income Portfolio - CRT Managed	6.4%	6.4%	(0.0%)	On Track
Income Portfolio - Outsourced	5.7%	6.2%	(0.5%)	
Income Portfolio	6.0%	6.3%	(0.3%)	
Growth Portfolio	3.5%	3.0%	0.5%	
<b>Total Portfolio</b>	<b>5.6%</b>	<b>5.8%</b>	<b>(0.2%)</b>	

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



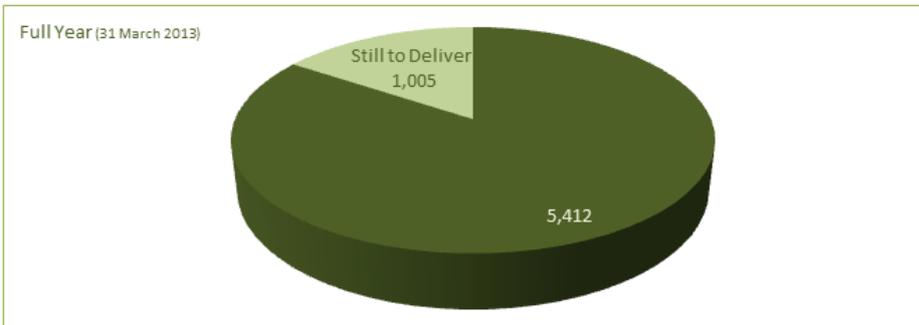
## Infrastructure Risk Management - Number of Inspections

	Full Year (31 March 2013)			Status
	Actual	Due	Still to Deliver	
Monthly Length Inspections	3,660	3,807	147	On Track
Quarterly Length Inspections	1,041	1,101	60	
Annual Length Inspections	449	489	40	
Principal Asset Inspections (Waterway Units)	300	359	59	
Principal Asset Inspections (Technical Teams)	251	343	92	
<b>Total Number of Inspections</b>	<b>5,701</b>	<b>6,099</b>	<b>398</b>	



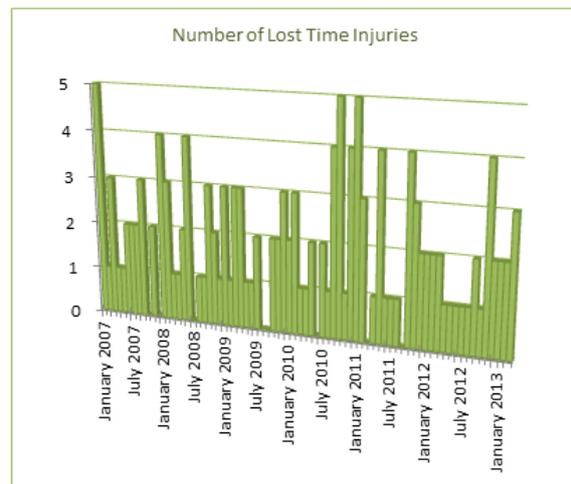
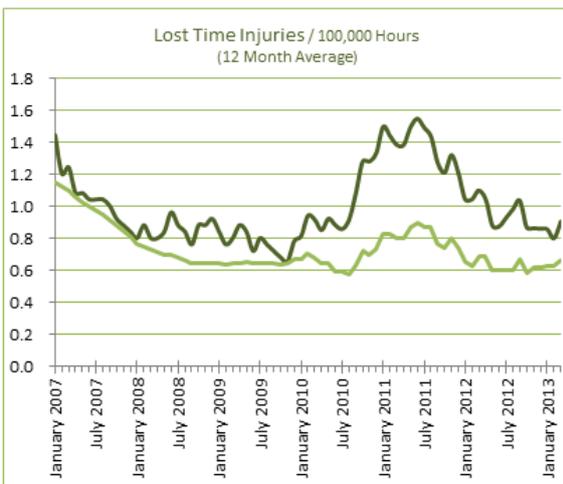
## Priority One Defects Repaired

