

**NOTES OF THE NATIONAL USER GROUP MEETING
HELD AT WILLOW GRANGE WATFORD
ON TUESDAY 16 NOVEMBER 2004 AT 10.30am**

PRESENT:

User Groups

David Pearce	Association of Waterways Cruising Clubs
Tony Mason	Association of Waterways Cruising Clubs
Richard Booth	Historic Narrowboat Owners' Club
Paul Bryan	National Community Boat Association
John Fletcher	Inland Waterways Association
Neil Edwards	Inland Waterways Association
Rebecca Dixon	Ramblers' Association
Sue Day	Horse Boating Society
Barry Smith	Canal Boat Builders' Association
Tim Coghlan	The Yacht Harbour Association
Ann Davies	Association of Pleasure Craft Operators
Stuart Sampson	National Association of Boat Owners
Geoffrey Rogerson	National Association of Boat Owners
John Mitchell	National Federation of Anglers
Ivor Caplan	Residential Boat Owners' Association
John Crisp	Royal Yachting Association

In attendance:

Audrey Smith	Inland Waterways Amenity Advisory Council
Tony Hirst	Inland Waterways Amenity Advisory Council

British Waterways:

George Greener	Chairman
Terry Tricker	Board Member
Susan Achmatowicz	Board Member
Richard Bowker	Board Member
Robin Evans	Chief Executive
Simon Salem	Marketing & Communications Director
Nigel Johnson	Legal Director
Eugene Baston	Customer Relations Manager
Cornel Howells	Assistant Secretary
Amanda Strang	Customer Relations Administrator

Apologies:

Howard Pridding	British Marine Federation
Andrew Burge	Commercial Boat Operators' Association
Terry Fell	National Federation of Anglers
Neil Northmore	Royal Yachting Association Inland Cruising
Alan Meegan	Amateur Rowing Association
Dr Charles Trotman	Country Landowners' Association
Vince Christie	Local Government Association

1. **WELCOME**

Dr Greener welcomed User Group attendees to the meeting.

2. **HALF YEAR REVIEW**

Financial Performance

Robin Evans gave an overview of BW's half-year performance.

He had spent a half day in each business unit with the Finance Director reviewing their performance and discussing issues on the ground, including those of stakeholders. This had demonstrated that restructuring was working well and also that SAP was bearing fruit providing consistent information to the business. GMs had settled in well and with restructuring behind them were moving forward to focus on real issues and solutions.

RE reported that BW was on target to achieve its planned loss of £4.1 million for the year (part of the series of planned losses following the Canary Wharf premium receipt). He also explained BW's new focus on economic value created and consumed i.e. taking account of income/expenditure and cost of capital employed. He singled out the expected contribution of Wood Wharf in ventures and the move from Willow Grange in reducing overheads.

Employee Survey

RE referred to the outcome of the 2004 Employee Survey. This showed as expected that satisfaction and motivation levels had reduced since the last full survey in 2001 due to the impact of re-organisation and redundancies but they did show improvement on the 2003 interim survey. The consultants undertaking the survey had confirmed the levels were not untypical of an organisation undergoing structural change and had noted some recent recovery in morale. Work was in hand to ensure this continued.

Funding

RE highlighted the excellent funding outcome in Scotland with grant set to increase from £8.9 million in 2005/06 to £11.4 million in 2007/08. BW had undertaken to put more commercial capital into Scotland to grow businesses there. He was not so optimistic concerning DEFRA funding. BW was not likely to secure more than £3.5 million of the £10.1 million it had asked for in the current spending round. This request included funding to restore previous cuts, reinstate inflation limits, increase arrears expenditure and contribute to the pensions deficit.

The meeting discussed the difference of approach to BW by DEFRA and the Scottish Executive and the reasons for this. Whilst additional grant was more difficult to secure from them, BW confirmed working relationships with DEFRA officials and the Minister were good. Additionally, DEFRA saw BW as an exemplar for other public interest bodies to follow. It was hoped that enhanced quality in working relationships with DEFRA (especially more sophisticated accountability and control) would flow from the End-to-End Review.

RE confirmed BW recognised the vulnerability of grant funding going forward and was endeavouring to increase self-sufficiency. Ventures

could make a particularly significant contribution in this regard. BW was also alert to the risk of change in the attitude of future Governments to its property portfolio and the need to counter this.

Safety

RE advised that safety remained the top priority for BW with a transformation programme underway to change culture and attitudes. September had been the first month ever in which BW had no reportable accidents.

Other Issues

Further priorities were eliminating statutory arrears and BW's pledge on controlling vegetation on the towpath side of canals. Also, particular attention was being given to resolving trade disputes, combating licence evasion and moorings control.

Tim Coghlan welcomed the initiative to resolve trade disputes. He also suggested BW should have a dedicated property section to deal with the trade. RE responded that he would not wish to remove property from the business units. However, Phil Spencer was Head of Estate Management and any disputes would be referred to him for quick resolution.

