

Memorandum submitted by the
Inland Waterways Amenity Advisory Council
on the subject of British Waterways Board

February 1989

Inland Waterways Amenity Advisory Council
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Memorandum submitted by the Inland Waterways Amenity Advisory Council
to the Environment Committee on the subject of the British Waterways Board

9th February, 1989

You asked us in your letter of 22nd December 1988 to prepare a memorandum to be considered in connection with your enquiry into the role of the British Waterways Board. We have adhered to the Heads of Memorandum supplied by you, but first we would like to explain our particular role in relation to the Board.

I The Inland Waterways Amenity Advisory Council

1. The Advisory Council is a statutory body established under Section 110 of the Transport Act 1968, to advise both the Secretary of State and the British Waterways Board on the Board's waterways. The details of the responsibilities given to the Council by the Transport Act 1968 and the British Waterways Act 1974 are set out in Appendix A.
2. The voluntary Members are appointed by the Secretary of State for the Environment from all fields of waterway amenity and recreation interest (see Appendix B).
3. This encompasses the various active recreation and amenity uses including angling, private motor cruising, unpowered craft and tourism, and also the interests of the boat-building and service industry and the hire cruisers and trip boat operators. Members of Parliament are represented, as are the environment and heritage, Scottish and Welsh waterways and the needs of the disabled. Members are appointed as individuals, not as official representatives of particular bodies.
4. In one form or another at least seven million people per annum enjoy some aspect of the waterways for amenity and recreation. It is a prime responsibility of the Council to represent and further the interests of this wide variety of waterway users.

The Policies of the Inland Waterways Amenity Advisory Council

5. Since their inauguration in 1968, the Council, in addition to their day-to-day advisory work, have set out for the Secretary of State and the British Waterways Board, a series of policy reports and guidelines for those responsible for developing the waterways for recreation, leisure and amenity. These include:
 - Remainder Waterways, 1971
 - Waterway Facilities, 1972
 - Water Shortages on the British Waterways Board's System, 1974
 - Angling on the British Waterways Board's System, 1975

Priorities for Action on the Waterways of the British Waterways Board, 1975

Comments on the Water Industry in England & Wales: the next steps, 1977

Arteries for Employment & Spending, 1980

Waterway Ecology and the Design of Recreational Craft, 1983

Package Holidays and the Waterways, 1983

Waterway Architecture: An economic return from Conservation, 1985 (Appendix D)

Response to the Monopolies & Mergers Commission on their report on the British Waterways Board, 1987

Marketing the Waterway Heritage - Waterway Tourism Development and the Community, 1987 (Appendix C)

Safety on the Waterways, 1988

In addition, we have prepared many papers of detail on specific topics and cases.

6. Whilst there are provisions for the Secretary of State to appoint a member of the British Waterways Board, by agreement with the present Chairman of the Council, this has not been taken up. Thus the Council - although modestly financed through the Board - is an independent advisory body representing a very wide range of waterway interests.
7. The Council report direct to the Secretary of State and the Board on a wide range of issues. The inclusion of Members of Parliament on the Council is of great assistance to the user interests. We are glad to note that the Council's value to the British Waterways Board has been increasingly acknowledged by successive Chairmen of the Board in recent years.
8. Britain's linked system of canals and river navigations is now accepted as a national asset, employing a significant number of people around which has developed a multi-million pound industry catering for a wide range of commercial and recreational users.
9. The Council must emphasise that Britain's waterways, in addition to their commercial and recreational uses, perform a vital water supply and land drainage function. This system has varied tourist and holiday potential and offers recreation enjoyment and opportunities to millions. It is a national waterway system which could cost more than £1,000 Million to build today.
10. The 1968 Transport Act recognised this potential and in consequence became the first major step in government policy to encourage investment in the development of waterborne recreational and associated activities.
11. This is the background against which the observations of the Council are made.

II Objectives

12. The Objective relevant to this Council reads:

"The Board should consult waterway users and others affected by the Board's activities about their needs and about the Board's policies. On matters affecting leisure, recreation and amenity, the Board should liaise closely with the Inland Waterways Amenity Advisory Council, making use of the Council's links with user organisations, and, so far as practicable, consulting the Council in advance of decisions upon proposals of significant interest to them."