	Full Year (31 March 2013)		Still to Deliver	% Delivered	Status
	Actual	Original Plan	Plan - Actual	Actual	
Number of Priority One Notifications	5,412	6,417	1,005	84.3%	



## Safety - Lost Time Injuries

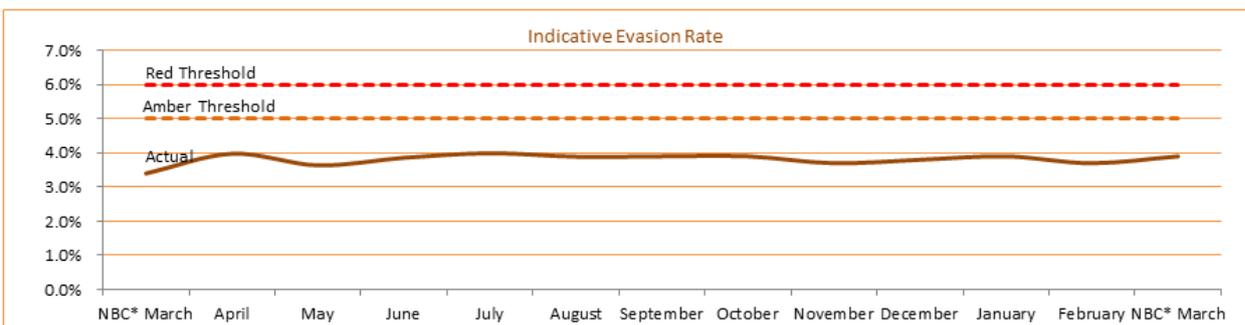
	Number of Lost Time Injuries	Lost Time Injuries / 100,000 Hours	Change since January 2012	Status
	Actual (Rolling 12 Month Total)	Actual (12 Month Average)	Change since January 2012	
■ All Waterway Units	17	0.91	(5.6%)	
■ All CRT	21	0.66	(6.2%)	



## Licence Evasion

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

\* NBC = National Boat Check



## Average Days Absence per Employee

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

Status



## Number of Friends

	Full Year (31 March 2013)		Still to Recruit	% Recruited
	Actual	Original Plan*	Plan - Actual	Actual
Number of Friends Recruited	2,777	3,000	223	92.6%
Donors with an Active Pledge	2,199			

\* Adjusted for delayed launch

Status



## Voluntary Income

	Full Year (31 March 2013)			Full Year (31 March 2013)		
	Actual	Original Plan*	Variance	Actual	F10 Forecast	Variance
Individual Giving	278	407	(129)	278	219	59
Leadership Giving	629	580	49	629	735	(106)

\* Not adjusted for delayed launch

Status



## Volunteer Days

	Full Year (31 March 2013)	
	Actual	Original Plan
Number of Volunteer Days	38,934	40,000

Status



## **WELSH LANGUAGE**

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### **Report by the Marketing and Fundraising Director**

#### **CONTEXT**

The Welsh and English languages have equal status in Wales.

Under the Welsh Language Act 1993 every public body providing services to the public in Wales had to prepare a scheme setting out how it would provide those services in Welsh. Our predecessor body British Waterways was no exception and agreed such a scheme with the Welsh Language Board in 2007. As its successor body Canal & River Trust wished to continue to comply with the Act and adopted the British Waterways Scheme.

Under the Welsh Language Measure 2011, over time, current Welsh language schemes will be replaced by standards specified by Welsh Ministers with the intention that standards will:

- provide greater clarity to organizations regarding their duties with regard to the Welsh language
- provide greater clarity to Welsh speakers about the services they can expect to receive in Welsh
- ensure consistency of Welsh language services across organizations and improve their quality
- require organizations to use the Welsh language in a reasonable and proportionate manner

In 2012 the Welsh Language Commissioner consulted upon her proposed standards with the aim of promoting the Welsh language. We objected to these standards as impractical for a cross border organisation. The Standards were rejected by the Welsh Government which will propose its own standards by the end of the year.

