

ANNUAL MEETING 2008

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Note: This was a presentation with slides, not a scripted speech

What I want to do is take an opportunity to talk a little bit about what happened last year but also put it into context what that vision and our achievements were over the last five years.

Expanded

The first part of our vision was we wanted an expanded network. Tony has touched on some of this, I won't dwell but we did win £25 million from the lottery fund in partnership with Falkirk council to rejuvenate 440 hectares of land East of Falkirk but a major part of that project was a new canal down the River Carron which will hugely increase access to Forth & Clyde Canal. The other project is we do have plans to connect the River Leven into Loch Lomond which is another great project we are still talking about.

And again, Manchester, Bolton & Bury Canal, phase one is completed and we are already in discussion with Salford, a regeneration company, about the next phase. Liverpool Canal Link is going to bring real life and vitality to the South docks and much needed huge water space which Tony already mentioned.

Droitwich Canals, we are on our way and we will be creating a new cruising ring there much to the delight of many local boaters but also bringing something really new and exciting into Droitwich. And of course the Bow Back Rivers where we are building the new lock where the first construction boats are bringing construction material to the Olympics and from the Olympics should go through this month, opening up a whole new link of navigable waterways in East London.

And on each and every one of those projects we are leading them and we are taking the financial risk but as Tony has already said and we all know, there is a limit to the amount of risk you can take and we all know too, as we discussed it last year, we had to decide that the Cotswold Canals was a risk too far because we could not repair that and continue to participate in that as well as repair the breach on the Mon & Brec with a price tag of £7.5 million. We are delighted that Stroud District Council have taken the mantle and leading the project, even more delighted that the heritage lottery fund have agreed to pay them £11.4 million grant we wish them every successful in achieving this and we will do what we can to enable and support that project going forward.

Those are the big expanding projects but we mustn't forget all the other ones too, this the Montgomery little by little, bit by bit we are bringing the Montgomery into navigation. Here is a list of every other live restoration project in and around the network at the moment. Each and everyone of those projects need to be pushed forward by a committed and enthusiastic band of volunteers, passionate people who are determined to reopen their part of the network. Behind the scenes we are working with them giving them technical advice helping them with their local authorities and local support and I am very optimistic about the future. There are some great projects underway. We are having really good conversations in Bradford about extending the canal there. In Daventry they want their own new arm, all around the country it is difficult there is really enthusiasm for the waterways to go into new towns and revitalise old waterways so I am really positive about expanding in the future but when you come to discuss with Tony and with yourselves about the future perhaps the real decision, the real question is how much of our resource should we put into expansion when we know we are already not putting enough resource into maintaining what we already have.

Vibrant

The next part of the vision is to have a vibrant waterway with lots of exciting things happening on it. One of the ways we bring vibrancy to the waterways is through the regeneration we participate in. Up and down the country we still go through large parts of urban areas which quite frankly are derelict and unused and unappreciated. Here at

Clarence Dock we finished this year the completion of huge redevelopment. Only eight to five years ago it was unvisited with nothing happening, it was a forgotten part of Leeds but now it has a museum, it has hundreds of units of student accommodation, retail, a casino and it has moorings. Thousands of people are enjoying, visiting and using that water space every day. On a smaller scale at Loughborough we have reopened the town arm and reopened the basin so that you can come in and turn round. It has student accommodation and retail about to take place in the ground floor. I know some of you do not think it is perfect but is certainly a lot better than it was, as just a few years ago you simply could not get in there.

At Edinburgh Quay we have just completed the second phase and every day you can go to Edinburgh Quay and see boats coming and mooring, which was a place boats just didn't get to only a few years ago. And even more excitingly Edinburgh Council has now declared it the Canal Quarter of Edinburgh City they now understand and appreciate the importance of the canal and what it is bringing into that famous historic city. Through their designation we will now get more investment and more progress in that part of the city. I have no hesitation again talking about Stourport the magnificent revitalising part of the network. We are working with HLF, we have improved all the historic places, we will see a transformation in a number of people visiting and enjoying that part of the network over the next few years.

