



**TRUSTEES MEETING**

**27<sup>th</sup> March – 09.00 am to 1.00 pm**

**At Novotel, Atlantic Wharf, Cardiff**

**AGENDA**

1.	<b>Apologies for absence</b>	
2.	<b>Minutes of meeting on 23<sup>rd</sup> January 2014</b>	
3.	<b>Declaration of interests in any matters on Agenda</b>	
4.	<b>Matters arising</b>	
	<b>Decision Papers</b>	
5.	<b>Business Plan 2014-17 [CRT73] Plan published separately</b>	Richard Parry
6.	<b>BWML [CRT74] Entire report removed because commercially confidential</b>	Philip Ridal
7.	<b>Fundraising Donor Promise – Review Paper [CRT75] Entire report removed because commercially confidential</b>	Philip Ridal
8.	<b>Debt Strategy [CRT76]</b>	Philip Ridal
9.	<b>Bank Mandate [CRT77]</b>	Philip Ridal
10.	<b>Chief Executive's Report [CRT78]</b> Appendix 1: KPI Report Appendix 2: Safety Appendix 3: Operations & Technical Appendix 4: Finance Appendix 5: Property Appendix 6: Marketing and Communications Appendix 7: Volunteering and Engagement Appendix 8: Fundraising Appendix 9: HR Report Appendix 10: Partnership Progress Appendix 11: Strategy	Richard Parry
11.	<b>Board Committees</b> <ul style="list-style-type: none"><li>• To note the Minutes of the Audit Committee meeting on 13<sup>th</sup> February</li><li>• To note the Minutes of the Investment Committee meeting on 30<sup>th</sup> January</li></ul>	
12.	<b>Any Other Business</b>	
13.	<b>Next Meeting – 20<sup>th</sup> May Central Shires</b>	



# **MEETING OF THE BOARD OF TRUSTEES**

Minutes of a meeting of the Board of Trustees (the ***Trustees***) of Canal & River Trust (***the Trust or CRT***) held at Novotel Hotel, Schooner Way, Atlantic Wharf, Cardiff CF10 4RT on Thursday 27<sup>th</sup> March 2014 at 09:00.

## **Trustees:**

## **Apologies:**

Steve Shine  
Simon Thurley

## **Executive Directors:**

Richard Parry	Chief Executive
Stuart Mills	Property Director
Vince Moran	Operations Director
Philip Ridal	Finance Director and Company Secretary
Simon Salem	Marketing & Fundraising Director

## **Secretary of the Meeting:**

Mark Devin Prism Cosec

## Action

## **14/011 CHAIRMAN'S WELCOME**

The Chairman welcomed all those present.

**14/012 DECLARATION OF INTERESTS IN ANY MATTERS ON THE AGENDA**

No interests were declared by individual Trustees other than, in considering agenda item 14/019, the Trustees noted the interests of John Dodwell in the agenda item relating to freight.

## 14/013 MINUTES

The minutes of the meeting held on Thursday 23<sup>rd</sup> January 2014 were approved.

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

#### Public and Personal Benefit (minute 14/003)

Mr Parry undertook to report to the Trustees in September with reference to the development of guidelines tailored to the range of different activities undertaken by the Trust.

RP

#### Pontcysyllte Aqueduct (minute 14/004)

The Trustees discussed the safety concerns relating to the Pontcysyllte Aqueduct. Mr Moran explained that the Head of Heritage and Head of Safety had together met with the Heritage Advisory Group with a view to exploring a range of measures including both immediate mitigations and long-term solutions. The former could include, *inter alia*, improved signage, gates and an enhanced volunteer or staff presence. These immediate mitigations would be in place by Easter whilst, in the meantime, consideration would be given to the right longer-term solution. The Trustees, whilst recognising the paramount importance of safety concerns, agreed that the approach adopted must be proportionate given the status of the World Heritage site, and align with the Board's assessment of public safety risk and the best practice from other similar heritage locations. **It was agreed** that the executive team would update the Trustees in May on the immediate measures taken and bring forward a proposal for the long-term solution together with a suggested timetable for implementing any additional measures.

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**Commercially confidential information removed**

#### Waterways chaplaincy (minute 14/007)

Mr Parry reported that he had met with the chaplaincy administrator (Workplace Matters) concerning the ongoing role and possible expansion of the waterways chaplaincy and agreed a number of short-term measures including limited funding to continue the support provided by the chaplaincy. A further meeting had been arranged w/c 31<sup>st</sup> March to continue to explore future options, with boaters' organisations involved.

## 14/014 BUSINESS PLAN 2014-17 (CRT 73)

Mr Parry introduced the Trust Business Plan for the three years 2014-17 and invited the Board to consider and, if appropriate, approve the plan subject to such amendments as may be necessary.

It was noted that the Plan had been considered by the Plan Review Committee, which had met on three occasions to review priorities and proposals. The Plan accordingly reflected the output from those review meetings.

Commercially confidential information removed

Mr Parry noted that a revised version of the long term asset condition model would be available for review by the Plan Review Committee in May.

Following further discussion, ***it was agreed*** to adopt the Business Plan for the three years 2014-17.

Alongside the Plan, a suite of KPIs had been developed, which reflected a shift away from function/business area-driven KPIs to a set of indicators that were more aligned with the strategic goals and charitable objectives and the Trust's goal of becoming more community focussed.

The Trustees considered and commented on individual KPIs to assist the executive team in its work of refining and finalising these in time for the May Board meeting. Of overarching concern to the Board was to see fewer KPIs than in the past and that, where appropriate, these be measurable through the year

Frances Done suggested that there should be a KPI related to diversity. The Chairman added that the Trustees ought to see a paper on this topic ahead of the next Council meeting. Accordingly, ***it was agreed*** that Mr Parry would prepare a paper on diversity for consideration at the July Trustee meeting. ***It was further agreed*** that the list of KPIs should be refined as discussed and presented to the Trustees in May for approval.

RP

#### **14/015 BWML (CRT 74)**

Commercially confidential information removed

#### **14/016 FUNDRAISING DONOR PROMISE: REVIEW PAPER (CRT 75)**

Commercially confidential information removed

#### **14/017 DEBT STRATEGY (CRT 76)**

Mr Ridal presented an update paper to the Board setting out the current status of negotiations for a £25m revolving credit facility and £5m overdraft pursuant to the Debt Strategy agreed in May 2013. Commercially confidential information removed

## 14/018 BANK MANDATE (CRT 77)

Mr Ridal explained that Canal & River Pension Investments LP (**CRPI**) is a limited partnership used in the pension funding partnership structure. CRT, as sole general partner, is required as a corporate entity to execute bank mandate documents by resolution of the Trustees. Accordingly, Mr Ridal requested that the Trustees resolve to grant authority to any two of CRPI's bank signatories to complete the Bankline Third Party Mandate on behalf of CRPI.

***It was accordingly resolved*** that CRT, being the sole general partner in Canal & River Pension Investments Limited Partnership (the **Limited Partnership**) hereby resolve that any two authorised signatories of CRPI are authorised, on behalf of the Limited Partnership, to:

- (i) Complete and sign the Royal Bank of Scotland plc's Bankline Third Party Mandate;
- (ii) Instruct the Royal Bank of Scotland to disclose information relating to CRPI's accounts to CRT (the **Bankline Customer**);
- (iii) Authorise the Bankline Customer to give instructions (including payment instructions) in relation to CRPI's accounts; and
- (iv) Accept the Bankline terms.

PR

## 14/019 CHIEF EXECUTIVE'S REPORT (CRT 78)

Richard Parry presented his written report, which incorporated the individual Director reports as appendices to the main report. In particular he drew the Board's attention to a number of developments in Boating including the withdrawal of the Judicial Review of the Trust's Guidelines for Boaters and the developing situation at Pillings Lock Marina. The following issues in the Director's reports were highlighted:

**Safety:** Safety performance had continued to disappoint, with employee lost time injuries showing no improvement. The incidence of volunteer injuries was also causing concern with two reportable incidents since the last Board meeting. A review of volunteer safety practices was underway to ensure a measured but effective approach.

**Operations and Technical:** Mr Moran reported on the impact of the extreme weather and the Trust's response, which would restore service by Easter, other than on the Mon & Brec where re-opening at the end of April was targeted. Separately a major issue at Holme Lock on the River Trent would take until mid-May to fix with the Navigation closed until then.

Commercially confidential information removed

Comidentially confidential information removed

**Volunteering:** The level of youth engagement was particularly gratifying with a number of initiatives having been launched successfully. Similarly, the number of Community Adoptions continued to grow. Going forward, Mr Bridgeman requested more detailed information on the range of education initiatives outlined in Mr Salem's paper.

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Comidentially confidential information removed

(Tom Franklin left the meeting at 12:35)

**HR Report:** Mr Parry updated the Trustees on the process to appoint a new Head of Internal Audit and was hopeful that an appointment would be made before Easter to facilitate a smooth handover ahead of Keith Labbett's retirement in November 2014, and imminent reduction in working hours .

## 14/020 BOARD COMMITTEES

### **Audit Committee:**

The Trustees received the draft minutes of the Audit Committee meeting on Thursday 13<sup>th</sup> February 2014. It was noted that Carol Rudge had succeeded Tim Lincoln as engagement partner.

Mr Bridgeman reported that Frances Done would take over as chair of the Audit Committee commencing in June 2014. Mr Hales, on behalf of the Trustees, thanked Mr Bridgeman for his leadership of the Audit Committee.

Legally privileged information removed

### **Investment Committee:**

The Trustees noted the draft minutes of the Investment Committee meeting on Thursday 30<sup>th</sup> January 2014.

## 14/021 DATE OF NEXT MEETING

Tuesday 20<sup>th</sup> May 2014 (Central Shires).

## 14/022 CLOSE OF MEETING

There being no further business, the Chairman closed the formal proceedings at 12:45.

**Chairman**



## BUSINESS PLAN 2014-17.

### Report of Chief Executive - March 2014

#### 1 Introduction

- 1.1 This paper presents the proposed Trust Business Plan for the three years 2014-17 for the Board's approval.
- 1.2 The first appendix explains the Business Plan itself and the second appendix presents the related KPIs.

#### 2. Recommendation

- 2.1 Board Members are asked to consider the proposed Business Plan and give their approval, subject to any requested amendments.

#### 3. Process and Review

- 3.1 The Plan has been prepared in parallel with the Trust's new Strategy. Hence whilst the plan reflects in large part the new strategic direction, the business plan process will fully align with the Strategy in the next Business Plan process which will commence with a paper to the Board in July 2014.
- 3.2 The Plan Review Committee has met on three occasions to review the plan priorities and draft proposals. Various iterations and changes have been presented as part of an interactive process. This version of the Plan therefore reflects the output from those reviews.
- 3.3 A separate detailed report on the Plans for the various activity areas is being prepared for the Plan Review Committee, and will be made available to Board Members on request.
- 3.4 It is proposed to publish a version of this summary Plan, as attached, on the Trust's website in line with previous years' practice. Some limited redaction of the commercially sensitive information may be necessary.

Richard Parry  
Chief Executive  
20 June 2014

# Business Plan 2014 – 2017

## 1. Strategic Context

- 1.1. This is the three year Business, or Operating, Plan for the Canal & River Trust, now approaching the end of its second full year as a charity, following its launch in July 2012. It reflects the experience, some of which was new, built up over the past two years, and the direction given by the Trustees as to the future policies, shape and direction for the Trust, reflected in the new Vision and Strategy.
- 1.2. When the Trust was launched, it was recognised that activity in the first three years would be constrained by a period of reduced funding as grant from Government was held flat at a historically low level (£39m). The first year of this Plan is the third of these three years. Expenditure on charitable purposes grows significantly over the plan period, as grant funding rises and other funding sources grow.
- 1.3. The principal strategic priority is to ensure that we achieve the three government contract performance criteria – related to asset condition grades - and thereby preserve both the base level of government contract funding and the additional performance related element which commences in 2015/16.
- 1.4. Beyond this, the Trust's strategic priorities have been set out in the new Strategy grouped into six Strategic Goals:

**Waterways** – To protect and improve the accessibility, usability and resilience of our assets and their heritage, for people to use and enjoy, now and in the future

**Resources** – To secure sufficient resources, and manage them efficiently, for the long term sustainability of the waterways within the Trust's care

**Influence** - To be a widely respected partner and trusted guardian with growing influence and responsibility

**People** – To enrich people's lives

**Prosperity** – To yield economic benefits for local communities and the nation

**Places** – To provide special places that people value, sustainable environments and routes.

These six strategic goals operate interactively to deliver, together, our strategic vision – of Living Waterways that transform places and enrich lives.

- 1.5. In future our plans will be fully aligned with and driven by the pursuit of these strategic goals. This year the new Strategy has been developed in parallel with the Business Plan and so whilst the broad strategic themes are reflected in the Plan, it won't be until next year that we develop the Plan to align in full with the new strategy.
- 1.6. One of the Trust's core Values is to be 'Local' and a key role in this is played by the Local Waterway Partnerships who are shortly to launch their Strategic Plans. This will shape the wider engagement of the Trust with others' priorities in their local area and will be central to the Trust's local efforts. The Trust's Values also include to be 'Open'

and to promote ‘Involvement’; already we receive extensive input to our plans from our Advisory Groups and through other users’ forums. In the future our Plans will be increasingly shaped by the greater participation of others.

- 1.7. The growth in volunteering and community adoption is central to our vision, both to enhance our capacity, to improve the quality of the waterway experience and also to strengthen our local connections. The wider public engagement is also enabled via our Friends recruitment and the open day programme that will continue through the plan.
- 1.8. Delivering greater efficiency remains key in order to increase the funds available for charitable purposes and to ensure those funds that we spend deliver the greatest benefit. Following the successful introduction of ‘annualised hours’, key efficiency projects this year include the introduction of ‘mobile working’ which will equip all staff with mobile devices with which their time will be managed and work tasks will be communicated, dramatically improving productivity.
- 1.9. The Trust’s objective to reduce its carbon emissions is focussed on reducing energy consumption which accounts for 80% of its carbon output, together with reduced CO<sub>2</sub> emissions from our vehicle fleet as we replace higher CO<sub>2</sub> level vehicles with newer cleaner engine ones.

## **2. The Trust’s Financial Plans**

- 2.1. This section describes the detailed financial projections that underpin our three-year plan. The Statement of Financial Activities is set out below. A deficit of £6m is planned in 2014/15 to smooth the impact of additional government contract funding from 2015/16 and beyond, drawing from the Trust’s accumulated reserves. As the forecast deficit for 2013/14 is smaller than originally anticipated, the planned deficit for 2014/15 has been increased by £1m compared with last year’s plan. After 2014/15 no further deficit is proposed.

Statement of Financial Activities	Figures in £k			
	2013/14	2014/15	2015/16	2016/17
	F10 Forecast	Plan	Plan	Plan
<b>Incoming Resources</b>				
Generated Funds and Investment Income				
Investment Property	36,214	38,297	34,815	34,541
Non Property Investments	-	3,228	3,658	4,048
	36,214	41,525	38,473	38,589
Boating and Moorings	32,872	34,177	35,128	36,222
Utilities	24,434	24,246	25,612	26,116
Marinas Subsidiary	6,500	7,245	7,634	7,947
CRT Share of Joint Ventures	8,346	30,217	24,156	44,298
Voluntary Income and Fundraising	1,088	1,384	1,837	2,340
<b>Total Generated Funds and Investment Income</b>	<b>109,454</b>	<b>138,793</b>	<b>132,840</b>	<b>155,513</b>
Governance	14	12	12	12
National Teams	1,273	2,393	1,890	1,884
<b>Total Governance and National Teams</b>	<b>1,288</b>	<b>2,405</b>	<b>1,902</b>	<b>1,896</b>
Defra Funding	39,000	39,000	50,000	51,000
<b>Total Incoming Resources before Charitable Activities</b>	<b>149,741</b>	<b>180,198</b>	<b>184,742</b>	<b>208,409</b>
<b>Charitable Activities</b>				
Waterway Maintenance and Repair	5,798	4,370	4,501	4,636
Major Works	232	8	-	-
Enterprise (Third Party Funded Projects)	7,552	10,848	10,468	10,926
Museums and Attractions	1,149	1,417	1,507	1,724
<b>Total Charitable Activities</b>	<b>14,730</b>	<b>16,642</b>	<b>16,477</b>	<b>17,286</b>
<b>Total Income</b>	<b>164,471</b>	<b>196,840</b>	<b>201,219</b>	<b>225,695</b>

	2013/14	2014/15	2015/16	2016/17
	F10 Forecast	Plan	Plan	Plan
<b>Contribution</b>				
Generated Funds and Investment Income				
Investment Property	28,169	30,286	28,628	28,691
Non Property Investments	-	3,039	3,360	3,680
Net Interest	2,875	(1,071)	(1,007)	(1,016)
	31,044	32,254	30,981	31,354
Boating and Moorings	25,425	24,996	26,225	27,778
Utilities	22,788	22,947	24,402	24,941
Marinas Subsidiary	581	967	1,114	1,187
CRT Share of Joint Ventures	127	4,312	3,538	3,571
Voluntary Income and Fundraising	(344)	(397)	(276)	(96)
<b>Total Generated Funds and Investment Income</b>	<b>79,620</b>	<b>85,079</b>	<b>85,984</b>	<b>88,736</b>
Governance	(613)	(676)	(674)	(734)
National Teams	(27,785)	(31,404)	(31,559)	(32,433)
<b>Total Governance and National Teams</b>	<b>(28,397)</b>	<b>(32,079)</b>	<b>(32,234)</b>	<b>(33,167)</b>
Contingency	-	(2,000)	(2,000)	(2,000)
Pension Deficit Funding	(7,000)	(7,000)	(7,000)	(7,000)
<b>Net Incoming Resources before Defra Funding</b>	<b>44,223</b>	<b>44,000</b>	<b>44,750</b>	<b>46,569</b>
Defra Funding	39,000	39,000	50,000	51,000
<b>Total Net Incoming Resources</b>	<b>83,223</b>	<b>83,000</b>	<b>94,750</b>	<b>97,569</b>
Charitable Activities				
Waterway Maintenance and Repair	(60,963)	(61,651)	(62,724)	(65,227)
Major Works	(22,430)	(23,764)	(28,056)	(28,258)
Enterprise (Third Party Funded Projects)	(1,520)	(1,859)	(2,128)	(2,213)
Museums and Attractions	(1,706)	(1,726)	(1,842)	(1,871)
<b>Total Charitable Activities</b>	<b>(86,619)</b>	<b>(89,000)</b>	<b>(94,750)</b>	<b>(97,569)</b>
<b>Surplus/(Deficit)</b>	<b>(3,396)</b>	<b>(6,000)</b>	<b>-</b>	<b>-</b>

## Net Income

- 2.2. Over the plan period net income grows by nearly 18% from £83m to £97.6m.
- 2.3. Net Incoming Resources increase by £11.7m in 2015/16 due mainly to the contracted increase in the Government Grant in that year.
- 2.4. Looking at the composition of the income, the contribution from Investment property increases by almost £2m in 2014/15. The investment property income profile then reduces slightly as there is a net £30m outflow of capital from Property to other investment sectors.

