

# Governance Handbook

## January 2021

**Note:**

The intention is that the Handbook be in everyday language. There is repetition to allow chapters to be read on their own.

Cross references to clauses in the Articles of Association (A) and to the Trust Rules (R) and other documents are included and where practical hyperlinked to the relevant document. A balance of these has been sought as too many would make the Handbook difficult to read especially in the opening chapters. For the avoidance of doubt, the Articles and Trust Rules take precedence over anything in this Handbook.

The Handbook will be updated periodically as required.

This Version is dated January 2021

The original of this document was compiled with the assistance of the Compass Partnership

# Foreword

Excellent governance is a crucial ingredient of effective civil society organisations. From its inception, the Canal & River Trust has paid great attention to ensuring that we have the highest standard of governance. We consulted widely and sought advice on our structures and we have invested appropriately in our governance processes. We expect the highest standards of governance behaviours and we are committed to following and applying the Charity Code of Governance.

Our governance is complex because we are a multifaceted organisation delivering multiple objectives for a wide range of stakeholders. That means we all must invest time in understanding our governance arrangements and making them work well.

This handbook is designed to help everyone appreciate our governance and how to make it work most effectively. It gives an overview for people who are new to the Trust and a handy reference with cross-referencing for people already contributing to our governance.

I am acutely conscious that governance exists to ensure that we achieve our vision and objectives more effectively. We can inspire people to become involved with our canals and rivers most effectively if we continue to have excellent governance.

Allan Leighton

Chair

The Canal & River Trust is a charity registered with the Charity Commission in England and Wales, No. 1146792. It is a company limited by guarantee, No.07807276, and does not have share capital.

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## 1. CHARITY GOVERNANCE IN GENERAL

The National Council for Voluntary Organisations defines charity governance as “the systems and processes concerned with ensuring the overall direction, effectiveness, supervision, and accountability of a charity”.

Good governance in charities is fundamental to their success. It enables and supports a charity’s compliance with the law and relevant regulations. It also promotes a culture where everything works towards fulfilling the charity’s vision.

Charities in England and Wales were first codified in law under a 1601 act of parliament. The preamble to this Elizabethan act and its interpretation by the courts guided charities for centuries. In the last decade new acts were passed by Parliament which updated the law. Some of these acts have been consolidated in the Charities Act 2011.

The [Charity Commission](#) regulates charities in England and Wales and provides information for those involved in the governance of charities.

2020 saw the publication of a revised Charity Governance Code, issued by the Code Steering Group (ACEVO, the Association of Chairs, Small Charities Coalition, ICASA: The Governance Institute, NCVO and WCVA). The Charity Commission views this Code as the standard of good governance practice to which all charities should aspire and encourages all charities to read, follow and apply it.

The principal governing body of a charity such as the Canal & River Trust is the Board of Trustees. It is the Board of Trustees that is required to report to the Charity Commission. When the charity is also a company, the Trustees are usually also its company Directors. There is more information about the Board of Trustees in chapter 4.

The principal governing document of a charity that is a company is its **Articles of Association**. Key clauses of the Articles are the objects clauses which set out the **charitable objects** of the organisation, and the powers clauses which set out the main powers that the charity may use in pursuit of its objects.

The Trustees of a large charity are usually supported by management. The Board of Trustees appoint a Chief Executive who is responsible to it. The Chief Executive leads the management of the charity. Further details are in chapter 5.

## 2. AN OVERVIEW OF OUR GOVERNANCE

All charities require a legal format. The Canal & River Trust is a charity registered with the Charity Commission in England and Wales, No. 1146792. It is a company limited by guarantee, No.07807276, and does not have share capital. Therefore, the Trust is controlled by company law and regulated by Companies House.