13. We are glad to note that, since publication of the Objectives, the Board have increased the frequency with which they have consulted the Council and users.

14. The Objectives were drawn up in consultation with the Council, not to amend in any way the statutory basis of the Board's operation, but simply to explain and interpret the way the Board should go about carrying out their statutory duties. In fact, the agreement of the objectives has probably led to a clearer understanding of legislative requirements, enabling a better relationship to be developed between the government and the Board, and indeed this Council.

III British Waterways Board Reorganisation

15. The Council are glad to see that the Board are currently re-organising their administration and executive structure by strengthening their regional organisation and the degree to which day-to-day decisions can be taken by regional management. In our view, the shortening of lines of communication should enable a more efficient and commercially-minded approach to be evolved, as well as providing a much better service to the Board's customers.
16. The Council have recommended in the past that the Board investigate returning to "the lengthsman principle" (giving a group of canalmen wider responsibilities for looking after a defined length of waterway). This principle lends itself to fostering individuality within maintenance techniques to suit each particular canal and area, and offers a much greater opportunity to involve local staff in decisions within the community.
17. However, we would like to emphasise our view expressed to the Select Committee on Nationalised Industries in 1977, that navigation on the Board's waterways requires administration as a national network, and we would not wish to see responsibility for navigation per se being devolved to the Regions. This could lead to differing standards of maintenance between Regions and unequal criteria as to the provision of recreational and navigational facilities. In terms of tourism, recreation and amenity, it is essential that at all stages in the future the present system of inland waterways be retained as a single connected network. The unique value of the system lies in its ability to offer users a series of connecting routes via canals and rivers covering nearly two-thirds of the country.

IV Finance for the Waterways

18. When we set out our advice on the priorities for expenditure on the inland waterways, the Council emphasised awareness of the constraints on public spending and we continue to be mindful of the desire of governments to reappraise carefully and continuously the pattern of public spending.
19. Unfortunately, it is a common misconception that the bulk of the Board's grant from the Government is spent on maintaining the "amenity waterways" for boating.
20. An examination of the duties of the Board which the Council carried out revealed that the majority of the Board's functions and responsibilities relate to much wider aspects of "amenity" and include an essential role in water supply and land drainage.
21. The Council believes that the value of the drainage service, which the canals have to provide irrespective of their use for navigation, has never been properly recognised.
22. The Council acknowledge the Government's view that as far as possible sections of the community benefiting most from a particular service should pay an appropriate proportion of the cost of that service. We believe that the most economical way of dealing with this problem is through the normal channels of direct taxation, passed on to the administering body, in this case the British Waterways Board.
23. The grant-making provisions of the 1968 Transport Act recognised that Britain's inland waterways could not be economically self-supporting. We fully appreciate the need to maximise revenue. But it is the Council's view that, even by increasing efficiency, the grant-in-aid can never be eliminated. The long-term effect of not maintaining the necessary level of grant would be to inhibit the planned maintenance and development of the system necessary for improved economic performance. It would also seriously restrict the Board's ability to achieve a sound level of monitoring and accountability.
24. The Monopolies & Mergers Commission, in their 1987 report on the Board, said:

"The real value of the Government's grant has fallen steadily in recent years, without being compensated by an increase in BWB's revenue from users. We are concerned that if this process continues much longer, BWB will be in danger of reverting to the situation which existed for many years prior to the early 1980's when, far from making progress, the business was in general decline. The objectives now agreed between DoE and BWB mean that both are committed to preserving the waterways, and to improving their condition so that more people will be attracted to using them, especially for leisure purposes. It seems to us essential that BWB should have

the funds which it needs to achieve those objectives, from whatever sources those funds are derived, and especially to enable it to reduce the backlog of maintenance. Otherwise, it will not be able to sustain the progress it has made in recent years, and the impetus to improve its efficiency will be reduced."