- 2.5. We are for the first time investing a proportion of our endowment capital in non-property income earning assets by way of portfolio diversification and risk spreading. This will be managed by an outsourced investment manager with the explicit aim of developing a £100m portfolio over 3–5 years. The fund has an annual income withdrawal target of 5% - which is the income forecast in the plan - with any excess remaining within the fund to accumulate capital.
- 2.6. The contribution from Boating and moorings rises as licence fees rise in line with inflation with no significant volume growth predicted. Very modest increases in Business Boating income are anticipated, reflecting continuing weak demand. Moorings income increases 15% across the three years through greater occupancy as increased investment in facilities is delivered.
- 2.7. Utilities contribution increases just almost 9% across the plan (noting that 25% of the income is in fixed payment contracts). Extra surveyor resources are to be deployed to complete agreement reviews which are expected to yield new income. Two modest hydro power schemes are expected to add to net income from the second year of the plan.
- 2.8. Net income from the Marinas subsidiary increases to almost £1m in 2014/15 though this will be reviewed following the appointment of a new Managing Director.
- 2.9. Joint Ventures contribution arises from two principle ventures, ISIS Waterside Regeneration LP (large scale development) and H2O Urban LLP (small/med scale development). ISIS has a major multi-phase residential scheme underway in Brentford West London H2O will generate income from three schemes notably at Marsworth and Bow Wharf.
- 2.10. The approach to voluntary income and fundraising remains focussed on individual and corporate giving. We have modified our individual recruitment method from agency-based to an ‘in-house’ model. To date, we have seen lower volumes recruited than first predicted, and have re-set our expectations to reflect that, though encouragingly attrition (ie loss of donors) is significantly less than that of other large charities. We are now projecting to reach 13,000 Friends at the end of this Plan period. We have recruited a sector specialist from another large charity to lead this in-house operation.
- 2.11. Net Interest profile includes £25m of debt assumed to be drawn down under a 5 year revolving credit facility which funds property investments. The interest charge assumes a fixed interest rate hedge is put in place to limit exposure to rising base reference rates.
- 2.12. The apparent increase in National Team costs in 2014/15 over the current year conceals a £1.3m rates rebate in 2013/14 plus credits for mobile phone rebates, and a nil carbon reduction commitment charge that will both reverse out, leaving the underlying net increase nearer to £1m. This is made up of additional costs in key areas such as Engineering and Quantity Surveying to support the growing work

programme, as well as a £0.5m planned investment in HR improvements and training focussed on enhancing employee development and engagement.

- 2.13. The £7m per annum pension payment through the plan is in respect of the pension fund deficit arrangement as part of the previously agreed long term pension funding strategy.

### **Spend on Charitable activities**

- 2.14. Expenditure on charitable activities increases through the plan. It rises by £2.4m in the first year, with a further £6m increase in year two; this is lower than the £11m increase in Government grant would imply due to the counter-effect of ending the operating deficit that is applied in year 1. There is a further £3m increase in year 3. The contingency fund is likely to be spent, as noted below, on charitable activities and will add a further £2m per year to the above figures.
- 2.15. The spend on Enterprise activity increases slightly during the plan to build capacity, given the substantial sums of external funding being generated. In the Plan it is forecast that Enterprise generates just over £10m of additional waterway spend in each of the three years, largely on towpath works that the Trust would not otherwise be able to fund.
- 2.16. Spend on Museums & Attractions increases during the Plan to build greater management capability and harmonise the museum sites with the Trust's policies and procedures. Works are continuing in 2014/15 on the programme of exceptional building works to address lease obligations for repair and maintenance, funded from a provision that was created at the time of the merger with the Waterways Trust. A strategic review will be carried out during the year to determine the best way that the Museums & Attractions can contribute to our charitable purposes.
- 2.17. Spend on Waterway infrastructure increases from £85.4m to £93.5m through the plan. Whilst spend on general waterway maintenance and repair work increases broadly in line with inflation, the greater growth is in Major Works spend, rising by 25% to £28m in years 2 and 3 compared with 2013/14.
- 2.18. The growth of Major Works expenditure will enable increased spending on dredging in line with our ten year commitment, though some of the additional spend will be held as contingency, to be released to fund additional dredging - provided there are no other urgent calls on the funding. The details of the Major Works programme for 2014/15 are set out below; this has been derived to address the greatest risks and impact. Details of all the planned projects are available at [canalrivertrust.org.uk/our-work/major-works](http://canalrivertrust.org.uk/our-work/major-works).

<b>Asset Category</b>	<b>Planned Expenditure</b>	<b>Number of Projects</b>
Embankments & Culverts	£5.3m	23
Water Resources/Management	£5.1m	20
Locks	£1.6m	8
Bridges & Aqueducts	£3.1m	16
Tunnels & Cuttings	£1.7m	6
Bank Protection	£0.8m	6
Dredging	£5.2m	19
Other	£1.0m	8
<b>TOTAL</b>	<b>£23.8m</b>	<b>106</b>
Contingency dependent Dredging	£2m	6

- 2.19. We are continuing to adopt a rolling three year programme of major works that will be regularly re-visited as asset intelligence changes through the plan. Strict change control will apply to any variance from the core plan. Whilst this major work is essential to keeping the proportion of asset condition grades D & E below the target level, we are also looking to address the non-principal asset condition in areas such as bank protection, waterway walls and canal feeders that have suffered underinvestment in the past. The proportion of principal assets in D& E condition (currently at a historic low level of 15%) may begin to rise during the plan as 58% of principal assets are currently assessed as C condition grade with at least 1% likely to slip into category D condition each year, in line with the predictions made at the time of the transfer

## **MEMORANDUM TO THE BOARD**

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### **DEBT STRATEGY – MARCH 2014**

#### **Report by the Finance Director**

##### **1. Purpose**

- 1.1 To recap on the Debt Strategy approved by the Board in May 2013.
- 1.2 Commercially confidential information removed

##### **2. Recommendation**

- 2.1 To note and comment on the update provided in this paper.

##### **3. Debt Strategy**

- 3.1 The debt strategy was discussed and agreed by the Board in May 2013. The key sections of that paper are extracted below.
  - 1 *The final objective of the Debt Strategy is to have a combination of the following:*
    - *an Overdraft facility for the purpose of funding very short term movements in working capital (amount typically up to £5m, term usually “on demand”);*
    - *a committed Revolving Credit facility to provide medium term flexibility in the management of funds and particularly to provide funding pending longer term debt facilities (amount typically £25m, term of say 3-5 years);*
    - *a possible private placement of a First Mortgage Debenture issued to institutional investors (£50m upwards with term of up to 10 to 15 years);*
  - 2 *The initial steps towards this final objective are proposed to be an Overdraft and a Revolving Credit. Discussions are progressing with Barclays and RBS, and it is proposed to engage in a tender process during late June 2013.*
  - 3 *The final objective, for this strategy, is to achieve a private placement issue of long term loan notes to investing institutions. The major banks can assist with structuring and placement of these types of issue and have provided some early advice.*
  - 4 *It is proposed that the debt should be borrowed by CRT and should be supported by recourse to the full corporate covenant of CRT, together with security over specified investment properties. Any structured finance for special purpose, where some limitation on recourse may be desirable, should be borrowed in a special purpose vehicle and is not considered in this Strategy.*

- 5     *The borrowing terms and conditions will typically contain, financial covenants relating to CRT, loan to value and rent to interest cover ratios for the property security, the usual extensive range of borrower covenants, undertakings, representations and warranties.*
  - 6     *Commercial banks are unlikely to lend beyond a 5 year committed term. This lack of long term funding will create a risk exposure for CRT both for the refinancing of the facility and the mismatch between the interest rate and the long term yield on the investments. A long term loan with interest rate based on long term interest rates is therefore proposed for the longer term.*
  - 7     *The business case for seeking debt capital at this stage is justified by three factors.*
    - (1) *to provide gearing for the investment portfolio with the intention or improving the yield on the net funds invested,*
    - (2) *to utilise the liquidity of the revolving credit and overdraft to enable the cash currently on deposit (which yield around 1% pa on average) to be invested into higher yielding investments, and*
    - (3) *to ensure that working capital liquidity is available as the surplus cash in the trading bank account is utilised to fund the planned deficits on the General Fund.*
  - 8     *Debt funding for making investments will need to be justified on the net margin between the all-in cost of funds and the yield on the proposed investments.*
- 3.2    In paragraph 6 above it is noted that this bank facility does not provide an ideal match for the long term investments held by CRT. Apart from its obvious use as a working capital facility, this proposed revolving credit facility advances the Trust towards a decision as to whether or not a long term loan issue type of borrowing is appropriate. If there is not appetite for the Trust to have a higher level of debt an alternative could be to use a modest level of, say £50m, of revolving credits from banks. However this can be debated at a later stage when this facility is completed and successfully drawn.
- 3.3    An interest risk management strategy is needed for the interest payable under the facility. It is equally reasonable to leave the interest at floating rate as it to seek either an interest rate swap or an interest rate cap. The rationale for this should be advanced based on the proposed use of the facility and type of assets acquired.

#### **4.0 Subsequent progress**

4.1    Comercially confidential information removed

**Appendix – Commercially confidential information removed**

**Appendix – Commercially confidential information removed**

**TEXT IN RED CONFIDENTIAL**

## **BANK MANDATE RESOLUTION**

**Report by the Company Secretary  
March 2014**

### **1.0 INTRODUCTION**

- 1.1 Canal & River Pension Investments LP (CRPI) is a limited partnership used in the pension funding partnership structure. CRT is the sole general partner and is required, as a corporate entity, to execute bank mandate documents by resolution of the Trustees. Accordingly, this paper seeks a resolution of the Trustees of CRT, as attached, to set up a Bankline service from RBS for CRPI and CRT.

### **2.0 RECOMMENDATION**

- 2.1 Trustees are asked to approve the resolution that grants authority to any two of CRPI's bank signatories ("Authorised Persons") to complete the Bankline Third Party Mandate on behalf of Canal & River Pension Investments LP.

### **3.0 CONTEXT**

- 3.1 Canal & River Pension Investments LP is the main vehicle used for the pension funding partnership. The partners are CRT (General Partner) and two limited partners being the Waterways Pension Fund and Canal & River Pension Partner Ltd (a wholly owned subsidiary of CRT).
- 3.2 As a limited partnership, its bank mandates require a resolution of only the general partner, CRT.
- 3.3 The Bankline Third Party Mandate allows CRT to add third party accounts to its Bankline, an online service that is currently operated by the cash and banking team in Shared Services. It will effectively grant access to authorised users of CRT's Bankline service to make payments on behalf of CRPI, in accordance with its bank mandate.



**Philip Ridal  
March 2014**

## **FORM OF RESOLUTION**

*At a meeting of The Trustees of Canal & River Trust (“the Company”), held on [date] it was and is hereby resolved that the Company being the sole General Partner in Canal & River Pension Investments Limited Partnership (the “Limited Partnership”) hereby resolve that any two authorised signatories of Canal & River Pension Investments LP (CRPI) are authorised to:*

- *complete and sign The Royal Bank of Scotland plc’s Bankline Third Party Mandate,*
- *instruct the Bank to disclose information relating to CRPI’s Accounts to Canal & River Trust (the Bankline Customer),*
- *authorise the Bankline Customer to give Instructions (including payment instructions) in relation to CRPI’s Accounts*
- *accept the Bankline Terms*

*on behalf of the Limited Partnership.*

Canal & River Pension Investments LP



TEXT IN RED CONFIDENTIAL

## MEMORANDUM TO THE BOARD

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### CHIEF EXECUTIVE'S REPORT – MARCH 2014

#### 1.0 INTRODUCTION & OVERVIEW

1.1 The period since the start of the year has been dominated by the extreme weather suffered across large swathes of the south and west of the country, which had a significant effect on parts of the network. A general flood appeal raised £30,000 from the public, which reflects the exceptional generosity of those who appreciate our waterways. Fortunately, stronger than predicted financial performance has meant that the c£2m cost of undertaking the recovery and reconstruction works has not caused too much disruption to the rest of our programme.

#### 2.0 KPIs

2.1 The KPI report to the end of January is attached at appendix 1. The main issues are:

- Our four 'red' status measures from January have continued to fall short of our target:
  - With the new 'in house' approach being restricted to the London area (plus open days) during the winter, Friends recruitment has continued at the lower level forecast in January, with 7,350 Friends anticipated to have been recruited in total by the year end. From next year our measure will be the number of active donors which has been steady at around 5,500 through the past three months.
  - Safety performance has not improved and injuries remain above last year as reported in Appendix 2
  - Commercially confidential information removed
  - In the Green Plan, car mileage/ emissions have continued to exceed the target.
- In addition one of the formerly 'Amber' status measures has now been re-classified as 'Red'. High Priority defect repairs were already below the 'run rate' needed to meet the year end target and the consequence of the extreme weather, as reported in Appendix 3, has been that work in many areas has been significantly impacted and deferred into 2014/15. We are now expecting to achieve 80% of high priority defects (c4,000) by the year end.
- The other 'Amber' status measure from January (Overtime incurred) has improved and is now on target for the year end.

#### 3.0 DIRECTOR REPORTS

3.1 The individual Director reports feature as Appendices 2 to 8 to this Report. The main points to draw to the Board's attention are:

- Safety performance has continued to be disappointing with further employee lost time injuries occurring when work has diverted from the planned approach; also of concern

has been the incidents of volunteer injury and a contractor incident currently under investigation;

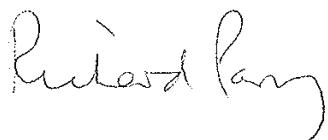
- The Operations report (Appendix 3) shows examples of weather impacts, notably the embankment collapses at Llanfoist and Hampton Bank which are now being worked on; the greatest user impact is the closure of a short section of the Monmouthshire & Brecon canal until at least the end of April.
- A significant volume of off-side vegetation removal has been undertaken but the programme has had to stop early once the warmer weather has led to the nesting season commencing (Appendix 3).
- Financial performance is strong (as reported above) with a lower than planned deficit (£3.4m) still forecast despite the additional costs of the extreme weather (Appendix 4)
- **Commercially confidential information removed**
- The ‘Open Day’ programme has completed with 14 successful events held, with close to 10,000 visitors and almost 100 new Friends signed up. (Appendix 6)
- Community adoptions have almost reached the fifty mark, and we have made good progress in youth engagement with the first Youth Advisory Group Chair appointed, and a successful application to the Youth Social Action Journey Fund bringing three new Young Facilitators to our waterways in the north west. (Appendix 7)
- Our new approach to in-house individual giving – ‘Fundraising Plus’ – is gearing up, with a new Head of Individual Giving starting next month. (Appendix 8)
- A new employee recognition scheme is being launched this month (Appendix 9)

#### **4 UPDATE ON MAIN ACTIVITIES**

- 4.1 Several Waterway Partnerships have finalised their Strategic Plans. The three Partnerships with a direct Welsh role came together to host a successful parliamentary reception on 3 March. A summary of progress for each of the Partnerships is attached at Appendix 9.
- 4.2 The new engagement programme of open meetings with Boaters has commenced with five meetings held so far, all well-attended, and (mostly) well-received.
- 4.3 On 19 February, Nick Brown abandoned his Judicial Review of one aspect of the Guidelines for Boats without a Home mooring’ after only half of the first day’s hearing and with costs awarded to the Trust. **Commercially confidential information removed**
- 4.4 After careful consideration of new legal advice, we reluctantly concluded that we are not able to introduce the proposed local Roving Mooring permits. We have briefed key stakeholders and are involving them in further discussions about ways to progress. Most stakeholder reaction has been disappointed but understanding.
- 4.5 Following the consultation around the local towpath mooring proposal developed by the Kennet & Avon Waterway Partnership, we have published our plan which took on board most of the consultation feedback with an interim 12 month arrangement to help boaters on the western end of the canal move towards compliance with our Guidance.