#### **THE SCHEME**

The British Waterways scheme included a scoring system, to guide which materials should be bilingual, and an action plan to ensure adoption of the Scheme. These have been reviewed and revised for adoption by the Trust and will need to be approved by the Welsh Language Commissioner.

An Annual Report has been prepared for approval by Trustees and forwarding to the Welsh Language Commissioner along with the revised Scheme.

## **RECOMMENDATION**

That both the Scheme and the Report are agreed by the Trustees and forwarded by the Head of Wales to the Welsh Language Commissioner.

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

**Simon Salem**  
**Marketing and Fundraising Director**  
May 2013

## MEMORANDUM TO TRUSTEES

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### FUNDRAISING REPORT – MAY 2013

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

- After the winter lull in recruitment we now have 3 agencies working our towpaths, including a team working in London for the first time. In addition we have trained our seasonal museum staff and are exploring a pilot incentive scheme to engage our boating customers in fundraising for us.
- The Trent & Mersey emergency appeal has closed having raised over £30,000 and we are preparing to open a series of new appeals, selected by Waterway Partnerships, to follow on from the launch appeals
- We raised £907,000 in cash and gifts in kind by year end against our forecast outturn for fundraising income of £953,000. In addition we have secured a further £297,000 in pledges for 2013/14.
- We have over £465,000 of Trust income under consideration by major grant making Trusts.
- We have reworked our fundraising proposition to make it more emotional. We have trialled this revised proposition through washroom and radio advertising and will continue to refine it.
- We have redeveloped the fundraising pages of our website to provide a smoother user journey. We will now invest into driving traffic to these pages in order to trial securing both donations and Friends pledges online as well as on the towpath

#### 3. BACKGROUND

##### 3.1 Strategy and key assumptions (for reference, 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

We have revised our fundraising proposition based on results from the first few months of operating, and on work we have done with colleagues across the organisation to articulate the 'emotional heart' of our cause. New posters have been trialled in pubs, restaurants and motorway service stations adjacent to our network and radio advertising has also been trialled in Birmingham and the surrounding areas. Our creative agency is developing a plan for trialling more channels and propositions over the coming months to try and refine the proposition further through live testing.

We have also enhanced our Friends offering by adding a range of third party discounts to the benefits Friends receive. These benefits include discount on boating holidays, holiday cottage hire and books and magazines about the waterways. All of them are designed to encourage people to visit and value our network more. Uptake of benefits is being monitored by the participating companies meaning we can comply with HMRC regulations and still claim Gift Aid on Friends donations.

## 4 SUMMARY OF PROGRESS

[Confidential information redacted]

The table above reports income and gifts in kind to the **end of March 2013**. Income raised through our subsidiary charity, The Waterways Trust, is just under £200,000 for 2012/13. This is not included in the figures above. It will be included in the consolidated year end accounts.

## 5. LEADERSHIP GIVING

### 5.1 Corporate Partnerships

Highlights of the last few months in terms of corporate partnerships have focused on project delivery. The Marks & Spencer Big Beach Clean Up was held between 22<sup>nd</sup> April to 28<sup>th</sup> April. This hugely successful event saw around 1,000 volunteers taking to our towpaths to clean up our canals, collecting a total of 12,600kgs of rubbish from 42 locations. This partnership also delivered great PR and social media coverage. Review and evaluation of the activity is now underway for feedback from M&S and future discussions for further involvement in next year's campaign.

Our relationship with Google continues to develop and we are finalising a proposal for piloting the Google Trekker – a backpack camera that films locations for Streetview. This will enable the Trust to increase the length of network mapped onto Streetview and Google Maps. The pilot would aim to involve volunteers and data checkers to walk our towpaths and film stretches of canals. The impact would be improved awareness of our network through ability to access information on Streetview and Google Maps, strong media story as one of the first UK partners and an engagement tool for younger volunteer audiences.