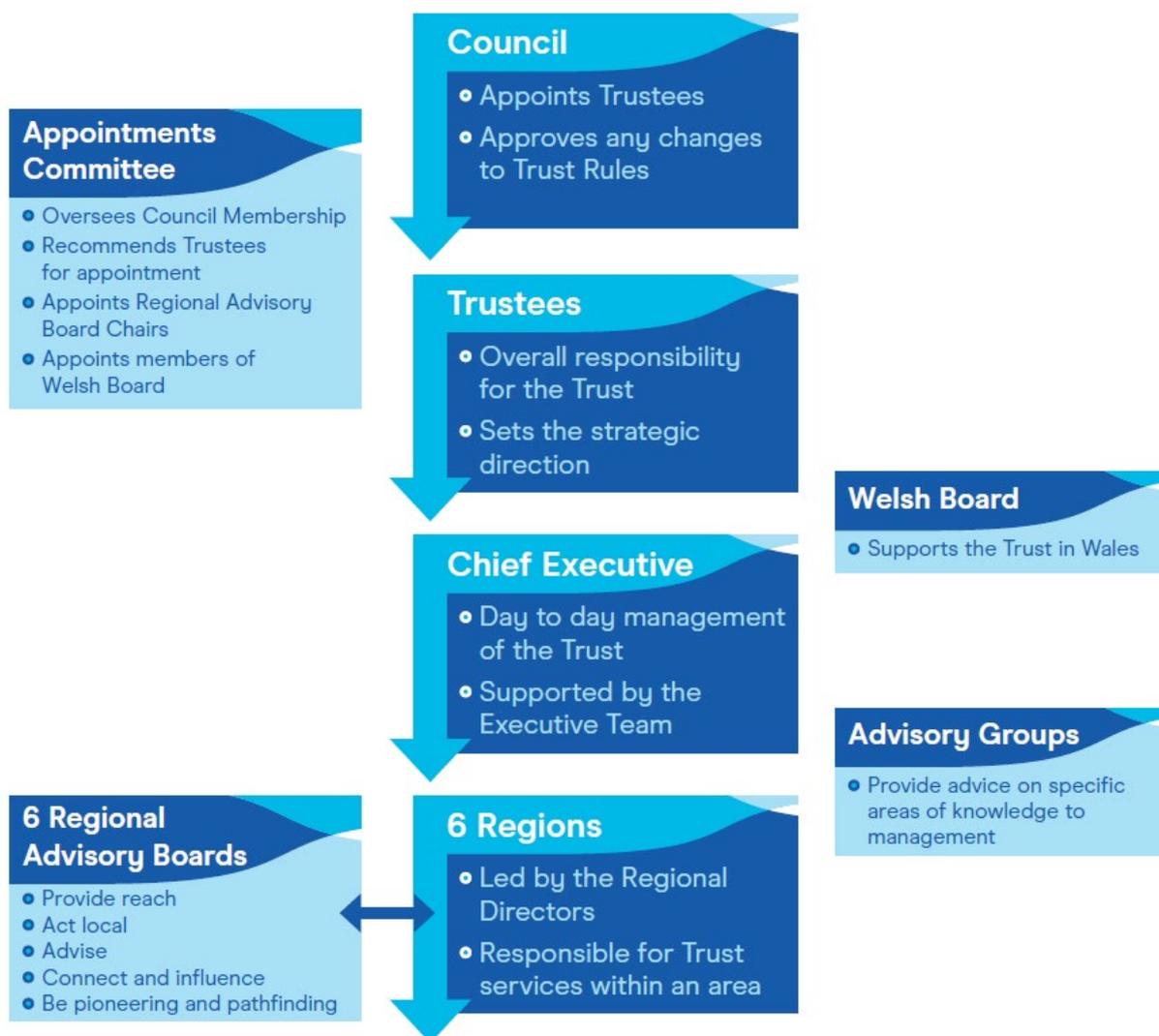
The Trustees of the Canal & River Trust are committed to following the recommended practice set out in the Charity Governance Code and the UK Corporate Governance Code and Wates Principles, insofar as they are applicable.

The principal governing document of a charity that is a company is its Articles of Association. Key clauses of the Articles are the objects clauses which set out the charitable objects of the organisation, and the powers clauses which set out the main powers that the charity may use in pursuit of its objects.

The main elements of governance of the Canal & River Trust are:

- The Charitable Objects
- The Articles of Association
- The Trust Rules
- The Board of Trustees and its Committees
- The Council of Members
- The Joint Council & Trustees Appointments Committee
- Bwrdd Glandŵr Cymru (or Welsh Board)
- Regional Advisory Boards
- Advisory Groups

The interrelationship of these bodies with other elements of the structure of the Trust is illustrated in the diagram below.



## **THE CHARITABLE OBJECTS**

At the core of any charity are its charitable objects or purposes. They describe why the charity exists and it is their effective pursuit and promotion that is the focus of the system of governance. Accordingly, anyone involved in the governance of the Trust needs to be fully aware of the Trust's charitable objects and to fully understand them. Any action or decision made by or on behalf of the Trust, at whatever level, needs to pass the test of whether it ultimately will contribute to or help bring about these charitable objects.

## **ARTICLES OF ASSOCIATION AND RULES**

The Articles of Association (Articles) of the Trust is the constitution of the organisation. They set out the detail of the governance arrangements for the Trust. They were first adopted on 27th March 2012 and have been reviewed regularly. This handbook summarises many of the key elements of the Articles and gives cross-references to clauses of the Articles.

The Trust Rules are the second tier constitutional document that includes provisions that supplement the Articles. They are made under powers contained in the Articles and are intended for provisions that may require updating or revision on a more frequent basis than the Articles. Trust rules may be changed with less formality than the Articles but nevertheless are binding.

## **BOARD OF TRUSTEES**

The Board of Trustees is the key body responsible for the governance of the Trust. There can be between 8 and 12 Trustees. The Trustees are sought and proposed by the Appointments Committee and appointed by the Council of Members for a term of office. As the Trust is also a company limited by guarantee the Trustees are also the Directors of the Company. The Board appoints the Chair of the Trust who is then responsible for the leadership of the Board. Further details are in chapter 4.

## **COUNCIL OF MEMBERS**

The Council appoints and can advise the Board. It is composed of up to 50 "A" members elected or appointed by different stakeholder bodies for a term of office. Council members are the Members of the Company. The Secretary of State is a "B" Member of the Company but with special powers. The Secretary of State does not have a vote at Council except in particular circumstances. Further details are in chapter 6.