- 4.6 We have submitted both Phase 1 Bill and Phase 2 route alignment responses to HS2 since the last Board. With IWA, we commissioned Hyder to review the alignment at Fradley Junction on the Trent & Mersey canal where the line is planned to cross the canal in four separate crossings. Hyder have identified a viable and more economical route that averts most of the impact on the canal and we are now actively engaging with HS2 to persuade them to adopt this. Positively Birmingham City Council have announced their plans for a new canal-side quarter at the heart of their vision for the proposed new HS2 station.
- 4.7 The Trust was named 'Charity of the Year' by the People's Postcode Lottery at their Annual Charity Gala on 30th January with a one-off donation of £50,000 to recognise the excellent public awareness and effective working relationship that the Trust had delivered
- 4.8 Last week, the Trust announced its plans to explore the prospects for developing the historic Roundhouse building in Birmingham, its partnership with the National Trust, as a significant new canalside facility for the city.
- 4.9 The Trust's new Vision, Values and Strategy has been finalised following the Trustees' discussion in January, and the communication to employees was launched earlier this month. A copy of the final form of the strategy documentation is attached at Appendix 11.

**RICHARD PARRY**  
**March 2014**

A handwritten signature in black ink that reads "Richard Parry". The signature is fluid and cursive, with "Richard" on top and "Parry" below it, though the two words are somewhat connected.



## APPENDIX 2 : HEALTH & SAFETY MANAGEMENT

### Report by Operations Director - March 2014

#### 1.0 INTRODUCTION

- 1.1 This report covers the period January and February 2014. 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.
- 1.2 The main areas of concern continue to be employee safety incidents which continue at an unacceptable level and for the first time a noticeable increase in serious volunteer incidents.

#### 2.0 ASSETS

##### 2.1 Asset Inspection Process (AIP2008)

- 2.1.1 Asset inspection is our primary infrastructure risk management tool to monitor asset condition and to report defects for repair prioritisation. The overall inspection process is broadly on target.

#### 3.0 VISITOR SAFETY

- 3.1 There were 6 fatalities on our property during the period and none were as a result of infrastructure failings or other cause attributable to the Trust.
- 3.2 There have been no reportable injuries to visitors since the last report. The analysis of the incidents involving members of the public reported for the 11 months to the end of October, shows 313 incidents were reported which involved loss or injury. We concluded, following investigation, that 33 had an infrastructure related cause (i.e. a defect requiring remedial action) with 50% being slips and trips on towpaths. At 10.5% of total incidents, the rate this period remains marginally above our accepted risk threshold of 10%.
- 3.3 We are identifying ways of further reducing the percentage of public incidents that are infrastructure related and will be focusing on the cause of slip, trip and fall incidents which predominately arise from towpath condition. Increased investment on waterway wall and towpath condition should have a positive impact on the number of incidents but we need to fully analyse the potential impact on Principal Asset condition of increasing expenditure on lower risk asset types such as towpaths.
- 3.4 The Head of Heritage and Head of Safety met with the Heritage Advisory Group to discuss the safety concerns related to the Pontcysyllte Aqueduct. The Trust is recommending taking forward a range of measures including active site management as well as a range of other interventions. The optimum from a safety perspective is to modify the aqueduct railing but we recognise the iconic nature of the site and the strict consent regime in place which we must navigate. We believe that non-physical interventions are sufficient at this stage (and we will be writing a risk assessment which supports this). Members of the Advisory Group recognised the importance of the safety concerns but were unanimous that the range of measures short of physical intervention on the aqueduct must be explored first. We continue to explore how owners of other historic sites are managing these issues.

## **4.0 CONTRACTORS**

- 4.1 There were no reportable injuries to contractors during the period.
- 4.2 In early March an excavator working for our civil engineering contractor Kier overturned into the Monmouthshire & Brecon canal. No injuries were sustained. An investigation is underway and a full report will be made in the next report.

## **5.0 OUR PEOPLE**

### **5.1 Volunteers**

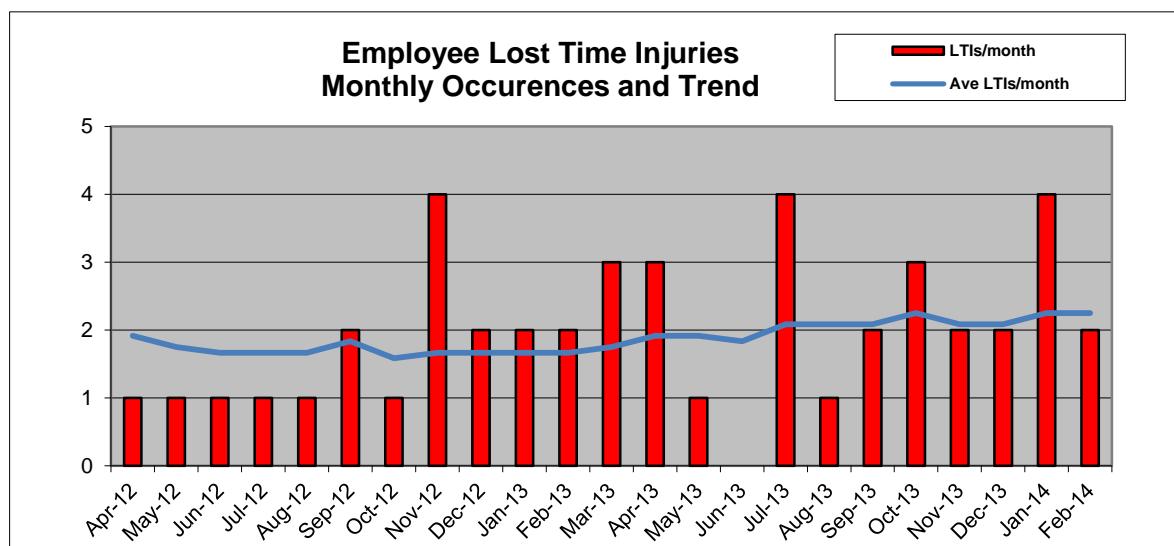
- 5.1.1 There have been 2 reportable injuries to volunteers since the last report:

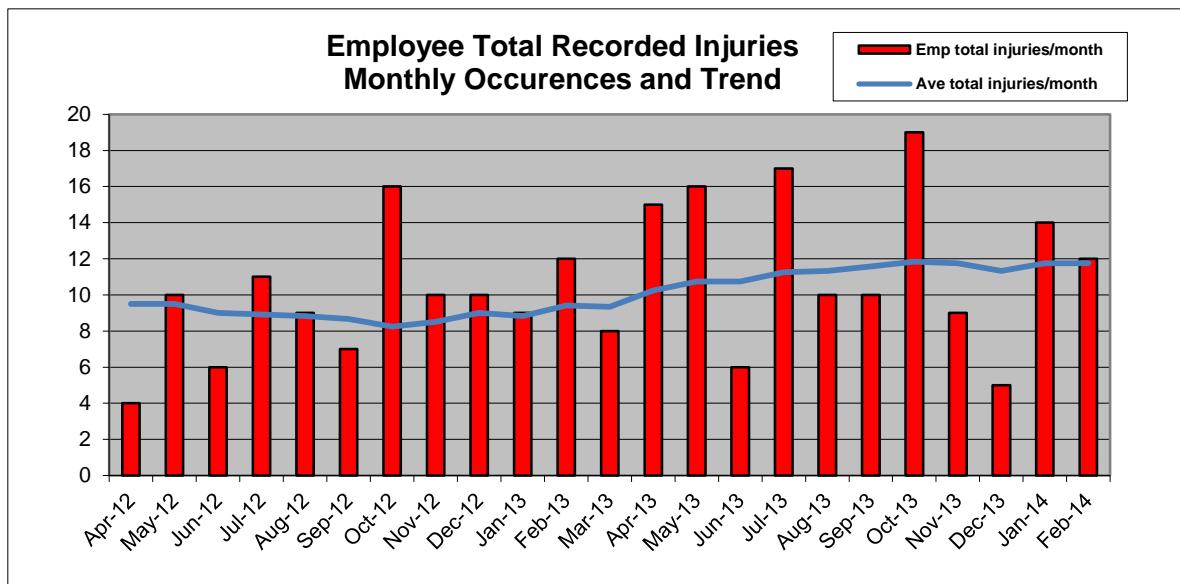
- A volunteer was pumping rainwater out of a small open boat at Gloucester Museum. When moving the pump he fell overboard between the boat and the quayside breaking his shoulder blade and 3 ribs. The volunteer was wearing a manual inflation lifejacket which is not compliant with Trust standards – which requires auto-inflating life jackets - and the lifejacket was not fastened properly. The result was that the volunteer was unable to rescue himself or stay afloat without holding on to a rope attached to the boat. Fortunately a nearby colleague heard his fall and was able to raise the alarm and organise rescue from the deep, cold, water. None standard lifejackets have been replaced with Trust standard auto-inflating type at all museum sites and a greater emphasis is being placed on working practices and correct wearing of safety equipment.
- In early march a volunteer lock keeper was on duty at Foxton Locks. After descending steps from a lock quadrant, she stumbled and fell breaking her ankle and injuring her shoulder. Initial investigations indicate that the ground conditions were not unusual at what is a very popular visitor area and further investigations are underway to try and understand the cause of the fall. A fuller report will be made in the next safety supplement.

- 5.1.2 As part of our ongoing drive to improve safety performance, the growth in volunteering envisaged and the particular risks associated with volunteers (inexperience in the waterway environment, irregular attendance, typical age profile, etc.) we are reviewing volunteer safety practices to ensure they are proportionate and effective.

### **5.2 Employees**

- 5.2.1 The chart below shows the overall Trust position indicating a worsening trend in both Lost Time Injuries and Total Recorded Injuries.





5.2.2 In response to disappointing performance we are working on a programme of behavioural analysis with a specialist industrial psychology consultant in conjunction with our trade union safety representatives to better understand the risk awareness issues of our frontline teams who generally work in low or unsupervised work situations where individual behavior is a vital element in safety improvement. In addition we are developing plans to further improve work planning.

### 5.3 Safety Benchmarks

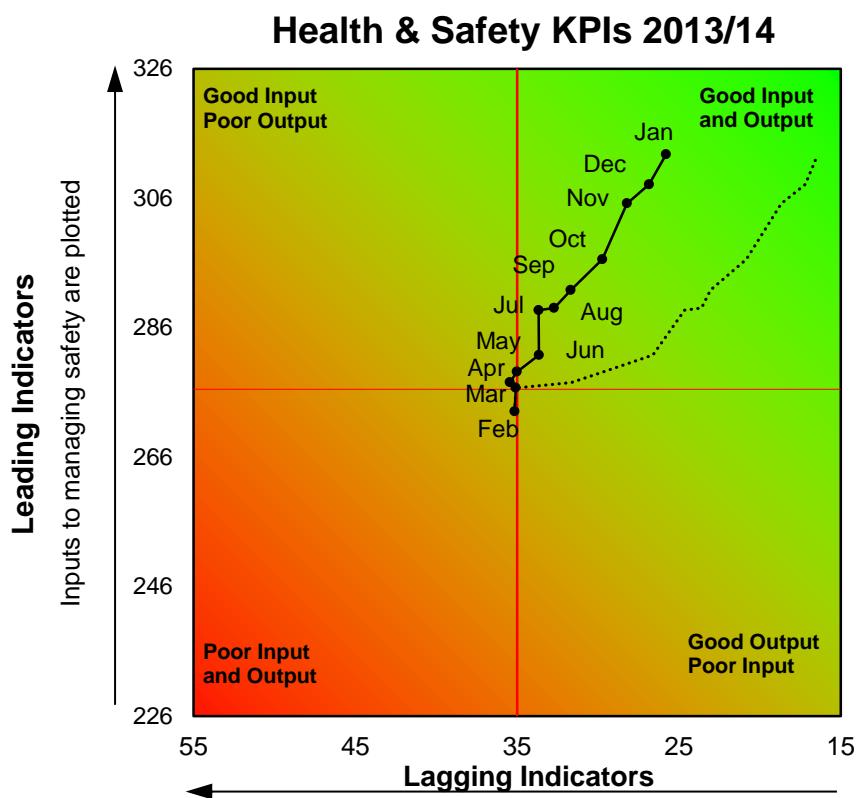
#### 5.3.1 Accident Frequency Rates (AFR)

As agreed at the last Meeting AFR will be our main key performance indicator and the table below shows AFR for each component of Trust employees, contractors working for the Trust and volunteers. As indicated earlier in this report volunteer safety performance is a concern and subject to more detailed review.

Unit	Riddor AFR (12 month average)
Contractors	<b>0.07</b>
Volunteers	<b>1.88</b>
Trust Employees	<b>0.24</b>
Combined Rate	<b>0.22</b>

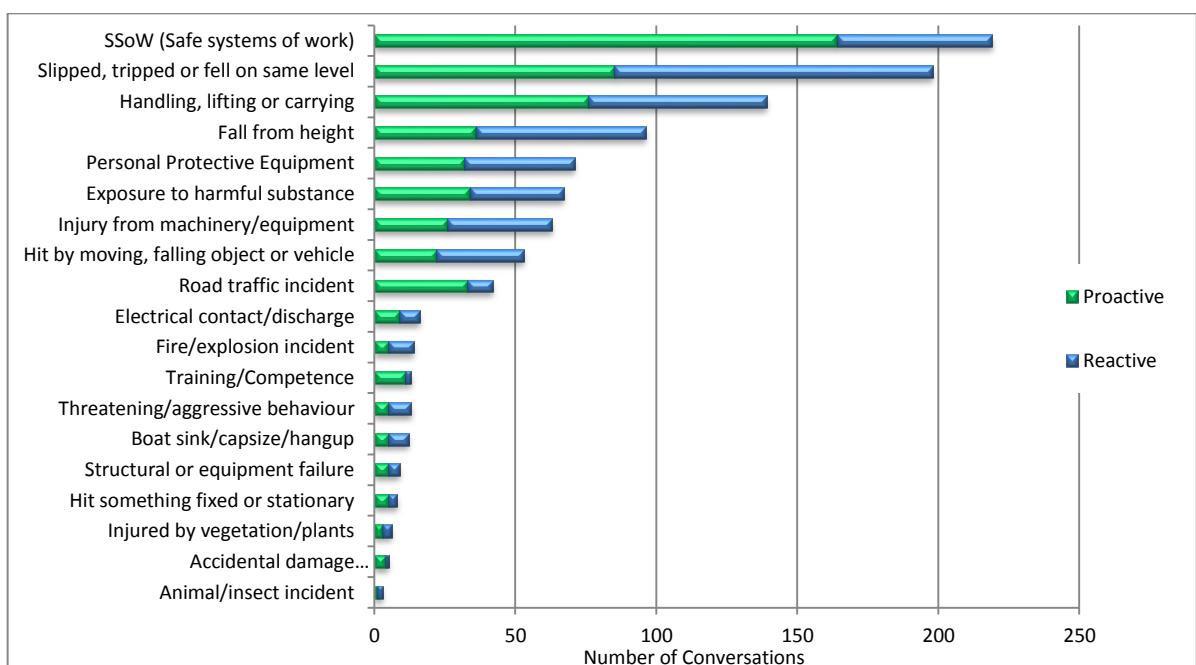
#### 5.3.2 Lead/Lag Indicators

Monitoring the trend in Lead/Lag indicators is a useful internal benchmarking process where each waterway unit is monitored on the levels of proactive safety actions such as site safety audits, completing safety actions and investigating incidents and the resulting outputs. As explained in previous reports, the aim is to see the trend line moving towards the top right hand quartile of the graphical representation. The graph on the following page shows the overall Trust position at present. Had our employee safety performance been better overall the trend line would be markedly further towards the top right hand corner as the level of incidents recorded is having a pull effect to the left. The dotted line on the graph represents the trend line which would result if we were achieving the targeted levels of employee incidents.