3. OPENNESS & ACCOUNTABILITY

Nigel Johnson gave a progress report on the Openness and Accountability Consultation.

Of the four elements, two were already in place i.e. the new internal complaints procedure which was working well and national standards for the conduct of consultations. On the third, the National Consultative Council, there would be a first meeting on 10 December of the Inauguration Committee (a working group chaired by Professor Jowell QC). It was hoped that the Committee would complete a draft constitution and operational framework with a view to holding the first meeting of the NCC in March 2005 .

On the Waterways Ombudsman Scheme, interim members were being appointed to certain seats on the proposed Ombudsman Committee so that it could begin the process of recruiting a new Ombudsman to replace Stephen Edell, who would be leaving in March at the end of his current term. Full appointment to those seats on the Committee by the NCC would follow once the NCC had been set up.

In the discussion, Ann Davis expressed concerns that the NCC would not enhance consultation and dialogue with users, but was a bureaucratic device to hide from them. These concerns were stated in the APCO submission to the O&A Consultation.

Responding, NJ stated that the NCC was seen as significantly enhancing the existing process of consultation. It would retain the annual meeting with BW involving the entire body of users but it would also build upon that with additional meetings during the year with a smaller panel or committee of the NCC. This would improve communication and dialogue between the annual meetings. Also, as well as the additional regular meetings, a standing consultation framework would be available to deal with urgent ad hoc business as it

arose. Furthermore, the boating and towpath user groups would be retained. The NCC was intended to be a channel of communication for issues of interest across two or more user groups and would not replace dialogue with individual groups.

Endorsing this, Dr Greener said that BW would wish to give a full assurance that none of the value of the annual meeting for user groups would be lost.

AD replied that she was content to see this demonstrated as the process developed.

Tony Mason highlighted the disappointment of his members that AWCC had not been included in the Inauguration Committee. NJ advised that it had been necessary to keep the Committee to a manageable size. It would certainly take soundings from AWCC in developing the constitutional framework and he would again consider, together with Professor Jowell the issue of whether a place could be found for the AWCC in view of its keen interest. He would brief TM in more detail so that he could reassure his members.

Responding to John Fletcher, Dr Greener agreed that challenges remained in successfully completing the new arrangement but the prize was very much worth grasping.

4. **LICENSING ISSUES**

VAT on Craft Licences

Stuart Sampson had raised the question of why BW charged VAT on its licences whilst the EA did not. He accepted the position as set out in a note provided by BW and that in overall terms this benefited boaters. He followed this up by asking whether BW was justified in applying VAT to river registrations, since they were maintained by statute.

NJ explained that statute imposed the requirement of a certificate and that had the same status as a licence under the VAT legislation. He would provide a fuller explanatory note for SS after the meeting.

NJ

Licence Fees 2005 & Application of Formula

Stuart Sampson then referred to the announcement that BW's licence fees would increase by 2.9% from 1st April 2005 under the agreed indexation method for setting these fees. He was concerned that some of his members were finding boating too expensive. These were often people who put much work into waterways e.g. helping with restoration. He proposed a loyalty discount. Simon Salem recalled this had been raised at the last National User Group Meeting. Following this, he had worked with an agency to develop ideas and he would share these with user groups early in the New Year.

SS

User Groups applauded that BW's licence fee increase was based on a demonstrable index. The Gold Licence increase of 5.5%, however, which reflected the EA licence fee increase, was not. Logically, the Gold Licence increase should be somewhere between these two figures. Simon Salem agreed that a more equitable and transparent approach to the Gold Licence was needed and he would review this with the EA.

SS

SS would also discuss proposed reductions in horsedrawn boating licences with Sue Day after the meeting.

5. MOORING ISSUES

OXERA Report on Moorings

Simon Salem referred to the summary of the OXERA report on BW pricing of private boat moorings which had been prepared following a request from Stuart Sampson. He highlighted that OXERA had endorsed scarcity pricing and concluded broadly that BW was implementing the pricing structure in a fair way.

On scarcity pricing, David Pearce reiterated his view that moorings should not become scarce; and the system should be seen to be fair. BW seemed to support this except for on-line moorings and where there was overcrowding. SS accepted this as a fair summary.

Mooring Prices

The meeting also noted papers provided in response to David Pearce on moorings increases by Waterway Unit between 2003 and 2004 and guidance for General Managers on setting mooring prices. SS advised that a statement on price increases for BW directly managed moorings would be issued before the New Year with the increases effective from 1st April 2005. This was welcomed by User Groups.

Responding to DP, SS agreed that account should be taken in setting prices of the range of facilities which AWCC members provided themselves.