## **THE APPOINTMENTS COMMITTEE**

The Appointments Committee is a joint committee of the Board of Trustees and Council with an equal number of each. It proposes Trustees for appointment by Council and appoints Regional Advisory Board chairs. Further details are in chapter 7.

## **BWRDD GLANDŴR CYMRU**

The Bwrdd Glandŵr Cymru (or Welsh Board) is a strategic body which supports the work of the Trust in Wales. It is chaired by one of the Trustees and so has a direct link to the Board. There is more information in Chapter 9

## **REGIONAL ADVISORY BOARDS**

Regional Advisory Boards comprise representatives of a broad range of stakeholder groups interested in the waterways and the wider work of the Trust in a particular region of England. A member of the Trust management is also appointed to the Regional Advisory Board.

Although they are advisory bodies rather than governing bodies, Regional Advisory Boards are linked into the governance of the Trust by the *ex officio* membership of the Council by their Chairs.

Regional Advisory Boards have the capacity to be influential within their regions. Further details are in chapter 10.

## OTHER ASPECTS OF GOVERNANCE

This handbook identifies in later chapters other elements that are not always considered part of governance but may have an influence on it.

The respective roles and functions of the Board of Trustees, Council of Members and Regional Advisory Boards as the main elements of governance are summarised in the diagram below. All those who serve on the Board of Trustees, the Council of Members, the Bwrdd Glandŵr Cymru and on Regional Advisory Boards do so in an honorary unpaid capacity. Reasonable expenses incurred can be reimbursed.

## 3. THE CHARITABLE OBJECTS

The objects of any charity are a key part of its constitution. As the Canal & River Trust is a company limited by guarantee its top level constitutional document is its Articles of Association, most of which deals with governance arrangements.

The charitable objects of the Trust are set out in the Article 2 as follows:

The Trust's objects are:

- 2.1 to preserve, protect, operate and manage Inland Waterways for public benefit:
  - 2.1.1 for navigation;
  - 2.1.2 for walking on towpaths; and
  - 2.1.3 for recreation or other leisure-time pursuits of the public in the interest of their health and social welfare;
- 2.2 to protect and conserve for public benefit sites, objects and buildings of archaeological, architectural, engineering or historic interest on, in the vicinity of, or otherwise associated with Inland Waterways;
- 2.3 to further for the public benefit the conservation protection and improvement of the natural environment and landscape of Inland Waterways;
- 2.4 to promote, facilitate, undertake and assist in, for public benefit, the restoration and improvement of Inland Waterways;
- 2.5 to promote and facilitate for public benefit awareness, learning and education about Inland Waterways, their history, development, use, operation and cultural heritage by all appropriate means including the provision of museums;
- 2.6 to promote sustainable development in the vicinity of any Inland Waterway for the benefit of the public, in particular by:

- 2.6.1 the improvement of the conditions of life in socially and economically disadvantaged communities in such vicinity; and
- 2.6.2 the promotion of sustainable means of achieving economic growth and regeneration and the prudent use of natural resources; and
- 2.7 to further any purpose which is exclusively charitable under the law of England and Wales connected with Inland Waterways;

provided that in each case where the Trust undertakes work in relation to property which it does not own or hold in trust, any private benefit to the owner of the property is merely incidental.

#### 4. THE BOARD OF TRUSTEES

This and the next chapters give more detail about the main governance bodies, Board of Trustees, Council of Members, Appointments Committee, Regional Advisory Boards and Bwrdd Glandŵr Cymru or Welsh Board under the sub-headings (where applicable):

- Role
- Composition
- Expectations
- Regulations, review and performance

References in brackets are to other chapters, numbered clauses in the Articles, and when prefaced by 'R' to the Rules, and to other governance documents.

##### ROLE

The Trustees are legally responsible for governing or directing the Trust and for approving high level strategy and policy to deliver the Trust's objects.

Trustees of the charity are also the directors of the charitable company. A role description is in place and is reviewed regularly.

The Charity Commission provides guidance on the duties of a trustee in its guidance, "The essential trustee: what you need to know, what you need to do": [The essential trustee: what you need to know, what you need to do \(CC3\)](#).

The Trustees are responsible for the management of the Trust's business, for which purpose they may exercise all the powers of the Trust (Article 7).

The Trustees are the Board. They must appoint one Trustee to be Chair (8.1) who leads the Board. In addition the Trustees appoint a Deputy Chair.

The Board may appoint committees and delegate any of their powers or functions to such committees (9 and chapter 8).

The Board delegates the day-to-day management of the Trust to a Chief Executive which it appoints (9.6). The Chief Executive reports to the Board of Trustees through the Chair. The chief Executive is supported by his or her Executive team.