## 5.4 Safe Behaviour

- 5.4.1 The number and type of safe behaviour discussions taking place in the workplace is an important indicator of safety improvement. An update on the number and subject matter of safe behaviour conversations is given below and we remain satisfied that our safe behaviour programme is being well supported by frequent and regular safety discussions. It is notable, that the proportion of proactive discussions on safe systems of work, slips/trips and manual handling are now a higher proportion and take place as advance learning discussions rather than reactive discussions which occur after an event has occurred or a hazard has been spotted.



## **5.5 Lost Time Incidents during Period**

5.5.1 The following Lost Time Injuries have been recorded since the January report:

### **15/1/2014 – Riddor over 7 day Injury, Waltham Town Lock (River Lee), London**

A supervisor was assisting his team to keep the water levels down in the bottom of the lock due to water leaking through the temporary dams. When moving a pump, he turned around and stepped back off the raised sill and into the lock gate recess which is a step of approximately 300mm. The recess was flat and almost free from silt other than a very fine slurry within the water. On stepping down, his ankle twisted resulting in a fracture to the second toe on left foot, and ligament damage to ankle. Investigation concluded that better planning including clearing the bottom of the chamber to allow water to flow away from the worksite making it easier to pump away would have reduced the risk. (Currently off work)

### **22/1/2014 – Riddor Major Injury, Bridge 19, Grand Union, Leicester Line**

Enforcement Team employee (Data Collector) fell awkwardly on a muddy section of towpath, after putting his foot in a puddle which was masking a deeper hole resulting in a hairline fracture of his leg. He was wearing walking boots with ankle support and the pothole had not been previously identified as a defect suggesting that it had developed rapidly due to weather conditions. (Currently off work)

### **24/1/2014 – Lost Time Injury, Peak Forest Canal, Manchester & Pennine**

The Operative was walking across a construction work site and stepped onto soft ground where his foot became stuck causing his knee to twist. Investigation indicates that site set up did not properly consider the impact of the bad weather on pedestrian walkways. (5 days lost)

### **27/1/2014 – Lost Time Injury, West Midlands**

An operative sprained his ankle stepping down onto a workboat. The investigation found a number of aspects of the access to the boat which need improvement e.g. step height and handrail position. (2 days lost)

### **21/2/2014 - Riddor over 7 day injury, Trent & Mersey canal, Central Shires**

An operative was moving a 1 tonne compact crane on a stoppage site when the crane overturned on a 20 degree cross slope. During an unauthorised operation to attempt to return the crane to an upright position with a jack the operative suffered a broken finger and lacerations to his hand. Initial investigation has identified concerns with the job planning which led to the tracking on the slope, supervision and the unauthorised actions to recover the crane. Further investigations with disciplinary action a possible outcome are underway. (Currently off work)

### **25/2/2014 – Riddor over 7 day Injury, Trent & Mersey canal, Manchester & Pennine**

During gate replacement an operative was dismantling paddle gearing as an unplanned task. During this operation the locking key fell out causing the gearing to drop and trap his finger. The incident has resulted in a changed working method which ensures paddles are fully lowered before dismantling and additional training for less experienced operatives. (Currently off work)

## **6.0 OCCUPATIONAL HEALTH**

6.1 No Occupational Health issues have been reported.

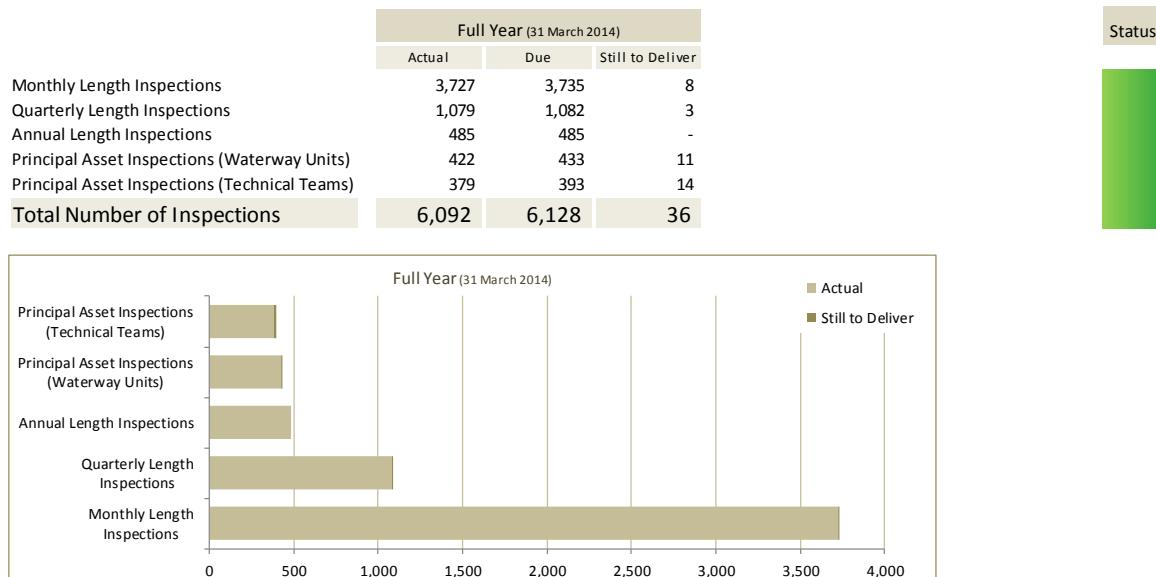
A handwritten signature in black ink, appearing to read "V P Moran".

**V P Moran**  
Operations Director

## KPIs Report

Commercially confidential information removed

### Infrastructure Risk Management - Number of Inspections



### High Priority Defects Repaired

	Full Year (31 March 2014)		Still to Deliver	% Delivered	Status
	Actual	Original Plan			
High Priority Notifications	4,252	4,965	713	85.6%	

### Annualised Hours

	Full Year (31 March 2014)			Status
	Actual	Target	Variance	
Overtime Cost as % of Base Payroll	3.4%	< 4.0%	0.6%	
Number of Overtime Hours Worked*	46,325	< 58,260	79.5%	



## **APPENDIX 3 : OPERATIONS/TECHNICAL REPORT**

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

### **1.0 EXTREME WEATHER IMPACT**

- 1.1 The period since the last Report saw the worst rainfall and flood events in the southern half of the country for many years. The impacts were felt in particular in our South Wales & Severn, North Wales & Borders, Kennet & Avon, London, and South East waterways. Other waterways suffered higher than average tree falls due to the combination of high winds and saturated ground.
- 1.2 **Monmouthshire & Brecon canal embankment slip**
  - 1.2.1 The most significant weather related impact is the failure of part of an embankment on the Monmouthshire & Brecon canal at Llanfoist where the steep embankment supporting the canal began to slip due to saturated ground and the sandy material from which the embankment was originally constructed. The photographs below show the failure developing rapidly over a relatively short time:

Photo Taken 6<sup>th</sup> Jan 2014Photo taken 21<sup>st</sup> Jan 2014Photo Taken 7<sup>th</sup> Feb 2014Photo taken 11<sup>th</sup> Feb 2014

- 1.2.2 The canal in this area has a history of catastrophic failure and the section had been concrete lined over 30 years ago to reduce the potential for major failure. The canal lining has not failed or contributed leakage to the saturation of the embankment. Immediately upon identifying the developing failure, action was taken to drain down the canal in the area and assess the likelihood of a catastrophic failure where the embankment might collapse completely down the steep hillside to possibly impact three houses below. The engineering judgement was that the embankment was unlikely to collapse completely and would continue to slip slowly down the hillside. On the basis of this judgement, it was decided that evacuation of houses was unnecessary but that close and regular monitoring would take place until a repair solution was devised.
- 1.2.3 The repair solution devised was to pin the embankment material to the bedrock of the hillside by inserting around 500 pins of 10 to 20 metre length in the affected area. The technique commenced in early March following the removal of a large number of substantial trees along the embankment. At the time of writing, early indications are that with only a small proportion of pins inserted at the base of the slip, the movement has ceased. The photograph below shows a view of the embankment and pins being inserted:



- 1.2.4 The total repair cost is estimated to be approximately £1m as a second smaller slip in close proximity will also be dealt with as part of the project.
- 1.2.5 Communication with neighbours, boaters and most notably hire boat operators was a priority as the situation developed. The area of closure of the canal – which is disconnected from the main network - is towards the bottom end of the navigation with several hire boat bases in that shorter section. We offered to transport, at our cost, hire boats by road around the closure to make available the longer and more attractive section of the canal. One operator has taken advantage of this and moved 5 boats so that booked holidays can be honoured. Others have either restricted their boats to the shorter section or cancelled booked holidays.
- 1.2.6 At this stage, we have estimated that the canal will be closed until the end of April and this will be kept under close review as the repair works progress.
- 1.2.7 In addition to using this failure as the headline in our Emergency Flood Appeal, which has so far raised over £30,000, the Welsh Government have been approached for help.

### **1.3 Llangollen canal embankment slip**

- 1.3.1 An embankment at Hampton Bank on the Llangollen canal has also suffered from the effects of high rainfall and saturated ground with the added complication of abandoned badger setts. The embankment was planned for some minor repairs, but a more substantial slip began to take place as the collapse of the abandoned badger setts accelerated ground movement dislodging a sheet pile line and allowing water to leak through the embankment at a much higher rate. A significant risk of full embankment collapse was averted by commencing a much more substantial repair estimated at £450k.
- 1.3.2 The works are anticipated to be completed before the Easter break to enable this very popular canal to be fully opened.
- 1.3.3 This project also features prominently in the Flood Appeal.

### **1.4 General flood damage**

- 1.4.1 The eastern end of the Kennet & Avon canal remains under water in places at the time of writing as the River Kennet is slow to respond after flood events. Lock structures and towpaths have been under water for several weeks and the extent of damage is not yet fully assessed. The River Severn was in flood for several weeks and although this is not uncommon, the level of flood water on the river, and the high tides at Sharpness, have been at record levels. The Severn is now back to normal and damage was restricted to small amounts of mechanical and electrical equipment on mechanised locks and some general clean-up costs. London experienced flood damage mainly in the river sections of the Lee & Stort. The South East suffered minor damage to towpaths and bridges mainly around the Oxford canal with some localised flooding for a short period in parts of the Grand Union canal. Across the network approaching 200 trees fell during February storms and our vegetation contractor mobilised very effectively in almost all situations.

1.4.2 The following photographs illustrate some of the flood conditions which affected parts of the network:



*Diglis Basin – River Severn*



*Severn Bridge - Debris*



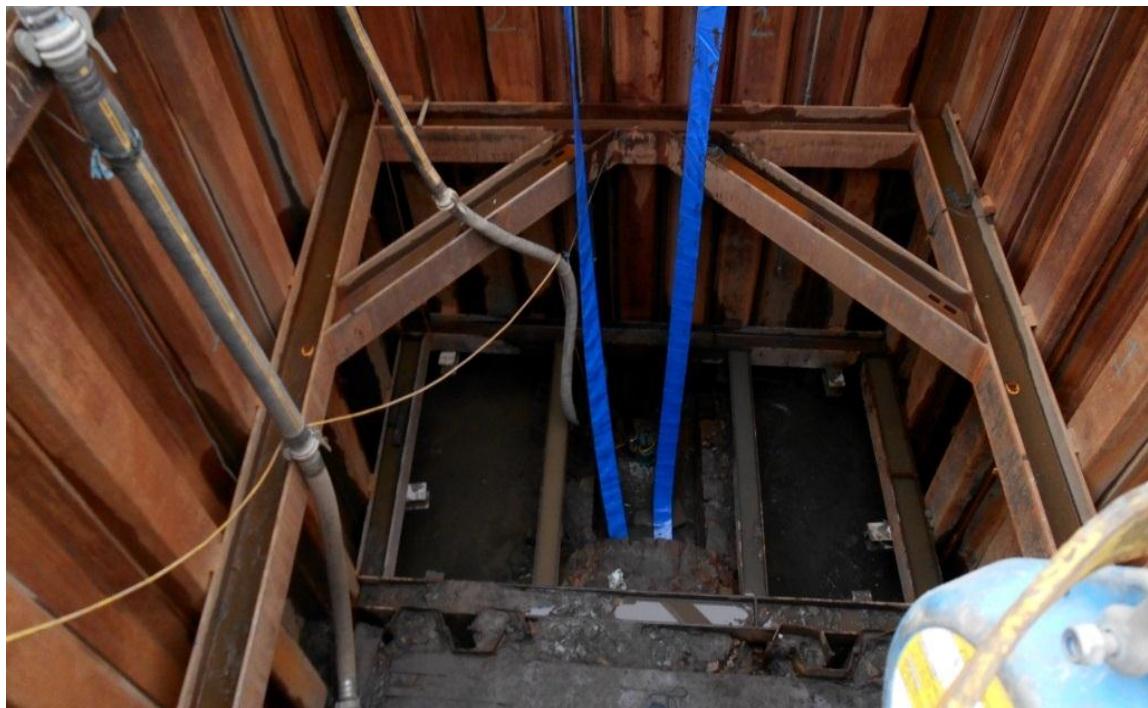
*Kennet & Avon*

1.4.3 Full damage and clean-up costs have not been fully assessed yet and we have set aside £500k for general repairs in addition to the costs associated with the Monmouthshire & Brecon and Llangollen embankments. This total unplanned cost approaching £2m will fall in part this financial year and extending into 2014/15 financial year. The Major Works and General Works programmes have been adjusted to accommodate these costs as the contingency had already been allocated. A small number of Major Work's projects which had not commenced have been risk reassessed and moved into next year's programme.

## **2.0 MAJOR WORKS**

2.1 The Major Works programme has delivered the majority of projects planned, including additional funds allocated during the year, with only a small number having to be rescheduled into next year to accommodate emergency flood related projects.

- 2.2 The following photographs illustrate a number of typical projects underway and recently completed:



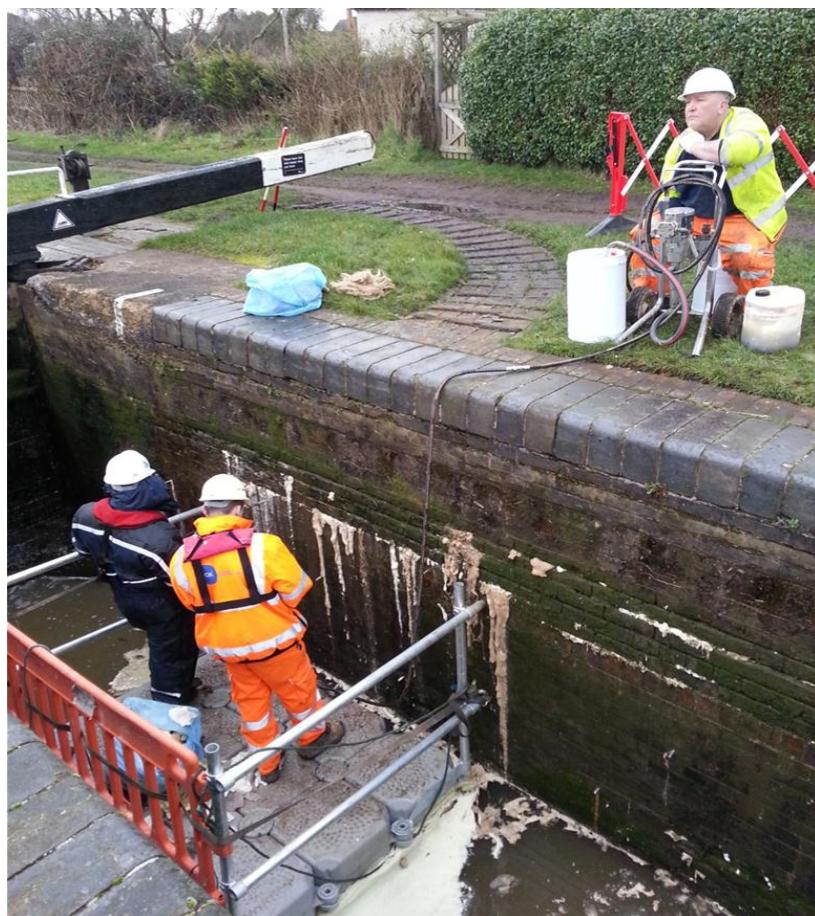
*Substantial coffer dam installed at Slaithwaite Reservoir to enable access to chamber running through the dam headwall for inspection and valve repair*



*Dewatered chamber showing good condition of tunnel running through dam headwall  
This is possibly first time since construction that this tunnel has been examined*



*Anderton embankment repair and stabilisation works underway*



*Pressure grouting behind lock wall to seal leaks.  
Grout can be seen flowing out of leak areas in lock wall.  
A national lock grouting programme began this year and will continue into next.*

### **3.0 OPERATIONS / CUSTOMER SERVICE**

- 3.1 Waterway Units continue to deliver the key objectives of High Priority Defect repairs, Planned Preventative Maintenance, and general customer service delivery. The need to react to urgent arising works has been more pressing in this period given the weather and flood impacts. Consequently, the achievement of the year's target of 4,965 High Priority Defect repairs has been affected with approximate 1,200 urgent arising tasks which had to take precedence over planned works due to safety and customer service considerations.
- 3.2 The winter restoration and repair programme involving lock gate replacements and repairs, lock chamber repairs and various general works has been delivered broadly to plan despite inclement weather. On the Kennet & Avon canal, a major planned lock gate replacement project was delayed due to flooding and is now in the process of being completed. In the East Midlands, a large River Trent gate replacement project has been affected by serious water ingress following dewatering and an additional planned Open Day event had to be cancelled. In the North West, planning difficulties extended a lock gate replacement project by just over a week beyond published plan. Below is a photograph of a larger gate replacement project in the North East to illustrate a typical work site:



*Aldwarke Lock, Sheffield & South Yorkshire canal*

- 3.3 The programme included presenting 14 selected lock works as public open events and these proved very successful at increasing public awareness of the Trust's activities.