Tomorrow our Wood Wharf planning application goes towards the planners with a recommendation from the officers for acceptance to grant us planning permission for a seven million square foot development at Wood Wharf, with our partners at Canary Wharf. Hugely challenging in these times but in our public consultation 95% of the people said that our plans for the water space and the public space were absolutely right, that they felt this project had a real opportunity to transform the lives of people in the Isle of Dogs. And again our project in Gloucester with joint venture partners Peel where we are redeveloping 60 acres of land, we will for the first time revitalise this fading city which has been underdeveloped and in the shadow of Cheltenham for too long. The city is incredible it has the docks, it has the cathedral. Here we are bringing a supermarket, a factory outlet centre, a cinema, accommodation, educational college, all this happening around about the canal

and into the docks. We will transform Gloucester, bring together the canal, the docks and the city centre for the first time. Again real economic vitality.

And again I come back to the Olympics, it is not just about the lock for the construction phase, it is about creating a water city legacy. When the Olympics go, there is going to be a huge regeneration, huge redevelopment, huge new part of London, the mark of many years, way beyond, way before anyone else was talking about the value of the waterways. It is so sad that four years before the Olympics we are still trying to convince people the opportunities those waterways possess, people still don't understand how lucky they are to have so much water in this area, just how much that can help to transform the life's of local communities when they get there. That restoration will bring much more navigable water at a constant level than there ever has been around the Lee Valley. Those are just a few of them as the Minister said, almost every town and city we have touched we have helped and engaged in regeneration and restoration. It is not just those big schemes, each year each one of our business units probably helps, encourages, and enables about fifty major events on its waterways, that is over 500 events happening every year up and down the country. It is those events that bring new people, young families onto the waterways to encourage them to discover them, to enjoy them, to appreciate them. So getting people onto the waterways has been a real success. And there we had the IWA festival this year at Wolverhampton.

So I feel very proud of what we are doing to bring vibrancy onto the canal to make them attractive and interesting places to visit but I think the big question going forward particularly with regeneration in mind is considering how many people benefit from the canal, are those people who benefit really making the right level of contribution to the upkeep of the canal.

Self Sufficiency

Self sufficiency is probably the biggest talked about parts of the vision and this year has not been easy. Tony mentioned that property has not been good, our joint ventures underperformed last year by about £9.5 million. In other words we received £9.5million less than we expected in our plan. That is primarily because we failed to sell two very big development sites because of the downturn of the property market. We will get that money

but it will be a few years now before we get it. We haven't lost it, it is just delayed in coming because no-one is buying development property at the moment. That meant a reduction in our budget last year sadly meant we had to reduce our expenditure on the waterways to £93 million from £96 million, I will talk about that a bit later.

Here our self sufficiency shows we have continued to grow our own commercial income and continued to increase the contributions that our income makes to the wellbeing of the waterways. We have done that across the board, property has been hugely important in the last four and five years and won't be for the next couple but here is another example of utilities income. 40% increase in four years that is not the Easynet income, we had that in 2003/04 this is really aggressively trying to get the utility companies and others to pay the right price and encourage them to use our facilities. We have also had to have a very strong focus on costs and this shows our people costs, employment costs in real terms have gone down in five years. Not many organisations could say that about their employment costs. It has not been easy and has not been welcomed but it has to happen if we are going to keep our costs under control. If we allow costs to get out of control, it doesn't matter how much more money you earn you still end up worse off.

And again we have tried to make sure those people who owe us money, pay us money correctly. There has been a huge issue that people have not been paid the licences that should be paying licences, and as you can see our license it or lose campaign in full swing, and as you can already see we received £1 million more money that people were withholding from us this year who hadn't paid it on time they should have paid it. We have seized 117 boats to be crushed and destroyed. Many of you think that the mooring pricing trial was about increasing prices it never was, it was about a fairer way of distributing our mooring and establishing our market price and indeed 25% of the people who have taken a mooring through the mooring website have paid less than our guide price for them.

So largely self sufficient, have we made the progress I thought I would have liked to have made five years ago? Perhaps not. But have we made good progress? Definitely. Going forward I think the obvious question is to what extent should we rely on National Governments to fund the future of our waterways?

Twice as Many people

The next part of the vision has been used by twice as many people and I make no bones about it to put more people onto the waterways gives us a securer future. We need more people to enjoy the waterways and experience the waterways. Now 'Yours to Enjoy' campaign has been a huge success where we have targeted towns and villages and cities. We can demonstrate there is an 18% increase in the people's use, appreciation and enjoyment of the waterways and that is great for the future as those are the people who will stand behind us in difficult times. It is not all about the big developments, and here is our pub partnership opening a new pub on the Forth & Clyde Canal at Auchinstarry, five years ago this was nothing but a field now it is a mooring basin, a pub and accommodation with ten rooms. We are bringing people back onto the waterways making them vibrant and exciting, pleasant places to be and increasing the number of people who use and enjoy them.