As in other charities responsibility for certain matters is retained by the Trustees. In the Trust these fall into four areas:

- Structure and governance including making changes to governance, overseeing risk management, approving the formation of subsidiaries and the initiation of any major litigation
- Planning and reporting including approving the annual budget and long-term plans, recommending the annual report and accounts, and monitoring performance against plans
- Financial aspects including approving a framework of financial controls, expenditure or certain commitments over a limit, and novel or contentious projects
- Certain matters related to pensions

## COMPOSITION

The Board of Trustees is at any time composed of between 8 and 12 Trustees (21).

Trustees are generally appointed by the Council of Members following proposals received from the Appointments Committee, which is a joint committee of the Council of Members and the Board of Trustees (22.2).

There is also a procedure whereby, on recommendation of the Joint Council & Trustees Appointments Committee, the Board of Trustees can appoint Trustees to fill a vacancy or an addition, provided the total number is not more than 12 (22.4).

No Trustee may serve a single term of longer than three years. 20% will be required to retire each year (23). No Trustee may serve more than three terms continuously (23.5). The Chair may serve three terms (23.6).

Trustees are not Members of the Company/Council. They are entitled to attend and speak at general meetings of the Council of Members but not to vote (41).

## EXPECTATIONS

To deliver its responsibilities the Board is required to meet at least four times each year (13.1). In practice it meets six times a year at various locations around the country. Prior to the meetings Trustees have the opportunity to visit the work of the Trust in that locality and to meet local stakeholders.

The Board of Trustees is assisted by:

- receiving appropriate and timely information and advice from the Chief Executive and his/her team of executive directors and senior managers
- receiving advice from Council on matters of strategic importance, both on request and on being proffered
- external professional advice when sought
- being able to invite others to attend Board meetings

The Charity Commission does not permit Trustees to represent any particular interest and requires them to act for the good of the whole and in pursuit of the charity's objects and state that Trustees "must act solely in the interests of the charity; it's not their role to represent or lobby on behalf of the group or body that appointed them".

The participation of Trustees with conflicts of interests or duties in a matter is regulated by company law, charity law and the Articles (18.4 – 19).

The wider responsibilities of Trustees are summarised in the diagram on the next page.

## REGULATIONS, REVIEW AND PERFORMANCE

The Articles and the Rules offer regulation and guidance on a number of matters. In addition to those mentioned above, these include:

- permitted benefits (4.3 – 4.4)
- indemnities (6)
- decision-making (12 and 17)
- meetings (13 – 15)
- disqualification and removal (24)

The Charity Governance Code and the Charity Commission encourage boards of larger charities to review their performance periodically. The Trust commissions an independent review of the Board's effectiveness every three years. This typically involves discussions with all Board members, the Chief Executive and some executive directors. The findings are then discussed with the Chair and reported in summary to the Board so that any required changes can be made.

## 5. THE EXECUTIVE

As in most charities the Board of Trustees appoints a Chief Executive and delegates to him or her the authority and responsibility for managing the Trust on their behalf. Detailed responsibilities are set out in job descriptions and in a Scheme of Delegation.

### ROLE

The broad division of role and responsibilities between Trustees and Executive is summarised in the diagram below:



### COMPOSITION

The Chief Executive is appointed by the Board of Trustees. At any one time the Chief Executive is assisted by a team of Executive Directors and senior managers. The Board of Trustees approves the method of these appointments and may be involved in the appointment process.

## EXPECTATIONS

Except for those matters reserved for the Board as described in chapter 4, the Chief Executive has the authority to manage the affairs of the Trust. He or she has the authority to further delegate powers and responsibilities to Executive Directors and senior managers.

The Chief Executive is accountable for implementing the Trustees' policies and objectives and for implementing an appropriate organisational structure that delivers the approved strategy. A system of individual annual performance appraisal known as Performance Excellence, focused on deliverables and behaviours, operates throughout the Trust.

## 6. THE COUNCIL OF MEMBERS

While it does not run the Trust, the Council of Members has a key role in appointing the Trustees. Its members reflect the wide appeal of the Trust and include a mix of elected and independently nominated individuals, together with the 6 Regional Advisory Board Chairs.

While Council Members bring a wide range of perspectives and experience to the Trust, and are elected or appointed by different groups, they act at all times in the interest of the Trust as a whole, taking full account of the views of other Members of Council. Council Members bring perspectives from a wide range of constituencies, but they are not delegates and should not be mandated to take particular positions on particular issues.

## ROLE

Along with the Secretary of State, Council members are the legal company Members of the Canal & River Trust. As such they have certain legal responsibilities. They also have responsibilities granted them by the Articles and by the Board of Trustees from time to time.