- 3.4 During the period, good progress has been made to deliver the commitment given to significantly reduce overgrown offside vegetation. During December, the first tranche of the project involving expenditure of £500k was delivered mainly in the South East waterway. A further £1m tranche was planned for January to March to improve over 200km of vegetation overgrowth across all 11 waterways. Good progress was made during January and February but rapidly warming weather in early March forced the cessation of cutting as the bird nesting season started in earnest. Approximately, £500k of planned work had to be curtailed and this has been ring fenced for the delivery of outstanding works later in 2014 when environmental considerations ease.
- 3.5 The Navigation Advisory Group (Operations) continues to work very effectively. The Group have started to work with us to review Customer Service Standards and this work will continue during 2014.

## 4.0 VOLUNTEERING

- 4.1 Volunteer input during the period has continued to deliver excellent work with numerous examples throughout all waterways. In particular, more examples are arising of volunteers working alongside Trust employees in situations where mutual benefit is being gained. An excellent example during the period involved works to repair Lock 40 at Wilmcote on the South Stratford canal where a bulge in the lock brickwork appeared and required urgent attention ahead of the main boating season. The site was set up by Trust direct labour and then 12 volunteers working in two alternating teams undertook the removal of damaged brickwork and associated tasks in advance of Trust staff undertaking the rebuild. The photographs below show volunteers in action:



**VINCE MORAN**  
Operations/Technical Director

March 2014



## **APPENDIX 4 : FINANCE REPORT**

**Report by the Finance Director - March 2014**

### **1.0 INTRODUCTION**

1.1 The report provides an explanation of:

- results for the ten months to January 2014 and the F10 full year forecast, and
- the current cash position.

### **2.0 RECOMMENDATION AND SUMMARY**

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

### **3.0 INCOME AND EXPENDITURE**

3.1 The schedule overleaf shows **contribution** by activity area for:

- the actual results for the ten months to January 2014,
- the F10 forecast for the full year to 31<sup>st</sup> March 2014;

(the F10 forecast is compared with the Plan and also the previous F8 forecast so that changes since the last forecast can be seen).

3.2 A summary schedule of the cost centres that make up the National Teams is included in the appendix.

3.3 A summary of the Group results is shown overleaf. The main issues are:

**Commercially confidential information removed**

### 3.4 Group Contribution Summary – 10 months to January 2014 and F10 Forecast

Commercially confidential information removed

- 3.5 Overall Net Incoming Resources are now forecast to be £6.2m better than Plan with no contingency held back. The forecast shows the existing additional expenditure commitments of £4.6m of works, being £2.8m on Principal Assets, £1m on emergency works arising from the extreme weather and excessive rainfall and £0.8m on off-side vegetation works. The year to date expenditure is only marginally behind the Plan which demonstrates more even phasing of the works delivery across the year.
- 3.6 Income from Enterprise projects is forecast to be £1.5m behind the Plan due to delays in funding from third parties, some weather-related. The net effect is an underspend against Plan of £275k. The delayed funding will be carried forward into next year.
- 3.7 The £54k worsening in the out-turn in Museums since F8 is due to increases in costs across numerous headings.
- 3.8 Appendix A shows the full income statement including Income by activity area.

**4.0 CASH POSITION**

4.1 Commercially confidential information removed



P Ridal

June 14

**Appendix A – Group Summary**

**10 month period to 31st January 2014 and F10 forecast for 2013/14**

Commercially confidential information removed

**Appendix B - National Teams Cost Centres**

**Period 10 YTD and F10 Forecast for 2013/14**

Commercially confidential information removed

## **APPENDIX 5 : PROPERTY**

### **Report by the Property Director**

#### **1.0 PROPERTY MATTERS**

##### **1.1 Manchester Tippers, Salford**

- 1.1.1 Trustees were advised in the September, November and January Board reports of concerns around the above Trust-owned site at Salford. This is a consented waste site which has been used for this purpose for a number of years and the tenant is in breach of the terms of his environmental permit.

Commercially confidential information removed

##### **1.4 Infrastructure Trust Property (ITP) Registration**

- 1.4.1 The project team has made excellent progress with over 80% of the titles reviewed and allocated. These are being checked and adjusted to ensure consistency. Meetings are taking place shortly with DEFRA and the Land Registry. The rate of progress has allowed for the transfer of responsibility for completing the Voluntary First Registration work to the ITP team without increasing its budget which will allow for efficiency savings in the Estates Team.

Commercially confidential information removed

#### **2.3 JV/Subsidiary Directorships**

- 2.3.1 As a consequence of recent changes in personnel, Board approval is requested to the following appointments as directors/shareholder representatives of joint venture and subsidiary boards:

Commercially confidential information removed

#### **3.0**

Commercially confidential information removed

#### **4.0**

Commercially confidential information removed

## **5.0 INVESTMENT STRATEGY UPDATE**

5.1 Property investment activity continues pursuant to the strategy to dispose of smaller, high management cost properties and reinvest the proceeds in better quality assets. The investment market is now very challenging with a significant weight of money competing for a relatively few high quality assets. **Commercially confidential information removed.** Notwithstanding that, investment during the year is significantly behind plan with the result that there is likely to be a significant cash carryover into 2014/15. The situation will continue to be monitored and, given the wider choice now available to the Trust in terms of its investment strategy, alternative sectors can now be accessed if the property market remains challenging. The Investment Committee will advise in this regard.

## **5.2 Commercially confidential information removed**

## **6.0 FREIGHT**

**Commercially confidential information removed**

A handwritten signature in black ink, appearing to read "Stuart Mills".

**Stuart Mills**  
**March 2014**

**TEXT IN RED CONFIDENTIAL**

## **APPENDIX 6 : MARKETING AND COMMUNICATIONS**

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

#### **1. INTRODUCTION**

This report provides an update on the Trust's marketing and communications activities over the past two months

#### **2. MEDIA**

All Trustees receive the weekly news round-ups highlighting interesting news and features.

During January and February the Trust was mentioned in 451 episodes of news coverage (Nov and Dec 370), an increase on the totals for the previous two months, largely on the back of the Trust's winter works open days and repairs/fundraising in response to the extreme weather. Over one quarter (26.2%) of coverage appeared in national or regional media, while 77% of all coverage over this period was positive in tone. In January, there were a higher number of negative stories (10% of the total) than is typical, primarily because of media interest in the Pilling's Lock Marina case. Only 2% of stories in February were negative in tone.

Stories about the Trust appeared in national papers from the Financial Times to the Daily Star, and there was a strong showing across regional TV and radio. Top stories during the period were the open days at Tardebigge, Sandiacre and Sprotbrough; repairs to the damaged embankment at Llanfoist; and our call for new volunteer lock keepers.

#### **Restoration & Repairs**

The winter campaign has now finished, with the last open days being held at: Tardebigge; Llanganidyr; Apsley; Loughborough; Sandiacre; Sprotborough and; Middlewich. An evaluation of the campaign is being put together and highlights include:

- 14 open days completed (2 were cancelled due to flooding and works problems)
- nearly 9,500 visitors
- 98 Friends signed up
- Print and broadcast coverage of all open days.

We are considering options for Summer open days.

#### **Filming & Photography**

January and February have been surprisingly busy months with 69 enquiries in total (39 in January and 30 in February) with 34 going forward (a number of shoots were cancelled due to the heavy rain and floods). Income over this period was almost £4,000. Enquiries have ranged from general location filming to a Vodafone commercial and BBC and ITV dramas, which will be filmed over the next couple of months.

Working with a TV production company, we have secured an eight-part series with ITV on 'Britain's Best Canal Journeys'. This is confidential at present but will include a well-known TV personality with filming starting in July.

### **3. MARKETING**

#### **Marketing campaigns – April 2014**

In April we will distribute direct response leaflets to 2.6 million households who live within 100 metres of one of our waterways (excluding some of those affected by recent flooding). We will use this marketing channel to test three creative ideas (based on our new vision) each with three direct response propositions. The aim is to: start positioning our brand in the market; increase brand awareness; data capture fundraising prospects; and a direct ask for Friendship. This campaign will be about spending ‘Real Time’ on the waterways and be backed up with PR and digital support.

For Easter we are again pushing our Hidden Gems marketing campaign targeting at families with young children. We are adding eight new destinations and have added additional photo and share functionality to the App and will predominately be using digital and PR channels to promote this.

#### **Signage**

We have started working with consultants CCD (who designed the Olympic Park signage) to look at our signage and to help draw up a set of guidelines to take us forward. CCD are currently auditing sites as well as speaking to stakeholders (internal, partners and visitors) to understand needs and outcomes.

#### **Brand Portal**

The brand portal, a web-based system to design and print promotional materials, has been rolled out across 250 people, and 150 people have attended a demonstration session across eleven office locations.

The site has a range of templates and we are now using it to produce simple outputs like flyers, posters, banners, which will help increase brand awareness, and ensure the Trust’s identity is intact (and alleviate the need to use outside design agencies). It has already proved to be a very useful tool for onsite promotions at winter works opening days, volunteer recruitment days, and works party events.

#### **Inland Waterway Visitor Survey – 2013 highlights**

There were 331 million visits to the waterways during 2013 (calendar year), no change on 2012. The cold, wet winter and spring deflated use of the waterways in the first half of the year, but warmer weather over the summer boosted volume and this was sustained through the autumn and winter.

85% of visitors rate their enjoyment as good or excellent and 86% say they are definitely or probably likely to recommend visiting to friends and family. Although showing little change on 2012 it is encouraging that these measures remain stable given the high proportion of frequent visitors.

### **4. PUBLIC AFFAIRS**

#### **HS2 campaign**

The Trust continues to liaise with HS2 Ltd, political and local stakeholders. Activity includes:

- Holding a waterways press briefing on HS2 on 9 February
- Supporting Birmingham City Council at the launch of the Council’s master plan on 27 Feb
- Setting up a meeting with David Higgins, CEO of HS2 Ltd on 24 April with Richard Parry

- Submitting evidence to the Environmental Audit Committee on the impact of Phase 1 of HS2
- Setting up a series of briefings with political stakeholders and Phase 2 interface MPs over the next few months
- Briefing key stakeholders on the Trust's Phase 2 consultation submission
- Issuing a statement on the Hyder report for an alternative alignment at Fradley
- Setting up the Trust's web pages for HS2

### **MP Briefings**

As part of a continued programme of introductory meetings with senior members of Government and the Opposition, Richard Parry, Tony Hales and other staff have held briefing meetings with:

- Guy Robinson, Defra Special Adviser
- Nicky Morgan MP, Economic Secretary, HMT
- Claire Perry, riparian MP
- May Creagh MP, Shadow Secretary of State for Transport
- Rushanara Ali, riparian MP
- Hazel Blears MP, riparian MP

Richard, Tony, Jim Forrester and members of the Trust also hosted a constituency visit to Shropshire for Owen Paterson MP, Secretary of State for Defra, where he met volunteers and learned about our work.

### **Waterway Partnership event**

The second Waterway Partnership reception with the All Wales, South Wales & Severn and North Wales & Borders Partnerships was held in Parliament on 3 March. The event was sponsored by Lord Bradshaw and attended by MPs and Peers. Partnership Chairs, Richard Parry, Tony Hales and other representatives of the Trust were all present. 20 MPs and Peers attended the event to find out more about the Trust, including a Minister and four riparian MPs. Follow up meetings are being arranged with two MPs and copies of briefing notes were circulated to all Partnership riparian MPs after the event.

### **Upcoming activity**

- The Trust has been offered the opportunity to exhibit in a public space in Parliament from 19-24 May and we are investigating the options.
- We are working on a Summer Reception on 30 June to celebrate the work of the Trust since its transfer and its work in the area of volunteering. The event will be held on the Lords Terrace of the Palace of Westminster and include political and external stakeholders.

## **5. BOATING**

### **Boat Owner's Views Survey**

Fieldwork for 2013 Boat Owner's View survey has recently been completed. Responses were received from 1,265 boat owners. Final reports are currently being prepared but headline results include 72% of boaters say they are likely to recommend the waterways in their area to other boaters, 71% were satisfied with the experiences and 43% rated overall upkeep as good or excellent. Although there was no change in the first two measures, perceptions of overall upkeep show an uplift from 38% in 2011.

### **New research with boaters**

We are currently establishing new research to provide more frequent insight into the relationship of boaters towards the Trust, particularly in the context of advocacy and engagement. Fieldwork will be conducted three times a year, gathering responses from 1,000 boaters each time, with the first wave in April and being reported late May.

### **New stoppage notifications**

In December 2013 we rolled out the all-new and improved notices and stoppages section of the website. Boating customers were informed of the changes and some were invited to pre-test the new system before it went live. All customers can now sign up to receive stoppage alerts of their choosing via their MyTrust login on the site, and they can also search the website for information about stoppages in particular locations. So far, over 2,200 boaters have signed up via MyTrust to receive the email alerts, and 234 are following our @CRTnotices Twitter account.

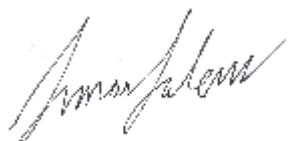
## **6. INTERNAL COMMUNICATIONS & CUSTOMER SERVICES**

### **Internal communications**

March's team talks are dedicated to our new Vision and Values. A special edition core brief includes two videos to help bring the Vision and Values to life along with an interactive team exercise to help colleagues think about how their role fits in with our Vision, their role as ambassadors for the Trust and their personal connection to our Values.

Feedback so far, although it is early days, has been positive with colleagues appreciating the clarity about what we stand for and good participation in the exercise.

To support the cascades all line managers have been given a line manager communications toolkit and feedback postcard so we can capture their views about what has worked well and not so well to inform future. This will be helpful as we move into April and the cascades about our ten year strategy. Content and materials for this, including a strategy map, is being worked on now.



**Simon Salem**

**Marketing & Fundraising Director**

**March 2014**

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## **APPENDIX 7 : VOLUNTEERING AND ENGAGEMENT REPORT**

**Report by the Marketing & Fundraising Director**

### **1. INTRODUCTION**

This report provides an update on the Trust's engagement activities over the past two months.

### **2. VOLUNTEERING**

- In the ten months from April to end of January, volunteers have contributed over 292,816 hours, equivalent to 41,831 days (39,000 days for full 12 months last year).
- Last year's Volunteer Lock have been invited back. There have also been c.160 new applicants for VLK role. Waterway teams are now busy holding Meet and Greet events and getting training underway.
- Over 50 Towpath Taskforce events are being organised each month giving plenty of flexible and local opportunities for members of the community to join in whenever they can.

#### **2.1 Adoptions**

The Community Adoption concept continues to attract interest from community groups, societies and local people. Currently there are 47 fully fledged adoption schemes, all established within the past 12 months. New active groups include IWA Manchester (M&P), Rickmansworth Waterway Trust (SE), Stoke Bruerne Canal Partnership (SE), Friends of Hanwell Flight (London), Reeserheath College (NW), Failsworth clean up team (M&P).

#### **2.2 Regular Volunteering**

In the past 12 months, 1970 individuals have directly volunteered with the Trust and 258 groups engaged in volunteering activity.

#### **2.3 Corporate Volunteering**

Since April 31 separate companies have participated in corporate volunteering opportunities. Brother International has confirmed a Team Day in Manchester in Spring 2014, donating £2000 to cover supervisory costs.

Week commencing 7<sup>th</sup> April we expect to welcome 1000 M&S staff back to the waterways to litter pick 40-45 locations covering the whole network.

## **2.4      Volunteer Satisfaction**

We have established a quarterly survey of a sample of volunteers to gain a better understanding of volunteer satisfaction amongst our regular volunteers. So far, 90.5% volunteers who responded would recommend their experience to others.

## **2.5      Welcome Stations**

The Welcome Stations continue to grow with Task Managers and volunteers in place at:

Phase 1 sites; Hatton, Red Bull, Braunston, Little Venice, Brentford, Gunthorpe, Cambrian Wharf, Norbury and Stratford upon Avon.