Again it is about destinations, you can't get people to come all along, in equal numbers along 2,200 miles, you have to pick the spots to encourage people. Here at Foxton Locks one of the most magnificent parts of our network, again with the fantastic help of the Heritage Lottery Fund of over £4 million, we have restored the historic fabric and reopened the Incline plane to make it more approachable and available to the public, improved the interpretation. Visitors numbers here have increased here from 75,000 four years ago to 220,000 this year. A fantastic example of what you can do when you really get your act together on making a place attractive. And that's also another location where we had a pub partnership, with a new pub, or refurbishing a pub. And we are in partnership with Sustrans, they won the big lottery prize £50 million to improve cycle ways across the country. A lot of those cycle ways are going to be on our land, so we are in partnership with Sustrans, improving the towpaths, and again that will bring new people, young families onto the network, onto the waterways to begin to enjoy and experience them.

So how have we done in five years? Well we have increased visitor numbers by about 18% so doubling that was over ambitious. We are not going to get there but I am very proud of an 18% increase in four years so if we continue on that line we will have done well by 2012.

Again looking to the future, you know my views, I have made this quite clear, but is widening use of the public waterways an essential ingredient for a sustainable future?

Valued National Asset

A valued national asset, well with 2,500 listed buildings and listed structures, making people think this is a valuable national asset should not be difficult. But it is not all about built heritage it is about the natural heritage too, 65 sites of special scientific interest and 100 miles of conservation area. I am delighted to say that in our research 95% of the people we surveyed believe and think the waterways are an important part of the national heritage.

And last year, we with Wrexham Council managed to persuade the UK to put the Pontcysyllte Aqueduct and the surrounding areas forward as our nomination for World Heritage Status and only last week we had an adjudication team from Scandinavia come over and pour over our documentation and look at it and will be scoring it for the world heritage status. The Minister talked a lot in his speech about the amount of public benefit British Waterways and the canals deliver for the nation and for those in the room who are very eloquent in describing what the canals can do for the UK, we can write it, we can talk about it but we find it very difficult to calculate and put a figure on it. We spent the last three or four months doing a lot of work on this and we have been using what is called the treasury green book guidelines so it is the way the Government consider and value public benefit.

We are absolutely confident that we can demonstrate that the waterways produce nearly £500 million worth of benefit each year to the country. That is a fantastic return for a Government who put in £60-70 million a year. For every £70 million they put in the country gets back £500 million and that is a really important calculation, very important piece of information for us to use when we are discussing not only with National Government because that is not a national figure that's broken down so it is local authorities and parish councils we are delivering public benefits to people and communities in those areas. But a national asset is not a national asset unless you restore them and maintain it properly.

I just want to spend a few moments on our maintenance program £26.3 million on our major works program. Major works are all works bigger than £50,000 a project and you will see

that we spend about £13 million on our principle assets, such as big bridges, big aqueducts, the big engineering pieces, £5 million on dredging, £5.2 million on general renewal and refurbishment, that's smaller works on wash walls, towpaths, and other areas of network and as you will see on reservoirs. £2.3 million on unexpected reactive works because of the age of the network we have, however good our planned maintenance is, we are always going to get some parts of the network which fail quicker and more surprisingly than we had thought. Just going forward looking at some of those - Boddington Reservoir, where did we spend our money? - £720,000 on raising the dam wall there. We are the biggest owners of reservoirs in the whole country, 92 at the last count and with climate change, reservoirs inspectors are requiring us to ensure our reservoirs withstand up to one thousand years floods, that is the scale of flooding that happens every thousand years. These reservoirs were just not built to that scale of risk so we are having big expenditures on our reservoirs. Also on Stratford upon Avon Canal we have repaired the by walls and typical repair of lock approaches there. Black Moss Reservoir, more reservoir safety works, Swellands Reservoir and we also completed the piling of Shebdon embankment, a huge embankment which was showing signs of slippage and we had to pile long lengths of it to a total cost of £3.8 million. The £23.4 million is not the whole story because we also have £10 million from local authorities and RDAs and a great example of this is at Stoke and you have probably heard me talk about this before because it finished this year after a 3-4 year project we were given nearly £6 million to improve the towpaths and access points onto the canals around Stoke. Huge investment paid for by the RDA and European money.