Finally, our relationship with People's Postcode Lottery continues to strengthen. The end of April saw exceptional media coverage of our partnership including the opening of the Guillotine Lock, supported by Timothy West and the launch of our hedgerows project on prime time TV including BBC breakfast news.

### 5.2 Charitable Trust Fundraising

We now have £465,000 of large grants under consideration including [Confidential information redacted]. This is great progress on applications made last financial year.

We also continue to work to identify new prospects to approach. Procurement of a supplier for research has been finalised and we will be working with Giving Insight on a combination of major donor and trust research in the coming year. Importantly, alongside this we have worked to develop a product portfolio for 2013/14 which identifies our key funding priorities and products. This work is shared across major donors, trusts and corporate fundraising to maximise efficiency.

### **5.3 Major Donor Fundraising**

We are now working with the artist, Rob Pointon, who is raising money for us through sale of his waterway themed paintings. Several exhibitions that we have supported Rob to organize are underway across the network and many paintings have sold already. These events are also opportunities for us to network with potential major donors.

Now that we have a research supplier in place we will begin to profile the leads provided by Trustees and look to secure appropriate opportunities to meet these individuals.

## **6 INDIVIDUAL GIVING**

### **6.1 Friends**

At end March 2013 we had recruited 2,704 Friends. The poor weather in early summer meant the recruitment was slow to begin around Easter but we now have 3 agencies working across the entire network. HOME Fundraising who worked with us last year are covering 6 waterways, we are trialling Fundraising Initiatives Ltd in 4 waterways and have an 'in-house' team of fundraisers who work solely for the Trust in London.

Attrition rates remain low (currently around 22%) which is encouraging. To further improve retention our Supporter Care Team are now taking on responsibility for supporter development communications, including a regular monthly email, to supplement Waterfront Magazine.

The migration of former Waterways Trust donors is now underway several months of legal delays. This will mean that over 1,400 new Friends will be added to the database in June 2013.

### **6.2 Appeal projects**

Following the successful completion of the vast majority of our launch appeals, we are introducing a smaller number of local appeals, each of which was selected by a Waterway Partnership. These projects will act as focal points for the fundraising activity of those Partnerships, supported by the central team. We have developed a Community Fundraising resource pack to support this activity and will be launching this at the IWA / Trust working day in late May.

Overall less staff time will be focused on appeal-related fundraising with more effort being placed into recruitment and development of Friends as well as testing and honing the Golden Pound proposition.

## **7. OTHER FUNDRAISING**

### **7.1 Events Fundraising**

We have two major fundraising events in planning for this financial year. The first is the Great British Bike Off, a challenge event that will see teams of participants cycle from London's Olympic Park to the Anderton Boat Lift in September. This event has

capacity for 50 places and we are currently recruiting from amongst our supporters, suppliers and partners.

The second event is a new mass participation canoe event to be held in conjunction with Canoe England in October. All costs of this event, beyond break-even, are being underwritten by Canoe England with income raised being donated to the Trust. We hope to see over 500 participants in the first of what we anticipate becoming an annual event.

## **7.2 Legacy and in mem development**

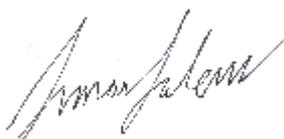
Demand for memorial benches continues to outstrip the supply of suitable sites so we are working with colleagues in Planning to develop alternative memorial products that are more appropriate to our network. Once agreed, these products will be marketed actively to attempt to reduce requests for benches.

## **7.3 Ebay auction**

Fundraising is working closely with our Museums and Archive team on a 'heritage hunt' aimed at unearthing heritage items that are currently scattered around our network in offices, stores and workshops. Heritage items found will be added to our collection. Items that have collectable value but not heritage value will be auctioned off online. We have entered a partnership with Paypal Giving Fund (ebay for charity) that will enable us to run the UK's largest specialist, online auction in early Autumn. This will be a way of enabling our customer base to own their own small piece of canal history.