Phase 2 sites; Saul Junction, Caen Hill, Hurleston, Trent Lock, Wigan, Llangollen Town and Fearn's Wharf Leeds, Apperley Bridge and Tees Barrage.

## **2.6      Outdoor Show**

The volunteering team attended the national Outdoor Show in London's Excel arena in February. This proved a great way to contact new audiences, including a lot of people who regularly use the canals but had no contact previously with the Trust.

## **2.7      Volunteer Expenses System**

Following an extensive procurement exercise a new web/mobile app based expenses tool has been selected for volunteer use. Thus is to remove the current paper based system which was proving unwieldy and impractical for the number so volunteers we currently have and not fit for purpose given our future volunteering aspirations. The new system, to be provided by Selima Limited, will be introduced later in the summer.

# **3.      EDUCATION**

- Teachers signed up as part of schools marketing campaign: 843 (target is 1,000 by April, 5,000 by April 2015)
- Launched @CRTExplorers Twitter feed resulting in positive outcomes (e.g. request to write for @UKEdchat which has 17.5k followers)
- Number of new education volunteers signed up in Jan & Feb: **52** (currently at 146, target of 150 by April)
- Number of children taking part in activities in Jan & Feb: **3,449** (26,442 children have met our Explorers education volunteers this year, our target was 20,000 by April)

## **3.1      Education Show @ the NEC**

The Canal & River Trust will be at the Education show between 20<sup>th</sup> and 22<sup>nd</sup> March to promote our education programme **Canal & River Explorers** to teachers and group leaders, promoting school and group visits and encouraging people to sign up to the half-termly newsletter. This year the stand will include a fun Hook a Duck activity to entice people to start a conversation. This is a great opportunity for education volunteers to talk directly to teachers and to enthuse our audience.

### **3.2 Big Bang at the National Waterways Museum**

As part of the **Big Bang Science Week** this year's STEM festival year will be held at the National Waterways Museum beginning 24<sup>th</sup> March.

The week-long event, organised by Boost Education Partnership has over 1,300 primary aged pupils already booked in from 20 schools in the Ellesmere Port. Pupils will experience a range of learning including scientific testing, design in the built environment, digital technology, physics, wind energy, and engineering.

## **4. YOUTH ENGAGEMENT**

### **4.1 Youth Advisory Group**

Chloe Donovan has been formally appointed Chairperson for the group. 19 year old Chloe is currently employed as a Young Facilitator at the National Council of Voluntary Youth Services (NCVYS). She will be supported in the role by fellow YEAG member, Danny Brennan. The group hopes to meet again in late March / early April.

### **4.2 Youth Social Action Journey Fund**

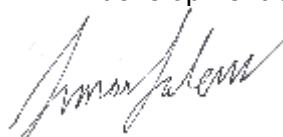
This project is now underway. From April 2014 the Trust will host 3 Young Facilitators (employed by lead partner, NCVYS and placed within partner organisations). The Young Facilitators will be based in Trust offices, working alongside the Volunteer Teams in North West and Manchester & Pennine waterways. Their role is to recruit young people into Junior and Senior Action Squads and support them to engage in environmental social action.

### **4.3 Vulnerable & Disadvantaged Young People's Fund**

This project is due to start in April 2014 and will run until March 2015. The Trust will engage up to 30 young people aged 16 – 20 on full time volunteering placements – 4 days per week for 6 months. We will be recruiting a part time Project Leader (funded by the Cabinet Office via V) to support and supervise the young people and work with local Volunteer Teams to develop a programme of activities and projects. The young people will work towards a Level 2 qualification.

### **4.4 British Youth Council**

We have commissioned British Youth Council (BYC) to develop and run a survey to find out about young peoples' attitudes to the waterways and explore what types of activities may make them more likely to engage. The survey will be sent to 1500 young people aged 11-25 across the country. The findings will help to inform the development of the Trust's youth engagement programme and our wider strategy.



**Simon Salem**  
**Marketing & Fundraising Director**  
**March 2014**



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## APPENDIX 8

# FUNDRAISING REPORT – MARCH 2014

## Report by Marketing & Fundraising Director

### 1. INTRODUCTION

This report provides an update on the trust's fundraising activities in the past two months.

### 2. HEADLINES

#### *Voluntary*

- We have recruited a little under three hundred new Friends since the end of November, giving a total of just under 5,500 active Friends at the end of February; this number has been flat during the winter as the numbers recruited have been offset by the number of Friends lapsing.
- A national emergency Flood appeal has been launched and has so far secured around £30,000 of donations from Friends, boaters and new donors.
- The corporate and major donor teams are ahead of target for the year and focused on securing pipeline income for 2014/15.
- Meetings have been held with 5 major foundation Trusts, all of whom have invited us to submit applications.
- We have secured positive coverage of our progress in the fundraising press and won Charity of the Year from People's Postcode Lottery in recognition of our excellent public awareness and account management.
- Working with Inspired People, our F2F workforce will double in London from early April and fundraising will begin in Birmingham at the same time.
- We have appointed our first 'Fundraiser Plus' to manage directly F2F recruitment in the North and our Head of Individual Giving starts work full time on 31 March.
- Our new Trust Fundraiser also starts work on 31 March.

#### *Enterprise*

- Delays in the start on site for the DfT Leeds, Highways to Health scheme, B&T towpath works delayed by floods and some delays on the Sutton Weaver Bridge spend have contributed to the reduced total income at year end, but will result in an increase in next year's Business Plan(1,052k down on F8).
- This reduction is recovered in part by a significant increase in works undertaken by third parties (known as 'not through the books') with a £1m increase.
- **The second round HLF award for Skills for the future has been awarded.** We have been successful in our bid for £607,000 towards a £800,000 project.
- The Northampton University research on restoration is on target and a draft report has been received.

### **3. DETAIL – VOLUNTARY FUNDRAISING**

#### **2013/14 projected out-turn and 2014/15 business planning Income out-turn**

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We are projecting that we will raise £1.2m by year end, against an original target of £1.4m. There are two major reasons for this variance. Individual Giving recruitment levels of new Friends have been lower than anticipated, although given the net cost of recruitment, this results in short term cost saving. In Trust Fundraising we have not met target and whilst we are now in positive conversations with significant donors, and have a new specialist staff member starting, none of this will result in income during this year. Corporate and major donor income is on course to exceed target.

#### **Expenditure**

We are projecting significant cost savings in fundraising that outstrip lost income, resulting in an improved CBIT and return on investment. Against an original expenditure budget of £1.9m we anticipate spending £1.2m. There are two major variances. The first is the shortfall in recruitment of individual donors which has resulted in over £600,000 of saved costs. The other variance is staff costs in both fundraising and supporter care, which are lower than planned due to vacancies in the team. It should be noted that in the statutory accounts the £340,000 value assigned to the Google Gift in Kind which is recognised in the Leadership Giving income will be notionally assigned as a cost of fundraising.

#### **Net position at year end**

We expect at year end that, excluding the valuation of gifts in kind, Fundraising will break even. This is a result of the lower investment and slower growth than was originally anticipated. In the year ahead we plan to be able to invest more heavily in cost-effective donor recruitment and therefore to spend more than we raise as we grow our supporter base.

#### **Business planning for fundraising**

The fundraising business plan for 2014-15 focuses on one element - the creation of our in-house ‘Fundraising Plus’ model. Preparing for 2014-15, and specifically, the development of this bespoke, scalable model for donor recruitment on our private land has been the main focus of the fundraising team throughout January and February.

### **4. SUMMARY OF PROGRESS**

#### **Individual Giving**

##### **Friends**

##### **Towpath Fundraising**

At the end of February 2014 we had recruited 7,223 Friends in total since launch. Our average gift (£5.26) and attrition rates (c 20%) remain positive.

Since September we have been fundraising only in London with our ‘in house’ Inspired People team, who also represented the Trust at all Winter Works open days. This means that in Friends terms we have been standing still during these winter months. We are pleased with the retention of fundraisers and their levels of sign-ups.. have recruited a total of 291 Friends in the three winter months.

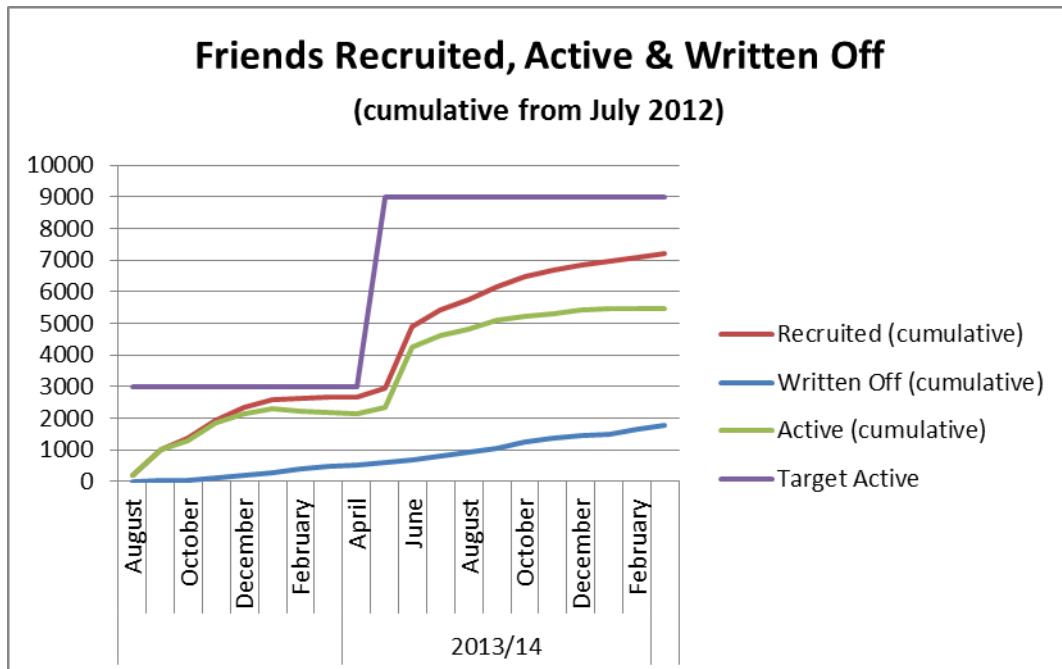
We have made good progress on the roll out of Inspired People to Birmingham and on doubling the size of the team in London. We expect to see the effect of these changes build up from April onwards. Plans to develop and trial our in-house ‘Fundraising Plus’ model are also progressing and we have appointed our first ‘local fundraising ambassador’ in Yorkshire. We are working with HR to develop contracts and payment structures for these fundraisers.

## Digital recruitment

Our cold recruitment tests with BSD have been completed in the last month.

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We are transferring the results of this learning to our planning for responsive marketing campaigns this summer.



## Individual Giving – appeal income

On 14 February we launched our first national emergency appeal in response to the extreme weather and flooding that has caused over £2m of damage to our canals. This appeal generated around £30,000 of donations to date including numerous donations from new donors previously unknown to us. We continue to update the emergency appeal pages with news on the situation on the Monmouthshire & Brecon Canal on a weekly basis.

Our other specific appeals are progressing with the majority on course to be fully funded by year end. The water vole project has been the focus of the Care2 petition, the Save the Otters project was fully funded by a single donor and PPL have fully funded the volunteer workboat, Ferret restoration and Fund a Fish appeals.

Project delivery of launch appeal projects from 2012/13 continues with the installation of the Community Garden in Islington. These projects provide positive evidence of change for our donors and secure PR coverage.

## Events Fundraising

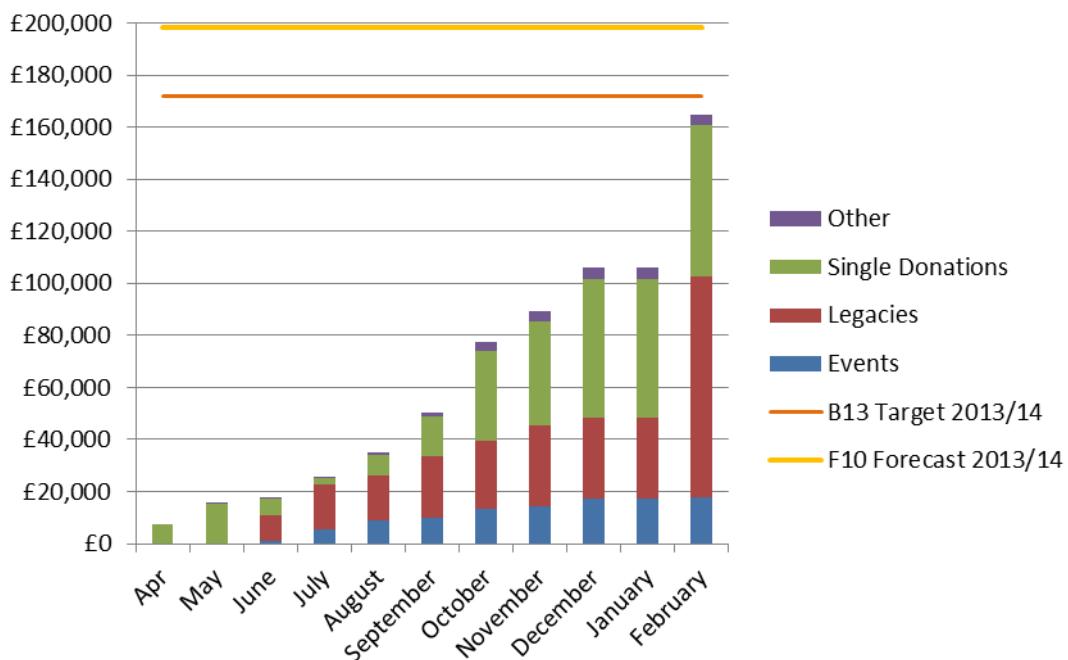
The 2014 Great British Bike Off continues to attract participants from our corporate contacts Commercially confidential information removed

We have three runners in this year's London Marathon and are promoting a range of events on our website including the Montgomery Triathlon and Grand Union Challenge.

## Individual Giving – Legacy

Legacy income continues to grow with a second significant gift (£18,500) being received this year.

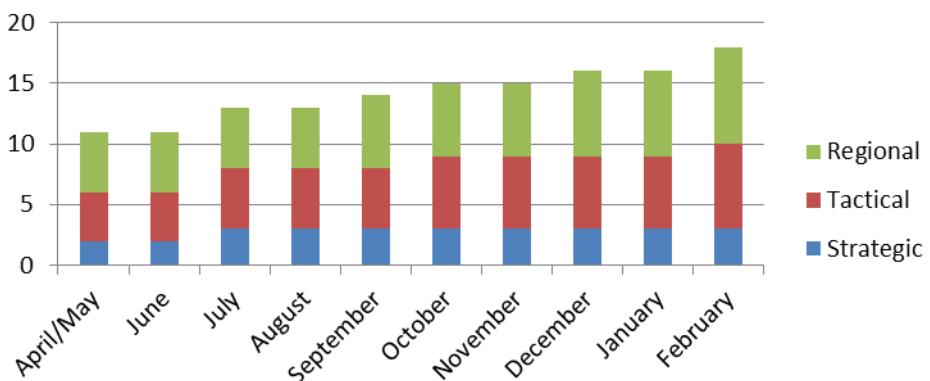
### Individual Giving - Other (cumulative)



#### 4.1 LEADERSHIP GIVING

##### 4.2.1 Corporate Partnerships

### Number of Corporate Partners



Corporate Partnerships continues to be a strong area for us and we have now met our target income for the year (of £450k) in income and gifts in kind including firm pledges. We were delighted to win Charity Partner of the Year at the People's Postcode Lottery Gala event. This £50,000 award recognised our exceptional public awareness and account management of our partnership. Our annual award from PPL has been increased from £100,000 to £125,000 a year from 2014.

Our partnerships with Marks and Spencer and Google continue to develop with Google Trekker footage due to launch at the end of March and the 2014 Big Beach Clean Up with M&S during early April in final planning.

We are continuing to have discussions with potential new partners including Rolls Royce and Tata.

### Trust Fundraising

Since the beginning of January, we have initiated relationships with large heritage and environmental trusts. Meetings were held with:

- Wolfson Foundation
- Esmee Fairbairn Foundation
- Ellerman Foundation
- Headley Trust (one of the Sainsbury Family Trusts)
- Garfield Weston Foundation

As a result of these meetings, we have been invited to provide information on projects and submit formal applications to all five donors. We have focused our applications on match funding for Skills for the Future, Ellesmere Port Windows on the World and for a new project that will see us engage volunteers in environmental improvements to our SSSIs on the Rochdale and Huddersfield Narrow Canals.

We are still progressing two large applications for Gloucester Waterways Museum and have just been invited to submit a second stage application to Summerfield Trust (£30K) and are awaiting a response from Gloucester Environmental Trust (£50K).

We have received £2K from the Norton Foundation for Skills for the Future and we were invited to submit a second-stage proposal for the Radcliffe Trust (£9K), which has now been submitted.