The Council assists the Trustees in the formulation of policy and strategy by:

- debating important points of principle to provide guidance and perspective from different stakeholders
- suggesting issues of concern for the Trustees to pursue, and
- acting as a sounding board for the Trustees in relation to the development of proposals and policies

## LEGAL RESPONSIBILITIES

Their legal responsibilities include:

- meeting at least once every calendar year in an annual general meeting as called by the Board of Trustees (Article 33)
- attending other general meetings of which there will be at least one other in a year (R1.23) and other meetings if called by the Trustees (34) or other not formally constituted General Meetings (R1.23)
- transacting at these and other meetings the business required by company law at the time and the business laid before them by the Chair, including:
  - appoint the trustees (as directors of the company)
  - appoint the external auditors
- make any changes to the Articles by special resolution requiring a 75% majority (subject to entrenchment provisions in the Articles (58))
- receive the annual accounts
- be able to require the Trustees to call a general meeting of the Trust

The Council has additional responsibility under the Articles to:

- make, repeal or amend Rules as to the governance of the Trust but only on the recommendation of the Trustees (11.1), including as to the structure of Regional Advisory Boards (26.1)

## OTHER RESPONSIBILITIES

The Board of Trustees is responsible for determining policy and strategy of the Trust. To assist it to do so but not to fetter it, the Council (29.4):

- offers advice as the long-term guardian of the values of the Trust
- assists by debating important points of principle to provide guidance and perspective
- suggests issues of concern for the Trustees to pursue
- acts as a sounding board for the Trustees for the development of proposals and policies.

## COMPOSITION

The Appointments Committee identifies appropriate constituencies or stakeholder bodies to nominate or elect Council Members (27.2 and R1). There is a limit of 50 on the size of Council (29.2).

Rules agreed by the Council on 23 September 2020 allow for a Council of no more than 36, made up as follows:

	Constituency	Elected	Nominated	Total
1.	Private boating#	4*	2	6
2.	Boating business	2		2
3.	Volunteers	2		2
4.	Friend of the Trust	1		1
6.	Employees	1		1
7.	Anglers	1		1
8.	Inland Waterways Association		1	1
9	Other supporters – walkers, anglers, freight cyclists, neighbours, etc#		4	4
10	Historic environment#		2	2
11.	Natural environment#		2	2
12	Local government#		2	2
13.	Wales			1 <i>ex-officio</i>
14.	Regional Advisory Board Chairs (6 Regions)			6 <i>ex-officio</i>
15.	Co-options (max 10% of members)			3

16.	Health & Wellbeing		1	1
17.	Youth Engagement		1	1
	<b>TOTAL</b>	<b>11</b>	<b>16</b>	<b>36</b>

# The following organisations nominate members of the Council

	Constituency	No	Nominating Organisations
1	Private Boating	2	British Canoeing Association of Waterway Cruising Clubs
9	Other supporters – walkers, freight cyclists, neighbours, donors, etc	4	Cycling UK Ramblers Association Commercial Boat Operators Association Country Land & Business Association
10	Historic Environment	2	Institute of Historic Building Conservation Railway and Canal Historical Society
11	Natural Environment	2	Chartered Institution for Water and Environmental Management (CIWEM) The Wildlife Trusts
12	Local Government	2	2 members to represent local government drawn from riparian local authorities in consultation with Local Government Association and Society of Local Authority Chief Executives
16	Health & Wellbeing	1	Mind
17	Youth Engagement	1	Step up to Serve

The term of office of Council Members is four years. Nominated Members can serve up to two terms. There is no limit on how many terms an elected Member may serve (29.8).

The Chair of the Trust Board is Chair of the Council (40.1) but is not a Member of Council and does not have a vote on Council.

Council Members may appoint proxies to attend, speak at and vote at General Meetings (48 – 49).

## EXPECTATIONS

To assist the Council to perform its functions effectively the Trust:

- keeps the Council informed of major developments
- consults it on the development of key strategic plans and major policies
- periodically keeps it informed about the overall performance of the Trust

Having appointed the Board of Trustees and offered it high level strategic guidance, the Council recognises that the Board of Trustees carries legal and regulatory responsibility for the governance of the Trust. It acknowledges the Board's responsibility to govern in ways the Board judges to be appropriate.

The budget for the Council is set by the Board of Trustees.

## **REGULATIONS, REVIEW AND PERFORMANCE**

The Articles and the Rules offer regulation and guidance on a number of matters. In addition to those mentioned above, these include:

- meetings (29.5 and 33–49)
- disqualification and removal (29.7 and R1.19)
- the form that elections should take (R1.14 and Election Regulations)

The operation of the Council is subject to periodic independent review.

## **7. THE JOINT COUNCIL & TRUSTEES APPOINTMENTS COMMITTEE (“APPOINTMENTS COMMITTEE”)**

The Appointments Committee is a joint committee of the Board of Trustees and Council and is established by the Articles (Article 27).