## **8. CONCLUSION**

The season has begun well with delivery of many of the projects we funded and fundraised for last year. This delivery is critical to us developing relationships of trust with supporters and a positive reputation in the voluntary sector. The focus of fundraising remains on recruitment – of both Friends and partners – and the resources and suppliers required to deliver this are now in place. We remain highly susceptible to the weather, but the learning from our first few months as a charity bodes well for the summer season in which we expect to see donor numbers increase and fundraising activity diversify.



**Simon Salem**  
**Marketing & Fundraising Director**  
**May 2013**

## **MEMORANDUM TO THE BOARD**

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### **OPERATIONS/TECHNICAL REPORT – MAY 2013**

#### **Report by Operations/Technical Director**

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

#### **1.0 Major Works**

- 1.1 During the period, the Major Works Programme progressed to plan with completion of several projects which carried over from the previous financial year, the preparation of planned projects for delivery later in the year and planning the delivery of significant unplanned arising projects.
- 1.2 The two most significant projects which were completed during the period were the Dutton Breach where part of the Trent and Mersey canal reopened with a fantastic prime time television media event on 2<sup>nd</sup> May and the reopening of the Monmouthshire and Brecon canal following a further section of lining to prevent leakage and potential collapse of the canal embankment at Llangatock. The following photographs show the re-watered sections of both canals:



*Dutton in Water*



*Llangattock Lining (M&B, SW&S)*

- 1.3 Two significant and unexpected failures occurred during the period which requires the Major Works programme to be adjusted to enable emergency repairs to take place.
- 1.3.1 **Aylesbury Arm, Grand Union Canal** - At the end of March, a lock wall on the Aylesbury Arm of the Grand Union canal collapsed (photo below).



- 1.3.2 Investigations are still on-going to establish the full cause of the collapse, but it is likely to be a combination of factors including age of structure, voids behind wall, water penetration over a period of time and adjacent third party construction works. It appears that our Inspection process operated satisfactorily as a range of defects at the lock had been reported over a period of time. It seems that the engineering review of the defect reports did not judge that a collapse was likely and this is subject to wider investigation and learning.

- 1.3.3 A small number of boats were stranded by the closure of the lock and were craned around at our cost. The estimated cost to repair the structure is around £400k and May Gurney are mobilised to complete the repair during the summer.
- 1.3.4 **Slough Arm, Grand Union Canal** – At the end of April an abutment holding the deck of a pedestrian bridge began to fail.



- 1.3.5 A detailed investigation to understand the sudden failure is underway and the cause is likely to be a combination of factors including general stability issues around the structure, heavy rain prior to the failure and vibration by adjacent heavy vehicle movements over recently installed road humps close to the bridge.
- 1.3.6 The canal and towpath are closed to enable emergency works to commence on what is likely to be a repair cost of over £100k.
- 1.4 The latest analysis of Principal Asset Condition Grades indicates that the proportion in the worst two grades – D & E – has reduced to 15.5%. The spread across waterways is, however, not even, with some (such as London and East Midlands) having single figure proportions whereas Manchester & Pennine and North Wales & Borders have proportions well above the average. Further analysis of the actual assets in the two highest proportion waterways is underway to ensure that the risks associated with the assets is fully understood so that we can consider allocating funds from next year to achieve a planned reduction in both waterways.
- 1.5 At the last meeting, it was reported that May Gurney had announced their intention to merge with Costain Group. Shortly after that public announcement, the Kier Group submitted an alternative offer to takeover May Gurney at a 35% premium on the Costain price. May Gurney shareholders accepted the Kier offer and the process of takeover is underway. There has not been any noticeable effect on the performance of May Gurney in our contractual relationship since these announcements emerged.