25. The Council again recommend that, in reviewing their charging structure for leisure activities, the Board should always bear in mind the law of diminishing returns and set the charges at levels the customers could reasonably be expected to pay for the appropriate activity.
26. There are dangers associated with a change of outlook which is led by the need to increase revenue. In the case of the Board's system, a major part of its attractiveness to customers and investors is closely associated with either heritage, landscape, or environmental features which may not lend themselves easily to yielding a financial return, but are nevertheless of great historical importance or have substantial value as a public amenity. Any reduction in the attractiveness of the system will lead to a reduction in its ability to earn revenue.

27. Enforcement

There has been considerable adverse user-reaction against the 1989 increases in the Board's charges for privately owned pleasure boats. In particular, boat owners feel they are not achieving value for money because they perceive a high level of fee evasion, in their view due to a lack of effectiveness in the Board's collection and enforcement system. We have advised the Board on this matter and look forward to further measures being introduced to combat the problem. It is believed that the Board, as a long-term measure, are planning to introduce increased byelaw powers which will enable them to prosecute in a greater number of cases.

V Maintenance of the Waterways

28. On 1 January 1963 the British Waterways Board took over the ownership and management of the nationalised inland waterways. These include some 2,000 miles of canals and river navigations (mainly in England but including several in Scotland and Wales), as well as their associated reservoirs, docks, fleets, warehouses, repair yards, workshops and a modest amount of waterside land and buildings.
29. The Board's waterways in England, Scotland and Wales range from ship canals and busy river navigations to the substantial and important mileage of narrow canals. These waterways have been divided by the 1968 Transport Act into three categories:-

About - 350 miles of "Commercial" waterways.
1100 miles of "Cruising" waterways.
500 miles - the "Remainder"

30. The "Commercial" waterways are to be maintained principally for the commercial carriage of freight. They are mainly river navigations which also have great value for recreation. The "Cruising" waterways are to be maintained for cruising and are also available for fishing and other recreational purposes. The "Remainder" waterways, whilst in many cases used for recreation, must be maintained by the Board in the most economical manner possible consistent with the requirements of public health and the preservation of amenity and safety.
31. Thus the Board are already responsible for navigation and water recreation on about two-thirds of Britain's navigable waters. The standard of navigation both on canals and rivers are laid down by statute and their stewardship is vested in the Board. The responsibility for maintenance of the track for all purposes, and particularly public safety, is paramount.
32. In our 1975 report, Priorities for Action on the Waterways of the British Waterways Board, we advised the Minister of State on the three key priorities essential to the needs of all the waterway users. These were:-
- (i) to make the track sound,
 - (ii) to have an adequate supply of water, and
 - (iii) the protection of the "Remainder" waterways.

We adhere to this advice.

33. While we agree with many of the recommendations made by the Monopolies & Mergers Commission in their report on the Board in 1987, we do not agree that the waterway classification legislation contained in the Transport Act 1968

is unnecessarily restrictive upon the Board. Careful examination of the Act shows that the clauses relating to the Board enable them to exercise flexibility in the manner in which the provisions of the Act are put into practice, while ensuring that the standards of maintenance required by government in the Act are not eroded. At the same time, the Act provides the necessary protection for the public to enable them to enjoy reasonable access and use of this important national asset.

34. We have already touched upon the importance of the Board's canals as drainage channels. The most cost-effective method of maintaining the canals and banks for water supply, drainage and safety in many parts of the system is by water-borne machinery. It is therefore essential to maintain them to a navigational standard suitable for use by maintenance craft.

VI Public Safety

35. At the request of the BWB Chairman, the Council presented a paper to the Board in 1988 concerning the safety of its system for users.

The recommendations of the Council were as follows:

- (a) The Board are commended for their existing measures such as the 'Be Water Wise' campaign and the 'Freephone Canals' system. It is suggested that an annual publicity campaign aimed at reducing the numbers of swimmers in canals in summer, could mirror the already successful anti-skating campaign annually mounted in winter.
- (b) The Board are recommended to review the implications of existing safety legislation and to assess by what level they would wish to exceed their legal obligations.
- (c) It is recommended that the Board approach this matter using a planned programme so that the most urgent are tackled first, others being considered in the long term so as not to deprive vital matters of essential funds.
- (d) The Board are recommended to evolve a planned approach to safety, in particular incorporating the adoption of safety measures in their Corporate Plan and Waterway Plans and setting aside resources for this policy in their budgeting process.
- (e) Safety procedures should be incorporated in the training of staff at all levels. Those who come into contact with the public should be trained to advise and help if need arises. The introduction of the 'lengthsman concept' should be speeded up and the staff involved trained in safety as an important factor in the Board's campaign. The Board should aim to educate the public using Project Officers and Canal Rangers as a spearhead.
- (f) It is recommended that, prior to the 1989 season, the Board should consult with all hire operators on their system to produce a code of practice which will lay down recommendations for instruction of hirers, and a standard book of safety diagrams for use in instruction and for reference by hirers during their holiday. The Council will be glad to advise on these matters. It is not considered that a Certificate of Competence in steering a pleasure boat is required on the Board's waterways, providing adequate instruction is given.