### **ROLE**

The Appointments Committee is required by the Articles and by its Terms of Reference, through open and transparent processes to:

#### **Council of Members**

- Identify Council constituencies (27.2.1) that fairly reflect the diversity of beneficiaries and stakeholders of the Canal & River Trust (29.3)
- Recommend whether seats should be filled by an election or nomination (27.2.2) up to a maximum of 50% being elected (29.3)
- Identify and appoint co-optees to the Council of Members to promote a suitable balance of knowledge, experience and representative qualities on Council. Such co-opted members will not comprise more than five people or 10% of Council whichever is the less at any one time (27.2.3)
- If it desires appoint or invite the nomination of individuals to fill vacancies that arise on Council from time to time (29.9 and R1.18)

#### **Board of Trustees**

- Manage the recruitment of Trustees (27.2.4) to fill the number of vacancies determined by the Board of Trustees (22.2)
- Propose a list of candidates for the Council to appoint as Trustees having taken into account the balance of skills and experience relevant to the organisation as a whole and following a process of open advertisement (22.2)
- May recommend to the Board of Trustees an individual to fill a casual vacancy on the Board (22.4)

#### **Regional Advisory Boards**

- Appoint the Chairs of Regional Advisory Boards (27.2.5)

- Determine the minimum and maximum number of members for each Regional Advisory Board at the same time as deciding its geographical boundaries. The Appointments Committee can fix a specific number, or may set a minimum and maximum number of members (with the number being then determined by the Regional Advisory Board Chair)

## COMPOSITION

The Appointments Committee is a joint committee of the Board of Trustees and the Council of Members consisting of an equal number of Trustees and Council Members and no fewer than two of each (27.1). The Committee appoints its own Chair.

## EXPECTATIONS

To allow it to deliver its function the Appointments Committee will:

- Draw on reports of the skills, experience and performance of those involved in the governance of the Trust
- Focus on the overall needs of the Trust
- Have a view of the future needs of the Trust

## 8. COMMITTEES AND GOVERNANCE OFFICERS

Both the Board of Trustees and the Council of Members may form committees.

### BOARD COMMITTEES

The Board of Trustees may delegate and form committees (Article 9). In doing so the Board:

- will indicate whether the committee is advisory or has delegated powers (26.2)
- will specify who will serve on the committee, but may also allow the committee to make co-options
- if appropriate will specify committee members other than from amongst the Trustees
- will require committees to report promptly to the Board
- will determine the budgets, if any, of committees

The Board may also form time-limited task groups on a similar basis.

The current Board committees are:

- Audit and Risk Committee which provides assurance and recommendations to the Trust on the effectiveness of its governance, internal control and risk management framework
- Investment Committee which provides oversight and assurance for the Trust in respect of the investment and other commercial activities of the Trust. The committee also manages the ongoing relationship with the Protector (see chapter 18)
- Remuneration Committee which determines and agrees with the Board of Trustees the remuneration and pension provision of the Executive Directors, keeps under review the appropriateness and relevance of remuneration policy, and oversees any major changes to employee benefit structures
- Infrastructure Committee which provides oversight, assurance and expert advice in relation to the Trust's major asset improvement programme and considers issues of delivery and risk, together with questions of economy and efficiency

The committees may appoint members who are not Trustees.

## 9. BWRDD GLANDŴR CYMRU

### ROLE

To support the development of the work of the Trust in Wales the Bwrdd Glandŵr Cymru or Welsh Board works to:

- Ensure the Trust has a good understanding of the needs, issues and opportunities relevant to waterways and well-being in Wales
- Build influence and partnership working in Wales
- Develop a base of information relevant to the development of the waterways of Wales
- Promote the Trust and raise its profile in social, economic, political and cultural life of Wales
- Work with the Trust to ensure its strategies and plans are developed and delivered effectively in the context of Wales

### COMPOSITION

There are between 6 and 10 members appointed by the Appointments Committee. Members may serve terms of up to two terms of 3 years, a maximum of 6 years.

The Chair may co-opt members to provide specific skills and experience or for particular tasks.

The Trust's Regional Director, Wales attends the Bwrdd Glandŵr Cymru.

### EXPECTATIONS

The Bwrdd Glandŵr Cymru has a direct link to Trustees and takes a strategic perspective in developing the Trust's work in Wales. A member of the Trust Executive Team attends all meetings and the Trust provides the Secretariat. Meetings are held at least 3 times a year. Topics for meetings are agreed by the Chair and Trust Executive and a record of the main meetings are published on the Trust website. The Bwrdd Glandŵr Cymru holds an Annual Public Meeting open to all.

## 10. REGIONAL ADVISORY BOARDS

There are 6 Regional Advisory Boards (RABs) who support the operations of the Trust in a particular region of England. The Board of Trustees recommends rules to the Council of Members for establishing this structure (Article 26.1 and Rule 2). Constitutionally the RABs are required by the Articles.

### ROLE

The role of each RAB is to:

- Provide 'Reach' – utilise local knowledge, ideas and capacity to build new relationships, including to enable more people to use and enjoy the waterways; actively seek to 'reach' the diverse local communities that the Trust serves
- Act Local – translate national priorities into local initiatives, feeding into the Trust's integrated business planning process
- Advise – inform the Trust's strategic planning and thinking, help the Trust remain relevant by proactively gathering and feeding back on local 'outside world' priorities, opportunities and risks
- Connect and Influence – identify, engage with and enable access ('open doors') to relevant local and regional decision-makers and policy formers, across all sectors; broaden the

Trust's engagement with local 'power bases'; help the Trust grow its supporter base, including helping to raise awareness of the Trust in the local community

- Be Pioneering/Pathfinding – identify and trial new ways of delivering Trust ambitions and priorities and meeting objectives

## COMPOSITION

RAB Chairs are appointed by the Appointments Committee for a term normally of three years. They may serve up to two terms (R 2.5).

