

Canal & River Trust regular Grant Agreement Performance Meeting

Tuesday 14 December 2021

09:30-10:45, video conference

Defra Attendees:

Adrian Cooper (Deputy Director, Chair)

Alex Rigge

Redacted

Redacted

Redacted

Redacted (Secretariat)

Redacted

CRT Attendees:

Richard Parry (Chief Executive)

Heather Clarke (Strategy, Engagement, and Impact Director)

Tom Deards (Legal & Governance Director)

Matt Cross (Group Finance Controller)

Apologies:

Allan Leighton (CRT, Chair of Trustees)

Steve Dainty – Finance Director

Redacted (Legal, Defra)

Minutes of the Meeting

1. Introductions

The Chair welcomed everyone to the meeting and noted the apologies.

2. Minutes of the last meeting (5 August 2021)

The minutes had been agreed and published.

3. Matters arising

There were some actions rolled over from previous meetings:

CRT to share the 2019 [grant confirmation] letter for context, and then Defra to provide CRT with a copy of the formal 2021 grant confirmation letter.

CRT had now updated their contacts on the Bravo system. Defra would notify CRT of the 2022/23 grant confirmation letter through Bravo and would set up a separate meeting with the CRT contacts to familiarise them with the Bravo process.

CRT to provide Defra with key public safety documents and on the infrastructure trust policy as they are compiled/developed/consolidated.

CRT confirmed that they would be able to share the documents with Defra shortly. Defra confirmed that it was a wider policy interest rather than a requirement in the founding documentation, so was not an overriding priority.

CRT to include a Chief Executive update for the next meeting, and to include the most recent Council update report as an annex for information on the wider operational context.

Action completed.

CRT and Defra to arrange a meeting in May to discuss financial reporting.

Action completed (meeting held in November).

CRT to provide Defra with a clarification of the risk register weightings system and categories.

CRT confirmed that the risk register being developed and would be shared with Defra at the final quarter meeting in April 2022.

CRT asked whether the correct redactions had been applied to the minutes of the previous meeting.

Action completed.

Defra to confirm the conditional payment in a letter to CRT.

Action completed - letter sent by Defra on 17 September. CRT would check it had been received, and if not then Defra would resend it.

CRT to provide Defra with outline breakdown of reported injuries and near-misses, and Defra to confirm the requirement as part of the Grant Agreement Performance meetings.

It was agreed that the item would be taken under Any Other Business (below).

CRT to provide Defra with a copy of their proposals to Lord Agnew's Access to the Outdoors Commission with Defra.

CRT confirmed that only a verbal proposal had been made to the Commission.

4. Chief Executive's update

CRT noted that the CEO's report had been revised to better reflect the requirements set out in the Grant Agreement document, and with prior agreement of Defra also incorporating items 5-9 of Schedule 6 (interim financial information) of the Agreement.

CRT noted that aside from the ongoing Grant Review, the main challenge that CRT was addressing was gearing up capacity to deliver the programme of major infrastructure works. A tendering process was underway to commission two main contracts for complex priority works (north and south), with other framework contracts let for non-complex works to broaden CRT's range of available contractors. The process was expected to be completed by summer 2022. A new Chief Infrastructure & Programmes Officer had been appointed to lead CRT's work in this area following **redacted**'s retirement in the summer.

In common with wider skills and labour shortages, the CRT was facing some resourcing challenges, particularly in the recruitment of specialist engineers and some other key technical roles. There was also a short-term wider labour shortage.

Supply chain issues, and Covid absences were all affecting progress of the scheduled winter maintenance programme.

Reservoir works continued to be a high priority, though several were being hampered by often protracted processes in obtaining necessary planning consents from local authorities before they could be started.

There had been an increase in RIDDOR incidents, despite the considerable focus that CRT had placed on improving health and safety performance. A new post of Director of Health and Safety had been created, which would oversee that along with wider health and safety matters across the organisation and network.

Defra noted that the CEO's narrative update in the meeting was very helpful and could usefully form a template for written CEO update reports to the future Grant Agreement Performance meetings.

Action: CRT to provide written CEO Update reports to future Grant Agreement Performance meetings capturing key operational and organisational issues of concern, as per the above-recorded narrative update.

Defra asked if there was a plan of recovery for delayed asset works. CRT explained that it was in the nature of the waterways asset programme that unexpected additional works could arise during the course of planned works, such as necessary below waterline wall repairs only being discovered when a lock or stretch of canal was drained, as well as emergency works due to extreme weather events which required CRT to adjust the planned programme.

CRT was working on establishing the capacity and capability to enable planned works to continue without being affected by emergency works if sufficient funding was available. The challenge was to deliver high-risk priority works, and especially reservoirs where there were statutory requirements to meet and delays due to problems obtaining necessary planning and other consents.

On reservoirs, specialist engineers were undertaking detailed quantified risk assessments (in line with the EA's RARS approach) across all of CRT's reservoirs, and that would generate a medium-term work programme at a cost of several millions of pounds. The prospects for decommissioning of some reservoirs that had little value to the wider waterway network was discussed, although it was noted that this would itself be costly, difficult, and could cause considerable public concern at losing the benefit of a local body of water, which often provided other benefits in terms of nature and recreation. Defra noted that Ministers were also interested in the situation around reservoirs more generally.

Defra suggested that such reservoir issues and associated costs could be brought out more strongly in the Grant Review future funding scenarios. It would be useful to understand as a diagram, the interaction and/or overlap across the various maintenance programmes: reservoirs, high-risk assets, principal assets, and priority works programmes.

In response to a question from Defra, CRT explained that the £160m of additional high-risk and reservoir works was additional to that expected within the overall principal asset works programme, the budget for which was being considerably stretched without further bespoke reservoir funding.

Action: CRT to provide an illustrated summary of the reservoir, high-risk asset, principal asset, and priority works programmes, drawing out definitions and costs for each.

Finally, Defra asked when the next forecast Publication Data would be available. CRT said this information would start to be drawn together after the end of March 2022, normally for publication in the Annual Report and Accounts. Due to the more onerous audit requirements, publication of the Annual Report and Accounts would now be in September.

5. Finance Director's report

CRT noted that, as with the CEO's report, the Finance Director's report had been revised to better reflect the requirements set out in the Grant Agreement document, and incorporated items 1-4 of Schedule 6 (interim financial information) of the Agreement. Defra and CRT were in correspondence regarding the format and content of the report for subsequent Grant Agreement Performance Meetings.

Action: CRT to revise the Finance Director's report for next Grant Agreement Performance meeting (April 2022) on the back of the discussion in the meeting.

CRT explained that there were two main financial reporting positions – year-to-date and forecast year-end results. The current position was that income was on track, with costs being a little lower than forecasted, however that was expected to even up by year-end.

Redacted

Action: CRT to provide redacted for the April 2022 Grant Agreement Performance meeting.

Defra asked CRT for clarification on the 'B' numbers used to reference both the 3-year rolling business plan and individual financial years. CRT would endeavour in future to clarify these references.

6. Any Other Business

Grant amendment (to address negative deflator)

Defra noted that the final version had been sent to CRT for signature. Defra and CRT agreed to discuss the matter further outside of the Grant Agreement Performance meeting.

Reporting of injuries, etc.

Defra noted the important distinction between monitoring health and safety incidents that had already occurred, and the broader assessment and management of risk. As such health and safety should be treated as a distinct topic in its own right, even if within the wider risk management section at the next meeting in April. Defra and CRT agreed to discuss the matter further outside of the Grant Agreement Performance meeting.

Date of next meeting

26 April 2022
(probably videoconference)