- (g) It is advised that the Board's standards for the construction and equipping of pleasure boats should be extended to all craft after a reasonable period of consultation. We strongly advise that standards for hire boats should incorporate sturdy guard rails running from the bow to the cabin roof to protect passengers sitting in the bow area in the event of collision with a static object.
 - (h) The Council have also advised on a number of specific questions such as the safety of swing and lift bridges and locks. In particular, we feel strongly that traditional paddle gearing are safer than hydraulic gearing in the majority of circumstances. Most of the (very few) accidents that have occurred with traditional gearing appear to have been due to a windlass flying off the spindle. The recommendations of the Lock Gearing Consultative Committee, of which Council Members formed a majority, should prevent accidents caused by windlasses slipping off the spindle on cruising waterways and should considerably improve the ease of operation of such gearing.
 - (i) The Council suggest that the Board should report back to them on safety aspects of their operation and will be pleased to advise on those aspects concerned with recreation and amenity.
36. We shall continue to observe and report to the BWB, areas where user safety can sensibly be improved.

VII Development of Leisure and Tourism

37. The Council have made many recommendations on these matters to the Board over the 21 years of our existence. In particular, we are convinced that the major attraction to the Board's customers and investors is the atmosphere and heritage of the waterways, created by the historic buildings, structures and landscapes alongside them (see Section XVII).
38. It is particularly important that these values should not be lost in the Board's new commercial outlook. In fact, commercial success will depend upon the skilful marketing of the waterway heritage (see our reports Marketing the Waterway Heritage - Appendix C; and Waterway Architecture - an economic return from conservation - Appendix D). We submitted these reports to the Monopolies & Mergers Commission in 1986 as part of our evidence, suggesting this was the method by which the nation could gain the greatest benefit from the waterway asset.
39. During the last 30 years and in particular after the Transport Act 1968, many members of the public made substantial private and commercial investments in tourism and recreational facilities and equipment which is dependent upon the waterways for its value or viability. The Board's current reorganisation must not be allowed to damage this existing private sector investment, either through neglect of their needs, or the introduction of unrealistic pricing structures which would cause that investment to become uneconomic.
40. Access by the general public to the waterways system for leisure should not be unreasonably restricted through bureaucracy or unnecessarily high cost to them. As outlined in the Objectives, the maintenance standards should be appropriate to the prospects of use of the various stretches of waterway, as well as the actual use.

VIII Land & Property Development Strategy

41. We welcome the Board's detailed reappraisal of the development potential of their land and property and that a new policy for promotion and development is being implemented with the object of maximising revenue and offsetting some of the need for continually rising levels of grant aid.

42. In the Council's view, this policy probably represents one of the widest and most radical changes in the history of the inland waterways; it will require many delicate feats of balance if the heritage, quality and special atmosphere of this national asset is to be retained. We, as the statutory body concerned, are strongly aware of our statutory responsibilities in providing advice on the best ways of securing that balance. This of course can only be achieved if the Council are made sufficiently aware of particular developments at an early stage, when this is commercially possible. A formula for achieving this aim has not yet been agreed with the Board.