### **Major Donor Fundraising**

Our focus over the last few months has been on securing funding for the Stratford to Stratford youth / arts project. This project was conceptualized by the London Waterway Partnership and we have secured funding for it from two donors. **Commercially confidential information removed**

## **5 DETAIL – ENTERPRISE**

### **DfT Cycling Ambition Fund**

**£1.6M Leeds-Bradford Towpaths** have now been designed and should be on site for March 2014. The final target cost was above budget so there have been further discussion regarding extending the programme for completion until September.

**In Manchester £1.9m** - The design for the Ashton Canal Towpath Scheme (Velocity) will be complete by the end of February. Consultation with stakeholders, along with the Manchester and Pennine User Group Forum and Waterway Partnership will take place in March and April. The current programme shows a start on site in July with construction completing by October.

**£5.6M Birmingham City Council, West Midlands**, First construction works on the Birmingham Main Line Canal have commenced and are due to complete by the end of March 14. The team have been working on production of Works Information Package information for Worcester Birmingham Canal (due to commence on site March 14) and Birmingham & Fazeley Canal (expected to start April 14).

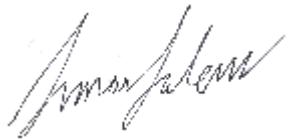
### **HLF**

As part of the £147,300 stage one HLF award for the '**Window on the World**' project, one of the largest cranes in the country, together with a giant purpose-built cradle, was used to raise 'Mossdale' (thought to be the last surviving all-wooden Mersey 'flat') from the water at the National Waterways Museum.

The full project will see Mossdale conserved as an exhibit on the slipway and George restored as a community outreach boat will submit a Stage 2 HLF bid in May 2014.

### **Vibrant and Viable Places Funding Bid**

Torfaen CBC's have only received £8m of their £13m bid for their Vibrant and Viable Places Bid to Welsh Government. The funding was primarily linked to housing projects but also included the option of a new build visitor centre / café at Pontymoile Basin on the Mon & Brec canal, restoration of the canal beyond its current navigation at Five Locks and a new canal basin in Cwmbran. **Commercially confidential information removed**



**Simon Salem**  
**Marketing & Fundraising Director**  
**March 2014**

## **APPENDIX 9 : HR REPORT**

**Report by the Head of HR – March 2014**

### **1.0 INTRODUCTION**

- 1.1 This is the HR report for January / February 2014 describing the Trust's performance and key activities regarding its people and organisation.

### **2.0 PERFORMANCE**

- 2.1 As shown in the main report, our People KPIs are 'green' status with attendance levels much improved on 12/13. As part of the strategy work we have also started to review the organisational people KPI's we will want to measure moving forward.

### **3.0 EMPLOYEE ENGAGEMENT**

- 3.1 Action plans are now in place for all teams across the organisation and are being monitored every two months to ensure they are driving improvements. A session was also run at the Senior Managers forum in early March to capture
- Common organisational themes that will need to be considered by the engagement board
  - Sharing best practice in relation to the local action planning process
  - How we maintain momentum to ensure we are driving improvement

The outputs from this session will be further developed by the Engagement board on the 28<sup>th</sup> March.

### **4.0 VALUES AND BEHAVIOURS**

- 4.1 The new vision and values were shared with the senior managers in March including a new video to support this. Internal comms have developed a communication toolkit and special core brief to support the Senior Managers in briefing these out to all their teams throughout March. The behaviours will also be part of the new performance management process due to be launched in April to support embedding them across the organisation.

### **5.0 RECOGNITION**

- 5.1 The new 'Thank You' recognition scheme will be launching before the end of March. The scheme will both encourage and give Line Managers the ability to recognise and reward employees in a more spontaneous way. The scheme is voucher based and will be administered by a third party to reduce stock risk and improve the overall selection of awards available.
- 5.2 A new formal annual awards event (name to be decided in consultation with the organisation) is also currently being developed to capture and recognise the exceptional work that has happened within the Trust over the last 12 months. We will involve employees from across the organisation in the judging panel and it will culminate in a national awards ceremony in the summer. This is another excellent opportunity to recognise our staff with clear linkages to our new organisational goals and values.

## **6.0 LINE MANAGER DEVELOPMENT**

- 6.1 The organisational Training Needs Analysis for our line management population has now been completed and a paper containing recommendations for our future approach and activity will be presented to the Directors in March
- 6.2 The intention is to develop a suite of development tools that line managers will be able to access which will be a mixture of workshops, e-learning and webinars to support on-going development.

## **7.0 PERFORMANCE MANAGEMENT**

- 7.1 The development of our new performance management process 'Performance Excellence' is now almost complete and will be rolled out from April 2014. Following a tendering process we have appointed an organisation called **commercially confidential information removed** to support the roll out of modular based training for all line managers between April and October which will focus on both the leadership and management skills required to deliver this effectively.
- 7.2 During March we have also been cascading year end 'consistency check' sessions with our management teams. The purpose of these is to carry out proactive peer reviews of indicative performance ratings to ensure we are both calibrating and applying a consistent approach across the organisation. This is in readiness for end of year performance reviews that will take place in April.

## **8.0 PAY AND REWARD**

- 8.1 A discussion paper is currently being prepared on our future reward principles to be discussed with Directors in early April. The paper will focus on base pay and the link to performance and other performance incentives. The objective is to be clear on where we want to be as an employer and ensure we have a consistent approach across the organisation.
- 8.2 We are also currently preparing a benchmarking paper in readiness for the Annual pay negotiations to take place in April.

## **9.0 PAYROLL OUTSOURCE**

- 9.1 Testing has now been completed on three interfaces that have been developed to improve our internal processes between HR and Finance. This will reduce the amount of manual intervention currently required within the HR Pay and Admin team and therefore improve efficiency. These are expected to go live in April 2014 with the development of a final interface to provide pension data to **commercially confidential information removed** underway.

## **10.0 SENIOR RECRUITMENT AND MOVES**

- 10.1 We are currently recruiting for the following two senior roles;

### **10.1.1 Managing Director BWML**

The role has become available due to Derek Newton's announced retirement in August 2014 and phased retirement from March. We have advertised internally only and have had expressions of interest from six candidates, giving a strong field. 1<sup>st</sup> stage Interviews are taking place w/c 17<sup>th</sup> March with Philip Ridal and Stuart Mills.

#### **10.1.2 Head of Audit**

The role has become available due to Keith Labbett's announced retirement in November 2014 which, with phased retirement, means that a replacement needs to be in post for the summer. The role has been advertised both internally and externally with a strong field responding given a high probability of appointment. First stage interviews are taking place w/c 24<sup>th</sup> March. The intention is to complete 2<sup>nd</sup> stage interviews, conducted by a panel including Richard Parry, Philip Ridal and Frances Done, and to make an appointment before Easter.

#### **10.1.3 Museums & Attractions**

As a result of long term sickness suffered by our Head of Museums and Attractions, we have made some short term internal Senior Manager moves to cover the post. The Waterway Manager, North Wales & Borders will be seconded to this M&A role with the Finance Manager stepping into the Waterway Manager role to cover the role. These arrangements will apply for up to six months.

### **11.0 LOOK FORWARD**

11.1 During the coming months we will commence work on the following key HR projects;

- Grading and job evaluation
- Succession planning and talent management
- Full review of our induction programme
- HR policy and process review

**Simon Patton**

Head of HR

## CRT78 Appendix 10 Strategic Plans Summary of progress 7<sup>th</sup> March 14

J Sharman

Waterway Partnership	Engagement Prospectus	Final Prospectus for Directors review	On Website Yet?	Comments	With HK?	Action Plans internal circulation
Museums and Attractions	Not required	End March	No	Final plan due out next week, slightly delayed as deadline for AGM deferred, to be circulated for directors approval then	Y	30% complete
North West	<a href="#">Complete</a>	Mar	Yes	<a href="#">Final plan</a> in production to Directors next week for final approval.	Y	<a href="#">95% complete</a>
Central Shires	<a href="#">Complete</a>	April	Yes	Final Plan in preparation end Mar first draft		<a href="#">100% complete</a>
West Mids	<a href="#">Complete</a>	Late April	Yes	Plan in preparation but likely to be end of April		<a href="#">100% complete</a>
North Wales & Borders	<a href="#">Complete</a>	April	Yes	Next meeting 27th March to finalise prospectus. Will then need translation and formatting so expect late April.		<a href="#">100% complete</a>
East Mids	<a href="#">Complete</a>	April	Yes	SWP in preparation, <a href="#">first draft presented to Chair end of mar</a>		<a href="#">100% complete</a>
South Wales & Severn	<a href="#">Complete</a>	April	Yes	Final Plan in preparation still requires professional production		<a href="#">100% complete</a>
South East	<a href="#">Complete</a>	April	Yes	Final Plan in preparation still requires professional production		<a href="#">95% complete</a>
London	<a href="#">Complete</a>	May	Yes	Final Plan in preparation (Brian F Leading edit) still to go professional production		<a href="#">85% complete</a>
K&A	<a href="#">Complete</a>	May	Yes	Final Plan in preparation.		<a href="#">85% complete</a>
All Wales	<a href="#">Complete</a>	May	Yes	Phased plan production		<a href="#">In circulation</a>
North East	<a href="#">Complete</a>	<a href="#">Issued</a>	Yes	Delivery phase		<a href="#">70% complete</a>
M&P	<a href="#">Complete</a>	<a href="#">Issued</a>	Yes	Delivery phase		<a href="#">Complete</a>

# FINALISED VERSION OF STRATEGIC GOALS, OBJECTIVES & OUTPUTS

## Aligning Our Mission

### MISSION

#### Why We Exist

*Statement that defines the fundamental purpose of the organisation  
(linked to our charitable objects)*

*The Canal & River Trust exists to protect,  
manage and improve the inland waterways for  
the public benefit, on behalf of the nation, in  
perpetuity*

## Revisiting Our Values

### VALUES

#### What We Believe

- **Caring**
- **Involvement**
- **Open**
- **Excellence**
- **Local**

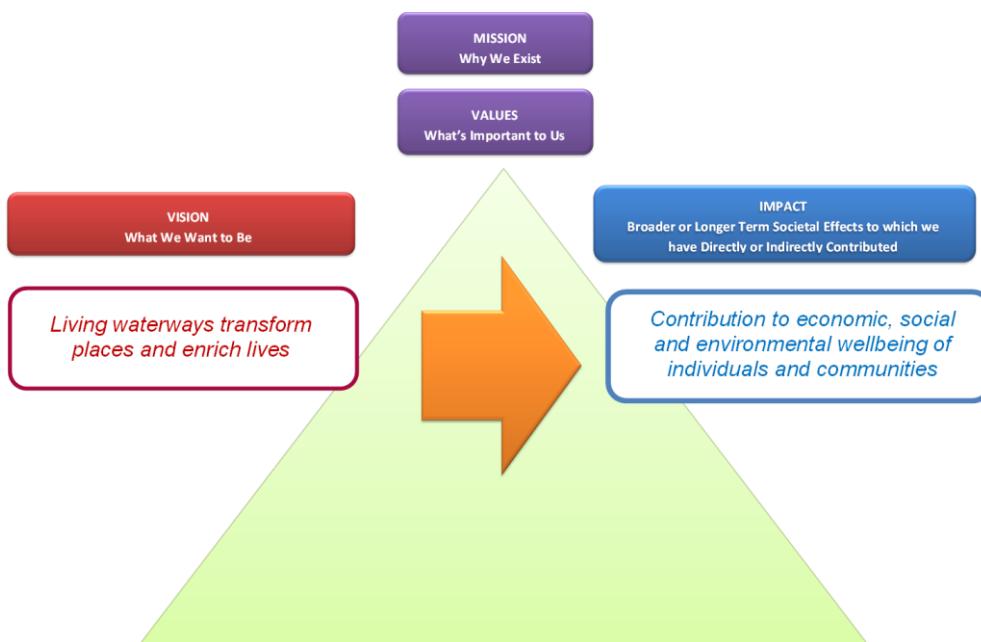
- **Caring:** We care passionately for our waterways and the people who use and look after them, always striving to keep them safe and secure
- **Open:** We believe in being as open and honest as we can in our dealings with others
- **Local:** We believe in local solutions, empowering local people and working together
- **Involvement:** We embrace the involvement of a diverse range of people and third parties in the Trust, building effective partnerships
- **Excellence:** We constantly strive for excellence in all we do, to function efficiently, effectively and sustainably

## **Defining Our Vision**

### **VISION** What We Want To Be

*Concise statement that defines the mid to long term goals of organisation*

***Living waterways transform places and enrich lives***



# FINALISED VERSION OF STRATEGIC GOALS, OBJECTIVES & OUTPUTS

## Our Revised Strategic Goals & Objectives

The six strategic goals and their supporting suite of strategic objectives seek to translate the vision and define what the Trust is aiming to achieve over the ten year strategy period.

STRATEGIC GOALS & OUTCOMES	
STRATEGIC GOALS	OUTCOMES
<b>'Waterways'</b> – To protect and improve the accessibility, usability and resilience of our assets and their heritage, for people to use and enjoy, now and in the future	Healthy & Active Waterways & Sustained Heritage & Environmental Assets
<b>People</b> – To enrich people's lives	Direct Social Benefits for Individuals & Communities
<b>Prosperity</b> – To yield economic benefits for local communities and the nation	Direct Economic Benefits for Communities & UK
<b>Places</b> – To provide special places that people value, sustainable environments and routes	Direct Cultural & Environmental Benefits for Communities & Places
<b>Resources</b> – To secure sufficient resources, and manage them efficiently, for the long term sustainability of the waterways within the Trust's care	Sustained Resource Availability
<b>Influence</b> - To be a widely respected partner and trusted guardian with growing influence and responsibility	Trusted, Influential & Sought After Guardian & Partner of an Expanded Network

## FINALISED VERSION OF STRATEGIC GOALS, OBJECTIVES & OUTPUTS

### Strategic Goals



### Objectives linked to Strategic Goals



## FINALISED VERSION OF STRATEGIC GOALS, OBJECTIVES & OUTPUTS

<b>STRATEGIC GOALS</b>		<b>OBJECTIVES</b> <i>We Want to Achieve</i>	<b>OUTPUTS</b> <i>Results</i>	<b>OUTCOME</b> <i>The Changes / Effects that will occur if Outputs are Achieved</i>
<i>Mid-Long Term Goals</i>				
WATERWAYS	<b>To protect and improve the accessibility, usability and resilience of our assets and their heritage, for people to use and enjoy, now and in the future</b>	A. Waterways will be available to support navigation and other water-borne activities with facilities to support leisure cruising and those living and working on the water	<b>Open &amp; Available System</b>	<b>Healthy &amp; Active Waterways &amp; Sustained Heritage &amp; Environmental Assets</b>
		B. Assets will be managed safely, efficiently, sustainably, applying best long term asset management practice, embracing and adopting innovation	<b>Improved &amp; Resilient Infrastructure</b>	
		C. Heritage and environmental assets in our care will be protected, enhanced, brought to life and managed sustainably for people to enjoy today and for future generations	<b>Safeguarded Heritage &amp; Environmental Assets</b>	
		D. Towpaths will be well-managed shared spaces, available to walk, cycle, fish or simply to relax, so that everyone can safely enjoy them	<b>Shared Use Facilitated</b>	
		E. The Trust will gain responsibility for more inland waterways through acquisition and by championing restoration	<b>Sustainable Expansion of Network</b>	
PEOPLE	<b>To enrich people's lives</b>	A. Local people and communities will have strong connections with, and involvement in, caring for their local waterways	<b>Strong Local Community Awareness, Connections, Participation &amp; Adoption</b>	<b>Direct Social Benefits for Individuals &amp; Communities</b>
		B. Waterways in our care will be appealing and relevant to people, offering something for everyone to enjoy across all communities	<b>More Diverse User Demographic</b>	
		C. Waterways will be extensively used and valued as places for enhancing health, wellbeing and happiness	<b>Key Player in Delivering Public Health Agenda</b>	
		D. Volunteers will be integral to the Trust, essential to caring for the waterways, and will gain a rewarding and fulfilling experience that strengthens their involvement	<b>Volunteers Integral to Wellbeing of the Trust</b>	
		E. Customers and users will receive a satisfying experience and/or service that always meets their expectations	<b>Customer Satisfaction &amp; Retention</b>	
PROSPERITY	<b>To yield economic benefits for local communities and the nation</b>	A. Waterways will be thriving and enterprising places, a focus for local regeneration and development, transforming urban and rural communities	<b>Places for Growth &amp; Regeneration</b>	<b>Direct Economic Benefits for Communities &amp; UK Plc</b>
		B. Waterways and museums will facilitate learning and activities for the development of skills and life opportunities for all, especially for children and young people	<b>Platform for Learning &amp; Skills Development</b>	
		C. Waterways will contribute to the nations' economic performance, through their appeal to visitors and in stimulating business development and investment	<b>Contributor to GDP</b>	
		D. Waterways will be at the heart of community activities, hosting events, festivals and celebrations that generate local benefits	<b>Stages for Events, Festivals &amp; Celebrations</b>	
		E. Waterway corridors will offer an environment that encourages small enterprises and waterway businesses	<b>Places for Enterprise &amp; Innovation</b>	