Other Mooring Issues

The meeting discussed the issue of congestion. SS advised that BW was putting together a prospectus for investment opportunities which it would discuss with the trade. Crowded areas resulted in unauthorised moorers pretending to be continuous cruisers and that was why BW was tackling them first. In response to User Group concerns, SS underlined that BW did understand the problems and had a coherent moorings policy which it was implementing with vigour and would demonstrate that it was doing so.

RE advised that BW was looking into whether an objective congestion index was available. Earlier work showed it was not a major factor for boaters; they valued a mooring more. He agreed this early work should be assessed first before doing something new.

Tim Coghlan highlighted the dearth of new off-line moorings coming on stream. He recognised the problem was not caused by BW, but BW should be pivotal in unlocking it. RE confirmed BW recognised the need to avoid on-line moorings and its facilitation role in this.

Sue Day observed that increasing numbers of boats were restricting the ability of horsedrawn boats to operate. John Mitchell referred to linear moorings and suggested a 5 meter separation between moored boats. Ivor Caplan felt boat builders could do more to ensure new boats had a mooring.

6. BRITISH WATERWAYS MARINAS LIMITED

Tim Coghlan referred to the issues raised at the BW Annual Meeting about fair trade compliance and asked if BW had had any further thoughts on these. He suggested that BW had still not convinced the private sector who needed to know they were operating on a level playing field.

Dr Greener, before asking Nigel Johnson for a detailed response on competition issues, indicated his Board recognised the importance of a constructive working relationship with BMF and was doing its utmost to achieve this. It had agreed to propose that two members of BW's Fair Trading Group (Terry Tricker and Richard Bowker) should meet two or three BMF Council Members. Further, BW had persuaded the Waterways Minister to meet the Federation.

NJ referred to the legal position and confirmed that contrary to the impression that might have been gained at the Annual Meeting, the BMF's Counsel had noted in their Opinion that there was "a considerable degree of consensus between BW and the BMF" on the effect of competition law. The application of appropriate checks and balances in practice was the issue. He explained that BW was addressing the issues by reference to business structures and business conduct. Functional separation had been achieved through the setting up of BWML, Waterscape and Watergrid. Conduct was addressed by:

- Clear and transparent pricing rules/equivalence of terms
- Accounting systems – SAP and cost allocations (business areas);
- Contract with Government – stronger ring fencing;
- Chinese walls;
- Complaints procedure;
- Oversight and verification – including Fair Trading Group and an external audit with report in January.

NJ also listed the marinas that had been transferred to BWML.

TC welcomed the presentation by BW which was helpful. He cautioned there was still more to do.

User Groups referred to published BW Board Minutes showing investment in BWML. It was suggested by Ann Davies that this investment would not have been available to the private sector. RE gave an assurance that BW would invest in any good canalside business prospect. He asked to be advised of any instance where a decision not to invest may have been based on policy rather than business considerations.

7. HORSEDRAWN BOATING

Sue Day thanked Dr Greener for his invitation to her to join the User Groups at their meeting and to speak on horsedrawn boating.

She welcomed the Operating Instruction drawn up by BW on Horsedrawn Boating that had been circulated to the meeting. She accepted that this activity should only take place where it could reasonably be accommodated by local arrangement. She stressed the importance of improving access for this by removal of obstructive railings, control of vegetation, good towpath surfaces, etc.

SD felt that the Operating Instruction needed to distinguish between trip-boats and long distance boats. The latter would want access to the whole network. SS accepted this point and undertook to refine the OI with Service Managers.

Robin Evans added that it was important for BW people to appreciate that horsedrawn boats were part of the waterways heritage and not just a minority interest. It was also accepted that making the system suitable for use by horseboats also benefited other users e.g. in improved access.

SD advised that some ten organisations were working on a document to put to navigation authorities on problems for horsedrawn boats and how they might be resolved. They hoped to launch this at the IWA Festival at Preston Brook.

8. **OTHER BUSINESS**

John Mitchell referred to a problem his members faced due to inconsiderate cyclists. SS suggested this was a good topic for the NCC with the ultimate objective of a comprehensive towing path use strategy.

SS confirmed that BW would again be the main sponsor of the Inland Waterways Feature at the 2005 Boat Show. He would review the opportunities with David Pearce.

SS

Ivor Caplan and Tony Hirst referred to the recent practice of charging for short-term moorings, e.g. Llangollen. The principle of charging people on the towpath was the concern. RE responded that this was a regulatory measure to control congestion at a terminus and whilst it might apply at other pinchpoints, there were no plans for general application.

Dr Greener observed that the Board had embraced the Freedom of Information Act and had welcomed the opportunity to publish full and informative Minutes of their meetings. If there were any points in these on which user groups wanted amplification, then he encouraged them to contact him or the Executive team.

USER
GROUPS

9. **CONCLUSION**

Dr Greener thanked all those who had attended for their helpful contributions, which BW would take forward.