IX Retention of receipts from sale of assets

43. The 1962 and 1968 Transport Acts gave the British Waterways Board wide powers to develop the system, but government restrictions on the use of funds from the Board's commercial activities restricted any development incentives.
44. Today this most significant block to progress has been removed and the Board are being allowed to retain receipts from the sale of their assets and from their commercial activities.
45. While we support wholeheartedly the increased broadmindedness on the part of government, we would not wish to see any wholesale disposal of the Board's assets merely for a rapid revenue return.
46. The waterway system and its associated landscapes, buildings and structures is a national asset maintained for public use. A short-sighted policy of disposal would seriously damage the Board's future prospects for regular revenue and it is advised that a balance be sought between the disposal of those few unneeded assets, against the retention of the majority of properties for which market rents or joint ventures can be obtained.

X Freight Transport

47. The Council is glad to see the new activities of the Board in the field of commercial carrying on inland waterways. We have welcomed the proposed transfer of the River Ouse Navigation to the Board on commercial and recreational grounds, and hope that this may be completed without undue delay.

XI Personnel policies

48. The Council's locus in this area of the Board's operation relates to customer service by the Board's employees. Customer service is always a matter of concern for this Council and we are pleased that the Board Chairman has expressed his firm intention to make customer service a major issue in the reorganisation. As he requested, we are preparing a report on the subject which, inter alia, will recommend:
- (a) The Board are recommended to approach user groups and to take advice from businesses with a good record of customer service, in order to produce a draft programme of action of improved customer service. It is hoped that the Board will submit this programme to the Council for further advice.
 - (b) Once formulated, the programme should be incorporated into the Board's Corporate Direction and Regional Planning.
 - (c) Incorporated in the programme should be customer service training, first for those staff who have direct contact with the customers and, secondly, for the remainder of the staff. Steps should be taken to see that staff are provided with the necessary facts for informing the customer.
 - (d) The efficiency of the staff's response to customer service should be measured and an approach made to setting targets for specific jobs, using professional advice.
 - (e) The Board should discuss the provision of facilities and equipment with user groups and improve the provision and rate of repair of these items.
 - (f) While appreciating that the Board's resources are finite, it is emphasised that the primary source of customer satisfaction is a well-maintained waterway providing sufficient depth of water for boats, fish for anglers, paths for walkers, carefully conserved historic structures and a pleasant environment for all users. While customer care will go a long way to building and maintaining goodwill, only a rigorous approach to the Board's statutory responsibilities in this area will provide a full service to customers.
49. We recommend that the Board seek to introduce a policy of positive discrimination towards recruiting disabled people for suitable jobs.
50. We feel that a customer-service-led organisation offers the best opportunity for success and we will be monitoring the progress of the measures dealing with customer service in the new organisation.

XII Inner City Regeneration

51. The Council feel the inland waterways have a vital role to play in inner city regeneration and have touched upon this matter in a number of our publications.
52. In particular, we feel that the associated waterway buildings and structures, which create the unique atmosphere of a historic urban waterway, must be retained to provide the backdrop for inner-city leisure and tourism. Developments such as those in the West Midlands (e.g. the restoration of the Engine Arm Aqueduct and Farmer's Bridge walkway) and at venues such as Wigan Pier and Gloucester Docks show that a formerly neglected environment can become a matter of civic pride and attract visitors and tourists in considerable numbers.

XIII Waterway Restoration Projects

53. The Council have always believed in the importance of retaining the 'Remainder' waterways for their future potential in leisure and tourism.
54. Accordingly, we have supported restoration schemes such as that on the Kennet & Avon and Montgomery Canals, which offer potential development of leisure and tourism in the South of England and mid-Wales.
55. The announcement by the Secretary of State for Wales that special funding for the Montgomery Canal restoration scheme could not be supported at this time has given rise to considerable disappointment amongst those involved in promoting the scheme.
56. We, however, believe it should be emphasised that Parliament have already demonstrated considerable interest and support for the Montgomery Canal restoration scheme. This has been clearly shown through their unopposed acceptance of the Act to allow the Montgomery Canal restoration scheme to proceed. The passage of the Act involved a great deal of valuable time devoted both by Parliament and government departments.
57. The fact that the Secretary of State for Wales feels in 1989 that employment and industrial development in South Wales merit consideration as the first priority does not diminish Parliament's recognition of the value of the Montgomery restoration scheme as a basis upon which to build sound economic development in Mid-Wales and Shropshire. We support the decision of the local authorities to safeguard the line of the canal for future restoration.
58. The Council will continue to support waterway restoration schemes, in the conviction that the 'Remainder' waterways will have a vital role to play in future development of further leisure provision for the nation.