## 2.0 General Works

2.1 The 11 waterway units completed the 2012/13 financial year performing extremely well against their wide ranging and stretching targets despite the impact of inclement weather at various times during the year and Waterway Managers spending considerable time helping to bed in Waterway Partnerships and support the achievement of Annualised Hours contract changes. The summary of achievements against the Operations KPIs is as follows:

### Operations Performance Indicators - Period 12 - 2012/13

KPI Area	Criteria / Methodology	Points Available per Waterway	Total	National Target
<b>Compliance</b>				
Safety (TRIF, Leading/Lagging KPIs)	The Safety score is made up of two measures with equal weighting: <i>TRIF (Total Recorded Injury Frequency)</i> - calculated from the percentage change from the position at the start of the year <i>Leading/Lagging Safety KPIs</i> - calculated from the position on the Waterway Comparison Chart of leading and lagging safety KPIs, compared to the position at the start of the year (average waterway score)	30	265	330
Heritage	Target: 100% compliance for works to heritage assets Monitored through ZQ notifications, Environmental Appraisals and Quality Control checks by local heritage advisers	15	122	165
Environment	Checks against requirements of environmental legislation and relevant CRT standards and processes	15	141	165
<b>Delivery</b>				
Planned Preventative Maintenance	Target: 90% of all planned works completed (to time and budget) Measure planned and actual delivery of cyclic maintenance works (Time/Costs/Outputs/Compliance with Direction)	40	250	440
Priority 1 Defect Repairs	Target: 100% delivery of planned High Priority Notifications. Review undertaken to account for arising Priority 1 Notifications delivered which have a higher priority than the initial Business Plan Notification list submitted. Progressive scoring based on month by month increase.	40	379	440
Financial Delivery (CBIT)	WUs' ability to deliver financially their initial plan for Core Waterway within the constraints placed on the organisation Given the financial pressure, underspending is as undesirable as overspending Outputs are measured under PMOs, below	40	365	440
PMOs	Target: 75% delivery of planned outputs (planned/delivered) Measure the recording of planned and reactive works (Time/Cost/Outputs)	30	280	330
Timesheets	Target: 100% compliance for recording actual staff time to PMOs; 100% compliance for planning staff time on PMOs Measure Plan against Actual hours to ensure Timesheet production and completion; measure annual capacity planning and monitoring	30	274	330
<b>People Management</b>				
Absence Levels	Total days lost through absence/average for the quarter Latest national average is 6.3	10	99	110
<b>Volunteering</b>				
Volunteering	Checks against delivery of Volunteering Strategy	20	204	220
<b>Efficiency</b>				
Waterway Plan Efficiency Delivery	Deliver Waterway specific efficiency targets	30	250	330
<b>AIP (Asset Inspection Procedures)</b>				
Waterway AIP	From Asset Management Inspection Traffic Light report For tracking only in 2012/13 To be included in the 300 point plan from 2013/14 onwards	30	259	330
<b>Total</b>		<b>330</b>	<b>2,887</b>	<b>3,630</b>

- 2.2 Volunteering continues to deliver real benefits to waterway maintenance as the numbers involved grow and we become more effective at deployment to a wider range of tasks. We are starting to see an increasing proportion of works where volunteers work alongside our paid operatives and this is a very positive sign of the growing acceptance and benefit of engaging volunteers. A senior member of the operations team has been seconded to identify and drive further growth in operational volunteering. The two examples below illustrate where volunteers and paid operatives have worked together as a single team:



*Fly Tipping Clearance – Swansea Canal*

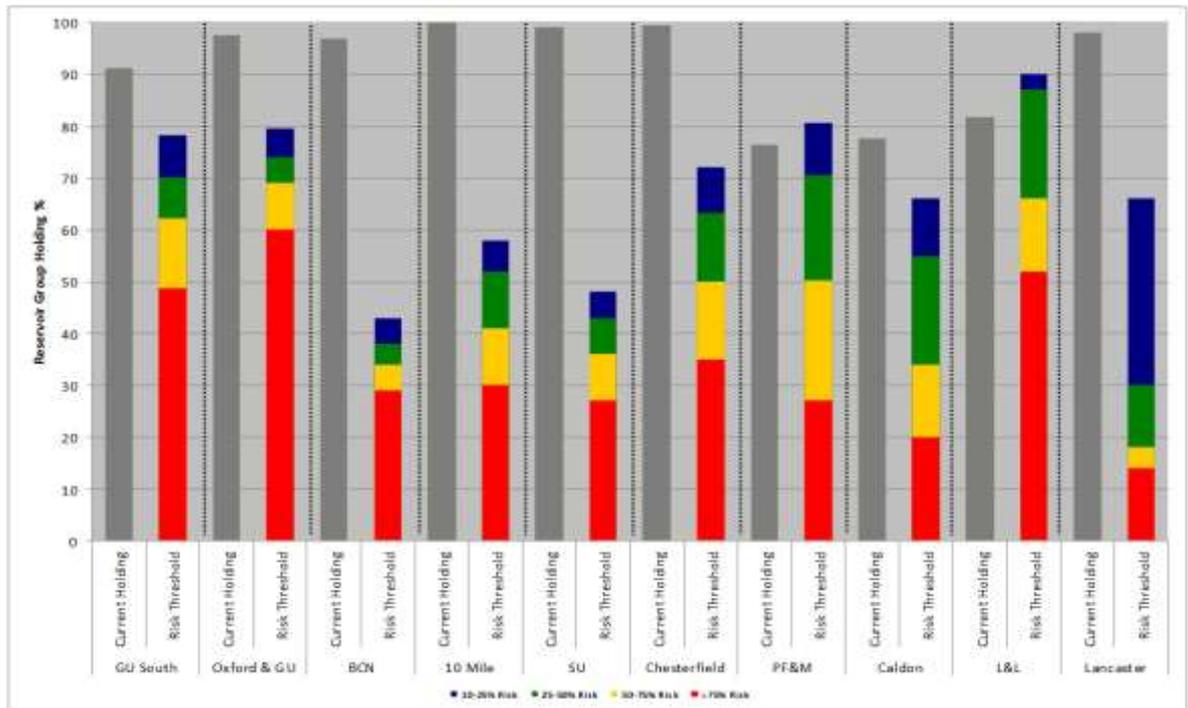


*Repair of Listed Tilston Lock Hut*

### 3.0 Water Resources

- 3.1 In general, water resources, particularly ground water levels, are in good shape at the start of the main boating season following last year's record rainfall levels. However, some reservoir levels in the North West part of the country are beginning to show signs of early depletion as rainfall during 2013 has been lower than average.

3.2 The graph below shows all our main reservoir groupings with most showing holdings above risk levels - with Peak Forest & Macclesfield and Leeds & Liverpool moving into risk. Our Drought Plan processes have commenced in both these areas.



Water Resources Report

3.3 A three year capital project to extend and improve SCADA (water monitoring and control) systems completed the first year of installations and upgrades, with an additional 20 sites commissioned ahead of time and under budget. This brings the number of SCADA monitoring stations to 587 across England and Wales, with a further 19 SCADA sites still in use in Scotland (for which CRT receives a revenue from Scottish Canals for hosting the software and data).

#### 4.0 Heritage

4.1 The strategic target to develop a national Listed Building Consent Order continues to gain momentum as the Enterprise and Regulatory Reform Bill has passed through Parliament. We now need to accelerate our liaison work with English Heritage to prepare the ground for Trust to become one of the first to achieve this national recognition which will be a tremendous boost for our heritage reputation and help with our efficiency drive.

**VINCE MORAN**  
Operations Director