RAB members are appointed by the relevant RAB Chair with the support of the relevant Trust Manager following open competition with public advertising. Appointments are for a period of up to three years, but members may apply to serve for additional terms, subject to ratification by the Board of Trustees.

The RAB will normally consist of between six and 12 members including the Chair. The minimum and maximum number of members for each RAB will be determined by the Appointments Committee at the same time as deciding its geographical boundaries. The Appointments Committee can fix a specific number or may set a minimum and maximum number of members (with the exact number being then determined by the RAB Chair).

The Chief Executive or his nominee will appoint a member or members of Trust management to be an *ex officio* member of the Regional Advisory Board.

All RAB member appointments are subject to ratification by the Board of Trustees prior to taking up appointment (R2.6).

## EXPECTATIONS

RAB Boards meet no less than four times a year and may hold an Annual Public Meeting open to all.

The Trust provides the secretariat for Regional Advisory Boards.

## 11. GOVERNANCE OFFICERS

The Board of Trustees appoints a Company Secretary (53).

The Company Secretary keeps under review legislative, regulatory and governance developments that may impact on the organisation and offers advice to the Chair or the Board of Trustees on such matters.

The following is delegated to the Secretary of the Trust:

- To sign on behalf of the Trustees reports and documents approved by it
- To cast votes and exercise other rights the Trust has as shareholder of any company incorporated under the Companies Acts
- To maintain a register of those authorised to approve the reimbursement of the reasonable expenses incurred by the Trustees, Council Members and Members of Regional Advisory Boards
- To report serious incidents as defined by the Charity Commission to the Chair of the Board or Chair of the Audit Committee as appropriate, and report these to the Board at its meetings

## 12. NATIONAL ADVISORY GROUPS

The Trust is supported through a number of [Advisory Groups](#) covering a range of different areas. These groups provide advice direct to the management of the Trust rather than to the Board of Trustees or Council of Members and are not formally part of the governance structure. National Users' Forum

## 13. THE SECRETARY OF STATE

The Secretary of State for the Environment, Food and Rural Affairs is termed a 'B Member of the Company'. This distinguishes him or her from other Members of the Company who are technically termed 'A Members'.

In certain circumstances the B Member has special powers that include (30):

- the power to remove any or all the Trustees and make replacements (30.4.1)
- the power to remove any or all of the A Members and make replacements (30.4.2)
- the power to transfer the Protected Assets to another charity (30.4.3)

The Secretary of State was required to approve in writing the first Rules of the Canal & River Trust (11.2).

The B Member does not have a vote at Council except in particular circumstances (43.3).

No changes may be made to certain Articles without the consent of the B Member (58).

## 14. PATRONS

While not classed as part of governance, Patrons are included in this handbook for the sake of completeness.

The Board of Trustees may, but is not required to, appoint Patrons as ambassadors for the Canal & River Trust (25.1). Their term of office is determined by the Board of Trustees and may be renewed. They can attend the Council's General Meetings and may speak but not vote. They receive the accounts of the Trust when these are available to Members (25.2).

At present the sole Patron of the Trust is His Royal Highness, The Prince of Wales.

## 15. COMMERCIAL TRADING SUBSIDIARIES

The Trust has the power to incorporate and acquire subsidiary companies to carry on any trade (Article 3.22). The main subsidiaries and joint ventures are listed below.

The Trust also has a number of companies not listed here which are wholly owned private limited liability companies, and which are currently dormant. These were created to protect various names. None of these has ever traded or has appointed auditors and each file dormant company accounts.

**Canal & River Trading CIC:** The company is a wholly owned subsidiary formed to facilitate the non-primary purpose trading activities of the charity as required under charity and tax legislation. The community interest purpose of the company is to earn profit and distribute this to the Trust to spend on its charitable objectives.

**Joint Ventures:** The Trust owns shares (50% unless otherwise stated) in the following joint ventures:

- **City Road Basin Limited:** joint venture between Canal & River Trading CIC and The Miller Group Limited to carry out commercial property development of various sites in Islington, London. (*Application to strike off the company is pending*)
- **Waterside Places (General Partner) Limited:** joint venture between Canal & River Trading CIC and Muse Developments limited, part of the Morgan Sindall group of companies
- **Paddington Basin Business Barges Limited:** joint venture between Canal & River Trading CIC and European Land & Property Limited to carry out the acquisition and management of barges for commercial uses at Paddington Basin, London, W2
- **H20 Urban LLP:** joint venture between Canal & River Trading CIC and Enbloc Estates Limited to carry out commercial property development of various sites around the waterway network
- **Roundhouse Birmingham:** a registered charity, and a joint venture between Canal & River Trust and the National Trust. The venture is undertaking the renovation of an historic canalside building in Birmingham to create new uses for it and secure a sustainable long-term future
- **Limehouse Basin Management Ltd:** the principal activity of the company is managing common areas around Limehouse Basin in London and the associated fee contributions and contracts. The Trust owns 97% of the company.