XIV Voluntary Work

59. Ever since our inception, we have supported and encouraged the voluntary groups who make such a valuable contribution to the restoration of 'Remainder' waterways. In particular, the Inland Waterways Association has spearheaded the organisation and deployment of volunteer forces and fund-raising at both national and local levels.
60. Through their restoration arm, the Waterway Recovery Group, the IWA have been instrumental in a vast number of waterway schemes throughout the country. We must commend the energy, enthusiasm and professionalism of this national organisation, and of the canal societies who have played a vital role in providing voluntary input to a large number of restoration schemes.
61. A number of Council Members are personally active in the field of waterway cruising for the disabled. We would like to record our congratulations to the many, and growing, numbers of volunteers who devote many hours of their own time to providing a much-needed amenity for people with a wide variety of handicaps.

XV Liaison with Local Authorities

62. The Council feel it is particularly important that the Board should work closely with local authorities. Notable successes have already been achieved in securing local authority contributions to the leisure use of the waterways within their areas.
63. The Board should neglect no opportunity of securing ERDF funding and liaising with local authorities in their applications. We welcomed most warmly the securing of ERDF contributions, for instance to the Glasgow project, which will make such an impact in a neglected inner-city area.

XVI Liaison with Water Authorities

64. The Council support the concept of liaison between the Board and Water Authorities. The Board should seek opportunities to tender for contracting work required by Water Authorities. The Board should resist the tendency of Water Authorities to wish to charge them for long-standing statutory water abstractions. The Board rightly obtain a commercial revenue for part of their drainage function and this should be continued, despite criticism from Water Authorities.

XVII Conservation of Buildings and Environmental Management

65. As mentioned earlier (Section VII), the Board are the custodians of a major collection of ancient monuments, listed buildings and industrial and social artefacts, many dating back to the latter half of the 18th century. 130 Ancient Monuments and 1600 'listed' buildings and structures are currently protected by legislation on their system, as are 53 Sites of Special Scientific Interest.
66. The Board's new policies should pay special attention to the historic value of these structures and the Council will observe with interest how the Board's stewardship improves the condition and use of these buildings and structures.
67. In addition to architectural and engineering features, the value of the waterway landscape, environmental and ecological features and their management needs to be constantly borne in mind during the Board's reorganisation, particularly when new developments impinge upon these elements.
68. The Council's report, Waterway Architecture - an economic return from Conservation (Appendix D) recommended the following:
 - (a) A Waterway Heritage Trust should be established on the lines of the Railway Heritage Trust.
 - (b) A Board Member should be appointed to the British Waterways Board with a specialist knowledge of conservation and planning matters.
 - (c) The designation of further lengths of waterway as Conservation Areas should be pursued.
 - (d) Guidelines should be drawn up to help assess the value of structures and artefacts.
 - (e) Ways of harmonising bank protection methods with the traditional appearance of waterways should be sought.
 - (f) Artefacts, tools, equipment and materials which are no longer used or manufactured should be stored and catalogued.
 - (g) The Board should hold discussions with English Heritage, Cadw and the Scottish Development Department to clarify the possibility of increased funds for the above actions.
69. We stand by these recommendations and will observe to what extent they are followed during the next 2-3 years.

XVIII Conclusion

70. As the four year programme of reorganisation set up by the present Chairman, David Ingman, and his Board has not yet completed its first year of operation, it would not be sensible to draw any firm conclusions as to its progress. The changes which are in the process of being implemented, so far as we understand them, would seem to be sensible and practical, and should produce a substantial increase in revenue from the Board's assets.
71. These changes will only continue as long as:
 - (a) Clear co-operation and understanding exist between the Department of the Environment and British Waterways Board.
 - (b) The degree of relaxation on the part of the Government allows the BWB to continue operating financial policies which allow them to adopt sound and acceptable commercial practices.
72. As we have noted (paragraph 42), a clear balance is required between the need for increased revenue and the custodianship of a national system. The Council will seek to provide that balance by providing practical advice rooted in our knowledge of and links with, the users.