On a smaller scale up and down the country we 'persuade' developers to invest in the canal where they are redeveloping and here at Reddingmuirhead on the Union Canal we persuaded the developer who is building houses to repair the waterway wall, improve the towpath and put permanent and visitor moorings alongside all at their costs and not ours. Tony showed you pictures of the Mon & Brec Canal and showed you how we have made great progress toward reopening this in the spring of next year. Importantly the picture up on the left hand corner of Julie Sharman our Business Unit General Manager, on a boat there with Rhodri Morgan leader of the Welsh Government, who we are really pressing hard to contribute to the future cost of repair and maintenance. Still another £6 million of

expenditure needed on the Mon & Brec to cover the weaker areas which seem to be at highest risk.

In addition to the major works and the third party work we also spent nearly £70 million on general works and just here to show you these we have about £25 million on routine infrastructure that is filling in the pot holes, doing general maintenance, painting the lock gates and things like that, about £15 million on customer operations, lock gates and manning bridges and manning locks, cleaning out service stations, picking up the litter. You can read across, asset inspections we spend nearly £5 million inspecting the network. Every month, every part of the network is walked. We issue hand-held computers, the whole exercise is hugely more effective and efficient than it used to be. It is a critical part of our safety regime to make sure that every part of the network is inspected at least once a month. £5 million on vegetation management, coming right down here to just under a £1 million for clearing up the floods from last year. Again just a few pictures, many of you may know Cowley Cutting a great concern for many boaters who use this part of the network. You can hardly get through there because that huge and impressive cutting had become so overgrown and had become a tunnel, the trees were almost reaching down into the water. Our contractors and our staff spent many weeks there completely reopening and cutting back, a wonderful job has been done there to, just typical pictures around the network where we have been cutting overgrown vegetation reopening towpaths which had been lost to overzealous hedges. Here again is another example of another thing of routine maintenance we have over 2,000 bridges on our network and every week someone collapses into the walls of our bridges a vehicle or a truck and very rarely leave a sorry note with the name and address of their insurer on the wall. So almost every week we are suffering damage, so I think there is some wonderful repair work there, here it has been knocked at the top and here you wouldn't even know it had been damaged.

We also have our share of the anti-social, here at Common Moor on the Grand Union Canal was part of the network had been taken over by a group of people, who were not paying us licence fees or mooring fees and they were really encamped there with no facilities, it was quite awful, the local residents were quite appalled by it and in conjunction with Local

Authority we recently repossessed this site, we took away four boatloads of human detritus. Absolutely completely full now and we have ceased some boats and other boats are now paying, we are regularising that part of the network. And once again when we are paying all that we had coped with some flooding, not as bad as last year but certainly damaging and hugely disruptive to us.

On Minimum Safety Standards, Tony has already referred to those and I want to spend a moment on that. By the end of this financial year we would have spent about £10.5 million on Minimum Safety Standards. As you will see £600,000 on making sure bridges are safe, about £1.5 million on dredging, on channel and winding holes at key points, about £3.3 million on landing and moorings at the beginning of lock entrances, about £3 million on locks, the vast majority is putting in lock ladders in broad locks, signage and towpath access. But the most controversial part seems to have been to me is about £700,000 on bollards. As Tony said and I have been very privileged to have had discussions about this around the country and I am very clear and am very happy to restate my position on this, I am in no doubt that the advice I have received about the risks in locks and the way that we should mitigate that risk is right, so putting in the bollards was the right thing to do, however I think we made two mistakes. One, we did not consult. I am not saying that consultation would have changed our mind but it would have certainly made your views more known to us and they may well have affected what we did and how we did it and would have certainly given us an opportunity to explain to you exactly why and what we were doing. The second mistake I think we made was that the Minimum Safety Standards, and our duty to put in measures as soon as possible and as quickly as possible. When I went around the country, each and every meeting I went to, people were showing me photographs of the network and were challenging me do you really think that the key risk in this area is the bollard versus this hole in the towpath, this inoperative lock gate, this hole in the wall. I don't think we got that right. I think it was right to put the bollards in but we gave them too great a priority that is why we have curtailed the bollard programme now will be phased in over a longer period so that we do tackle those elements of highest risk on the network and not just go for those Minimum Standards and the quick implementation of them.