**Canal & River Reinsurance Designated Activity Company:** this is a wholly owned captive reinsurance company set up for the purpose of self-insuring a portion of insurable risks. The company is a limited liability company registered and operating in Ireland.

**Pension Funding Partnership entities:** the Pension Funding Partnership (PFP) entities listed below were created specifically in July 2012 for the purposes of providing an asset-backed contribution to the Waterways Pension Fund (WPF). This was a condition required by the Trustees of the WPF to agree to the release of British Waterways Board as Principal Employer of the scheme and to accept the Trust in its place.

- **Waterways Pension Trustees Limited:** a private limited liability company wholly owned by the Trust. It is the corporate trustee of the Waterways Pension Fund and is otherwise dormant
- **Canal & River Pension Investments LP:** a Limited Partnership incorporated in Scotland and manages investment property on behalf of the PFP
- **Canal & River Pension Partner Ltd:** a private limited company. It acts as an intermediate holding company for the PFP structure. It holds a limited partner interest in the PFP

**The Waterways Trust (TWT):** the company is wholly owned by the Canal & River Trust and is a charity registered as a private company limited by guarantee with the Companies House. Following the creation of the Trust in July 2011 it was agreed that TWT should transfer its assets and undertakings to the Trust and a transfer agreement was signed in April 2013.

**Ribble Link Construction and Operation Limited:** The company was created to provide for the operation and maintenance of the Millennium Ribble Link following the completion of its construction in October 2000. The Ribble Link operation and maintenance is now fully funded by the Trust following the utilisation of the remaining dowry funds in this subsidiary.

**Rochdale Canal Company:** This is a statutory company incorporated under the Rochdale Canal Acts 1794–1965. The Company is responsible for carrying out its statutory obligation to maintain

the Rochdale Canal. All operations and maintenance are fully funded by the Trust which benefits from the maintenance agreements with the three local authorities, transferred from TWT.

## 16. THE WATERWAYS INFRASTRUCTURE TRUST

The Waterways Infrastructure Trust was established to receive assets when they were transferred from the public corporation the British Waterways Board.

The [Waterways Infrastructure Trust Settlement](#) between the Government and the Canal & River Trust was signed on 28th June 2012. It ensures that the canals and rivers, and associated infrastructure required to manage them, which were previously operated by British Waterways, will remain in trust on behalf of the nation. It ensures that they cannot be sold and that free pedestrian access to the towpaths is maintained, except in the tightly controlled circumstances set out in the Trust.

The Trust has been designated the first and only Corporate Trustee of the Waterways Infrastructure Trust.

## 17. THE PROTECTOR

Under the terms of the Agreements with DEFRA a Protector is jointly appointed to monitor the management of the Trust's Investment Assets. The Investment Assets comprise assets held by the Trust to generate income and profits that are used to support the maintenance, operation and management of the waterways.

The Protector makes an annual report to the Secretary of State covering the previous financial year and the Trust publishes this report on its website.

The Protector is normally appointed for five years and may serve a second term. The position is voluntary involving between five and ten days a year.

The Investment Committee of the Board of Trustees is responsible for the Canal & River Trust's relationship with the Protector.

## 18. THE WATERWAYS OMBUDSMAN

The [Waterways Ombudsman Scheme](#) is a private voluntary ombudsman scheme set up by the Canal & River Trust.

The Waterways Ombudsman investigates complaints about the Canal & River Trust. The Ombudsman is independent and impartial and can make recommendations for action.

The Ombudsman can only consider complaints which have already been considered under the Trust's own complaints procedure and if they involve injustice because of maladministration or unfair treatment by the Trust. These complaints can be about subsidiaries.

The Ombudsman's work is overseen by the Ombudsman Committee. This has an independent Chair, and at least five but no more than 8 independent members. In addition to the independent members there is one non-voting observer appointed by each Scheme Member Body and two non-voting observers appointed by the Canal & River Trust, one being a Trustee and the other an employee.

## 19. USEFUL DOCUMENTS

### CANAL & RIVER TRUST

The main internal resources are the Articles and the Rules.

#### Articles

The Articles were first adopted on 27th March 2012. Except for the entrenched clauses, they may be amended by special resolution of the A Members/Council (58.3) which requires a 75% majority. The Articles are reviewed regularly and updated as and when required.

#### Trust Rules

The Council may, but only on recommendation from the Board of Trustees, make, repeal or alter [Trust](#) Rules to supplement the Articles (11.1). They are made under powers contained in the Articles and are intended for provisions that may require updating or revision on a more frequent basis than the Articles. The Trust Rules may be changed with less formality than the Articles but nevertheless are binding.

#### EXTERNAL

The [Charity Commission](#) is a good source of guidance for those involved in charity governance. Much that is useful can be found on its website.

Written specifically for trustees by the Commission is, "[The essential trustee: what you need to know, what you need to do \(CC3\)](#)"

The [Charity Governance Code](#), which draws on the Charity Commission's guidance, sets out the principles and recommended practice for good governance in charities.