## FINALISED VERSION OF STRATEGIC GOALS, OBJECTIVES & OUTPUTS

<b>PLACES</b>	<b>To provide special places that people value, sustainable environments and routes</b>	A. Waterway corridors will be valued public spaces and routes for local people to use and enjoy safely	<b>Valued &amp; Safe Places for All</b>	<b>Direct Environmental Benefits for Communities &amp; Places</b>
		B. Key waterside locations, museums and attractions will be popular visitor destinations, opening up public access to the nation's rich waterway heritage and attracting a wide range of people	<b>Popular Destinations/ Heritage to Visit &amp; Experience</b>	
		C. The natural environment and wider landscape of the waterway corridors will be protected as havens for people and wildlife	<b>Enhanced Havens for People &amp; Wildlife</b>	
		D. Waterways will be used to provide and promote local 'green' solutions and low carbon opportunities	<b>Sustainable Use of Resources</b>	
		E. New development promoted by the Trust and other landowners will be of high quality, respecting and enhancing the waterways and the surrounding landscape	<b>Exemplar Waterside Development</b>	
<b>RESOURCES</b>	<b>To secure sufficient resources and manage them efficiently for the long term sustainability of the waterways within the Trust's care</b>	A. The Trust will be a fair employer attracting, recruiting, retaining and growing capable and motivated employees and volunteers, making it a great place to work	<b>Capable, Engaged &amp; Satisfied Employees &amp; Volunteers</b>	<b>Sustained Resource Availability</b>
		B. The Trust will be supported by key funding partners and growing network of donors, sponsors and legacies	<b>Broad Base of Supporters</b>	
		C. The Trust will expand the diversity of its incoming resources, growing its commercial income and reducing its dependence on any one single source of income	<b>Growth in Commercial Income, Capital Value &amp; Other Sources</b>	
		D. The Trust will continually seek better ways of working, achieving greater effectiveness and efficiency, identifying and deploying new technology where beneficial	<b>Efficiency &amp; Productivity</b>	
		E. Water and other key natural resources will be secured to support use of the waterways in perpetuity	<b>Water Resources &amp; Environmental Sustainability</b>	
<b>INFLUENCE</b>	<b>To be a widely respected partner and trusted guardian with growing influence and responsibility</b>	A. The Trust will be a widely recognised and well-supported charity, with local and national presence	<b>Awareness &amp; Favourability</b>	<b>Trusted, Influential &amp; Sought After Guardian &amp; Partner of an Expanded Network</b>
		B. The Trust will have strong strategic partners and a network of supporters and advocates within all communities	<b>Firm Base of Advocates &amp; Supporters</b>	
		C. The Trust will be influential in shaping national and local policy and funding decisions to support waterways	<b>Influential Body with Strong Track of Record in Intervention</b>	
		D. The Trust will be the leading voice of the waterways and a leading presence in the voluntary sector	<b>Established &amp; Respected Voice</b>	
		E. The Trust will be recognised and valued as a dependable delivery partner that gets things done	<b>Partner of Choice with Strong Track of Record in Delivery</b>	



## MEETING OF THE AUDIT COMMITTEE

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Minutes of a meeting of the Audit Committee (the **Committee**) of Canal & River Trust (the **Trust or CRT**) held at Grant Thornton House, Melton Street, Euston on Thursday 13<sup>th</sup> February 2014 at 10:30 am.

**Trustees:**

John Bridgeman	Chairman
Lynne Berry	
John Dodwell	
Frances Done	
Steve Shine	(agenda items 14/A1 to 14/A10 inclusive)

**In attendance:**

Richard Parry	Chief Executive
Philip Ridal	Finance Director
Keith Labbett	Head of Audit
Andy Glyde	Audit Manager
Carol Rudge	Engagement Partner, Grant Thornton
Tim Lincoln	Partner, Grant Thornton
Lisa Wong	Senior Manager, Grant Thornton

**Secretary of the meeting:**

Mark Devin	Prism Cosec
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**Action**

**14/A1 CHAIRMAN'S WELCOME**

The Chairman welcomed all those present.

It was noted that Carol Rudge had succeeded Tim Lincoln as Engagement Partner with immediate effect. The Chairman thanked Mr Lincoln on behalf of the Committee for his work and support during his time as Engagement Partner.

**14/A2 DECLARATION OF INTERESTS IN ANY MATTERS ON THE AGENDA**

No interests were declared by individual Committee members other than in considering agenda item 14/A6, in relation to which the Committee noted the interests of John Bridgeman, a Trustee of the Waterways Pension Fund.

**14/A3 MINUTES OF THE AUDIT COMMITTEE 30<sup>TH</sup> OCTOBER 20123**

The minutes of the meeting held on 30<sup>th</sup> October 2013 were approved.

***Matters arising:***

- i. Minute 13/A37 (2) - fire risk assessments: The assessment of properties designated as low risk had been completed on time;

- ii. Legally privileged information removed
- iii. Legally privileged information removed
- iv. Minute 13/A42 - secondee presentation (Dean Davies, Waterway Manager responsible for the West Midlands): Mr Moran, CRT Operations Director, had given an undertaking to the Committee that action would be taken to clarify protocols and address inconsistencies in relation to the rectification of outstanding work on the waterways. Mr Parry reported that he had received assurances from Mr Moran that this issue had been addressed whilst noting that the application of the protocols was an ongoing process. Mr Labbett added that Dean Davies had seen all the waterway managers to reinforce the key messages; RP
- v. Minute 13/A45 – interest rate hedge: At the October meeting, it had been agreed that Mr Ridal would present a paper on interest rate hedging strategy at this meeting. Mr Ridal reported that the topic had been considered by the Investment Committee but that a decision as to whether to hedge and the nature of the instrument to be deployed to achieve this had yet to be made. The Chairman, noting the Committee's duty to monitor the governance arrangements associated with any hedging strategy that might be adopted, requested that Mr Ridal's paper to the Investment Committee be circulated to members of the Audit Committee. If necessary, a separate paper to the Audit Committee articulating the governance arrangements would be prepared.

PR

#### **14/A4 ACCOUNTING POLICIES (CRT/A35)**

Mr Ridal presented his paper, an update on the format and associated requirements for the 2013/14 Trustees' Annual Report and Accounts (the **TAR**) and asked that the Committee consider and, if appropriate, adopt the policies set out in the paper. Mr Ridal invited questions.

Frances Done advised that care be taken in relation to notes to the accounts where these related to a prior period not of comparable length.

Replying to a question from the Chairman, Mr Ridal assured the Committee that there had been no change in the basis of allocating the audit fee.

After further discussion, ***it was resolved*** to adopt the accounting policies.

Mr Ridal explained that the TAR would be prepared in accordance with the Charities SORP but would also comply with new regulations under the Companies Act 2006 requiring the inclusion of a strategic report effective for

financial years beginning on or after 30 September 2013.

The Committee noted the key dates in the 2013/14 year-end timetable and asked the Chief Executive to give consideration to having a longer period between publication of the TAR and the annual stakeholders' meeting.

RP

**14/A5 Commercially confidential information removed**

RP

**14/A6 RISK UPDATE (CRT/A37)**

Mr Parry presented his paper, requesting that the Audit Committee consider the current risks, risk appetite and adequacy of the management's response. He advised that the risk relating to extremes of weather would be changed to 'red'.

**Commercially confidential information removed**

Whilst noting the designation of the pension fund liability as a 'yellow' risk, i.e. receiving lower priority action, the Chairman noted that, whilst historic liabilities were fully funded, there remained a risk that, given increased life expectancy of retirees relative to active members, the deficit could grow. Mr Ridal acknowledged that this might be the case if the underlying assumptions were imprudent.

Mr Dodwell noted that, in relation to the infrastructure title registration project, Defra required compliance by June 2015. Failure to do so would allow Defra to re-open the grant agreement. Mr Parry emphasised that a dedicated team had been assembled to deliver compliance on time under the leadership of Phil Spencer. This was being monitored closely and a written update would be provided at the October meeting of the Audit Committee.

RP

**14/A7 DATA SECURITY (CRT/A38)**

Whilst the risk of cyber attack was regarded by the Executive team as being low given the nature of the Trust's activities, the increase in the incidence of such attacks on organisations more widely dictated that a framework of accountabilities and responsibilities be developed. The Audit Committee had asked Mr Parry to prepare a paper articulating management's perception of the

risk and the measures being taken to address this.

Mr Parry explained that the focus of his paper was on CRT's strategic approach to data security and not on operational system security, for example, SCADA, which would be the subject of a future update to the Committee.

RP

Whilst the risk of cyber attack is increasing, the Executive did not feel that this represented the main risk to the Trust's data and that a greater risk was posed by, *inter alia*, 'rogue' and careless employees or volunteers.

In developing an appropriate response to this risk, the Executive had sought to strike an appropriate balance between putting in place effective controls to protect personal and sensitive data whilst at the same time not constraining effective day-to-day operations and decision-making.

Mr Parry invited questions.

The Committee deliberated what should be the Trust's policy in relation to employees using their own devices, noting that this practice is becoming more widespread. ***It was agreed*** that such use may be permitted subject to appropriate safeguards being applied in individual cases and provided that the benefits to the Trust outweighed the risk.

The Audit Committee endorsed the approach set out in the Chief Executive's paper, which it was noted would be kept under review in response to changing circumstance.

#### **14/A8 EXTERNAL AUDIT APPROACH 2013-14 (CRT/A39)**

Carol Rudge presented the external audit plan, the principal purpose of which was to note key risk areas, and invited the Audit Committee to consider and, if appropriate, approve the plan.

The Committee noted the proposed audit fee and ***it was agreed*** that the Executive should provide assurance to the Committee as to the basis of the fee with reference to the entities to be audited. Carol Rudge explained the basis for the proposed fee, which included an inflationary increase.

PR

Carol Rudge reported that going concern posed no significant risk. Replying to a question from Lisa Wong, the Chairman confirmed that, to the best of the Committee's knowledge, there had been no known instances of fraud perpetrated during the year under review.

***It was resolved*** that the audit plan be and is hereby approved.

#### **14/A9 INTERNAL AUDIT PLAN 2014-15 (CRT/A40)**

Mr Glyde presented Mr Labbett's written report and requested that the Audit Committee consider and, if appropriate, approve the internal audit plan.

Mr Shine enquired whether the plan ought to include a review of the Trust's response to the crises caused by the current extreme weather conditions being experienced by much of the country. Whilst this was acknowledged, it was felt

RP

that a review might be premature whilst in the midst of the crisis. Lynne Berry suggested that the focus should be on no more than two or three key risks, chief amongst which was the risk to the Trust's reputation. After further discussion, ***it was agreed*** that the Chief Executive would agree with Vince Moran, Operations Director, a remit for an internal operational review, and share the outcome of this with the Audit Committee.

Frances Done queried whether a comparison of the waterway partnerships' plans and their effectiveness and follow-through was within the remit of Internal Audit, the focus of which she felt should be on areas where there is a financial impact. This would be considered further. It was also decided that consideration would be given to re-scheduling work on compliance with guidance issued by the Charities Commission (CC10) on the hallmarks of an effective charity.

***It was agreed*** that Mr Parry and the Executive would review the list of priorities in the light of the Committee's deliberations and revert with a list of revised internal audit priorities.

RP

#### **14/A10 INTERNAL AUDIT PROGRESS REPORT (CRT/A41)**

Mr Glyde presented his report in which he reviewed the work performed by Internal Audit for the period from October 2013 to date.

Commercially confidential information removed

RP

(Mr Shine left the meeting at 12:45)

#### **14/A11 CHARITY CORPORATE GOVERNANCE STANDARD (CRT/A42)**

The Audit Committee had previously commented on the scope of a proposed charity corporate governance standard and Mr Labbett now presented a draft standard for further discussion and invited members of the Committee to comment further and, if appropriate, recommend a version for adoption by the Trustees.

Mr Labbett had sought external comment on content and peer review, as a result of which it had become clear the Trust was in the vanguard. The issue was whether the Trust should be leading the way or, at this stage in its development, seeking to adopt a standard that aligns with other charities.

Lynne Berry noted that the Code of Good Governance was a 'tried and tested' standard used widely across the charitable sector and suggested that it might be better for the time being to adopt this Code, especially given the cost of accreditation associated with developing and adopting a CRT-specific governance code.

After further discussion, ***it was agreed*** to adopt the Code of Good Governance but continue to develop a bespoke and accredited version for the Trust. In the meantime, ***it was noted*** that an affirmative statement of compliance with good governance practice could be included in the TAR for the 2013/14 financial year.

KL

(Carol Rudge, Tim Lincoln and Lisa Wong withdrew at 12:55)

#### **14/A12 EXTERNAL AUDIT COMPETITION (CRT/A43)**

Mr Labbett's paper dated 27 January 2014 outlining the process for the external audit 2014/15 was received and taken as read. Following a short discussion, ***it was resolved*** to endorse the process

#### **14/A13 SUCCESSION PLANNING: VERBAL UPDATE**

The Chief Executive outlined the process and timescale for appointing a new Head of Audit to replace Mr Labbett who was due to retire in the Autumn. Frances Done urged that the post be advertised widely and ***it was agreed*** that Mr Parry would circulate the job specification to members of the Audit Committee.

**RP**

#### **14/A14 CHAIRMANSHIP OF AUDIT COMMITTEE**

It was noted that Frances Done would succeed Mr Bridgeman as Chair of the Audit Committee immediately following this meeting. Lynne Berry, on behalf of the Committee, thanked Mr Bridgeman for his leadership of the Committee, in particular, during the complex transitional process from British Waterways to the Canal & River Trust.

#### **14/A15 DATES OF NEXT MEETINGS**

1. Wednesday 11<sup>th</sup> June 2014 at 10:00 and
2. Wednesday 15<sup>th</sup> October 2014 at 10:30am

**Notes:** To be held at the offices of Grant Thornton, Melton Street, Euston unless advised otherwise.

#### **14/A16 CLOSE OF MEETING**

There being no further business, the Chairman closed the formal proceedings at 13:10.

**Chairman**



**RESTRICTED AND CONFIDENTIAL**

# **INVESTMENT COMMITTEE**

Minutes of a meeting of the Investment Committee (**the Committee**) held at The Toll House, Delamere Terrace, Little Venice, London W2 6ND on Thursday 30 January 2014 at 2.00pm

## **Present:**

Manish Chande  
Tony Hales  
John Bywater  
Simon Thurley  
Keith Tilson  
John Dodwell

## **Apology:**

Philip Ridal

## In attendance:

Stuart Mills                      Property Director  
Quentin Pickford                Financial Controller, Property & Ventures

## **Secretary of the Meeting:**

Jenny Casson Prism Cosec

## 1 QUORUM

The Chairman reported that notice of the meeting had been given to all directors entitled to receive it and that a quorum was present. The meeting then proceeded to business.

## **2 DECLARATION OF INTERESTS IN ANY MATTERS ON THE AGENDA**

Mr Chande declared an interest in agenda item 11 (investment activity update) in respect of the Asda Distribution Centre site at Wakefield which had been introduced to CRT through Rob West at Mountgrange.

3 MINUTES

The minutes of the meetings held on 17 October 2013, 8 November 2013 and 14 January 2014 were approved and signed.

## **Matters arising from meeting held on 14 January 2014:**

### 3.1 Commercially confidential information removed

**SM**

**4 INVESTMENT STRATEGY & PROTECTOR MATTERS**

Commercially confidential information removed

**5 REVOLVING CREDIT FACILITY & INTEREST RATE HEDGING**

Commercially confidential information removed

**PR**

**MC**

**6 MANAGEMENT ACCOUNTS 2013/14: UPDATE**

Commercially confidential information removed

**7 CAPITAL CASHFLOW – 2013/14 UPDATE**

Commercially confidential information removed

**8 PROPERTY FUND REPORT SEPTEMBER 2013**

Commercially confidential information removed

**SM**

John Bywater left the meeting at 3.20pm.

**9 PROPERTY ENVIRONMENTAL RISK**

Commercially confidential information removed

**SM**

9.4

**SM**

**10 JV UPDATE**

10.1 Commercially confidential information removed

**11 INVESTMENT ACTIVITY UPDATE**

11.1 Commercially confidential information removed

11.2

**12 ICKNIELD PORT LOOP PARTNER PROCUREMENT**

12.1 Commercially confidential information removed

12.2

12.3

**SM**

12.4

**13 AOB**

13.1 Commercially confidential information removed

**SM**

13.2 The Chairman recommended that a different member of the management team should be asked from time to time to attend Committee meetings which would benefit both the Committee and members of the management team to increase exposure and establish a dialogue.

**SM**

**14 CLOSE OF MEETING**

There being no further business, the meeting concluded at 4.05pm.

Chairman \_\_\_\_\_