Just to bring you up to date, Tony mentioned it, but we did have a breach at the Stourbridge Canal four weeks ago and yesterday I signed off the contract to repair that and that will be a £700,000 cost of repair we had not planned for this financial year. So I do think we have a valued national asset there is no question about that 95% of the people we surveyed say the canals are a valued national asset, the key question for me is how can we translate this support into much needed funding.

Delight and Active Participants

And finally the vision said we want to delight the people who come to us and we want to make them active participants. We have seen a 24% increase in the number of boats on the network, fantastic achievement and last year we continued that increase. As far as delight goes those people who came to our destinations 95% of the people we surveyed about destinations thought they were good or excellent and indeed when we researched people using our towpaths 82% of the people who use our towpaths believe their experience to be good or excellent. Sadly only 49% of boaters think that the experience of the waterway and upkeep of the waterway is good or excellent. That is quite a dramatic drop from the previous year where 66% of boaters thought that their experience was good or excellent. It was partly because of that that I went around the country to meet boaters face to face to hear your views because I am quite sure that as a result of that a large part of that drop is a value for money issue. Diesel has gone up, the licences have gone up and other costs are rising, are you getting value for network. You clearly believe you are not getting the same value as you used to be. Clearly some part of it is about vegetation and repairs and other issues too. I am very keen that we understand that and desperately important for us to get that measure of satisfaction back up again.

But another way of participating and getting more people onto the waterway is by increasing the number of volunteers on the waterway. We had 8,000 volunteer days last year and it is our target to get 12,000 volunteer days this year. A part of that we were beginning to demonstrate internally and externally our appreciation volunteer work round network. It really is important for us to welcome and get more people on and I know it has been a huge

frustration for many of you that we have not been as open or as welcoming of volunteers as you would have wished us to be but I think we are beginning to turned the tide on that as recently every business unit made an award to the volunteer group that made the biggest impression on their part of the network in the last year. Here we have the Waterway Recovery Group on the Birmingham Canal Navigations, Royal Bank of Scotland sent large numbers of volunteers and has adopted the Falkirk Wheel. The Kennet & Avon Canal Trust designed and then put in the lock gate handles and a terrific amount of work as part of our Minimum Safety Standards the Worcestershire Industrial Archaeology and Local History Society did a lot of recording work for the onset of the Droitwich Canals project. The Erewah Canal Preservation and Development Association, huge amount of work they had done over a long period and that is recognition of still more work that they are doing to repair and improve that part of the canal. The Shropshire Union Canal Society have put a huge amount of effort and money into improving visitor facilities along that canal and helping us to restore and repair parts that we are working on. On the Wendover Arm Trust perhaps one of the least sung heroes I often think of are the waterways restoration movement because day by day silently without any fuss they inch by inch creep up the restoration of that Arm and I think it is hugely impressive. I live near there, I often walk along there and I think the work they do there is absolutely magnificent. The Inland Waterway Protection Society has been fundamental in leading the reopening of Bugsworth Basin. Now it is reopened, it's re-watered, it's revitalised and it is still carrying on their work improving the interpretation and access to that wonderful site. The Slough Arm Canal keepers and Thames 21 got together on a volunteer basis to do a lot of work on improving and opening up the Slough Arm. At the Adsetts Canal project, a great project, up near Sheffield sponsored by the local community where for 20 years a project has been going for people with learning disabilities. They have adopted a mile length of the canal and everything to do with it, everything they can do it other than the heavy engineering, they maintain. They maintain the grass, pick up the litter, look after the dog bins, they do everything and it has been a fantastic project and they are well worthy winners up there.

So I think we have got a very high level of delight and love, we are pleasing a lot of people we need to please the boaters a lot more. We have more and more participation and I think the question going forward really is what is active participation, what should it be in 2020?

It is my privilege to stand up here and talk about what we have done but in reality we, British Waterways, could not have done anything without our partners and our supporters, many of you who are represented here today. We could not also have done it without the fantastic people of British Waterways whose commitment, enthusiasm and dedication never cease to amaze me and never cease to surprise people who come and join British Waterways and every Board Member I have ever met who has come to join us at British Waterways makes a comment at some early stage of their arrival at British Waterways about just how committed and enthusiastic the staff are so may I on behalf of British Waterways salute you, our partners and all the people in British Waterways to thank you for your efforts in the past year.

Thank you.