INLAND WATERWAYS AMENITY ADVISORY COUNCIL

The Advisory Council is a statutory body established under Section 110 of the Transport Act 1968 whose members are appointed by the Secretary of the State for the Environment from all fields of waterway amenity and recreational interest.

The Council are required:

- i) to advise the Secretary of State for the Environment and the British Waterways Board on any proposals to add to or reduce the cruising waterways;
- ii) to consider and, where thought desirable, to make recommendations to the Board or the Secretary of State with respect to any other matter
 - a) affecting the use or development for amenity or recreational purposes including fishing, of the cruising waterways, or
 - b) with respect to the provision for those purposes of services or facilities in connection with those waterways or the commercial waterways, being a matter which has been referred to the Council by the Board or the Minister, which has been the subject of representations to the Council by any other person or which appears to the Council to be a matter to which consideration ought to be given.

Under British Waterways Acts the Council are consulted by the Board on proposed increases in pleasure boat registration charges and on proposed byelaws to cover craft construction.

The Secretary of State for the Environment is required to Consult the Council before making orders to add waterways to the Board's undertaking or to alter the availability of any of the Board's waterways.

Inland Waterways Amenity Advisory Council
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EXTRACT FROM THE TRANSPORT ACT 1968

110.—(1) There shall be a body to be known as the Inland Waterways Amenity Advisory Council consisting of a chairman and not less than twelve members appointed by the Minister after consultation with the chairman of the Waterways Board; and the members so appointed—

The Inland
Waterways
Amenity
Advisory
Council

- (a) shall include persons who appear to the Minister to have wide knowledge of, and interest in, the use of inland waterways for amenity or recreational purposes, including fishing; and
- (b) may include not more than four persons who are members of the Waterways Board.

(2) In addition to their functions under Schedule 13 to this Act, it shall be the function of the Council—

- (a) to advise the Waterways Board and the Minister on any proposal to add to or reduce the cruising waterways;
- (b) to consider, and, where it appears to them to be desirable, to make recommendations to the Waterways Board or the Minister with respect to, any other matter—

- (i) affecting the use or development for amenity or recreational purposes, including fishing, of the cruising waterways;

PART VII

- (ii) with respect to the provision for those purposes of services or facilities in connection with those waterways or the commercial waterways,

being a matter which has been referred to the Council by the Board or the Minister, which has been the subject of representations to the Council by any other person or which appears to the Council to be a matter to which consideration ought to be given.

(3) The Council shall not make recommendations to the Minister with respect to any matter under this section without first consulting with the Board about that matter.

(4) The persons appointed to be members of the Council shall hold and vacate office in accordance with their terms of appointment and shall, on ceasing to hold office, be eligible for reappointment; but any such person may at any time by notice in writing to the Minister resign his office.

(5) The Council may, with the approval of the Minister, appoint such regional committees, and may appoint such other committees, as they think fit; and the procedure of the Council and of any such committee, including the quorum at meetings, shall be such as may be determined by the Council.

(6) The Waterways Board shall provide the Council with such officers and servants and such accommodation as appear to the Board to be requisite for the proper discharge of the Council's functions or as may be directed by the Minister; and the said Board may pay to the members of the Council allowances in respect of loss of remunerative time in accordance with a scale approved by the Minister with the consent of the Treasury and such travelling allowances and allowances in respect of out-of-pocket expenses as the Board may determine.

SCHEDULE 13

ORDERS RELATING TO INLAND WATERWAYS

Preliminary

1. Before making an order under section 104(3), 105(3) or 112 of this Act the Minister shall comply with the requirements of this Schedule applicable to that order and may then make the order as originally proposed or with such modifications as he thinks fit.

Consultation

SCH. 13

2.—(1) In the case of a proposed order under section 104(3) adding to or reducing the waterways in Part I of Schedule 12 to this Act, the Minister shall consult with any organisation appearing to him to represent persons operating, or (in relation to a waterway which is to be added) desiring to operate, commercial freight-carrying vessels on the waterway in respect of which the order is to be made.

(2) In the case of a proposed order under section 104(3)—

(a) adding to or reducing the waterways in Part II of that Schedule ; or

(b) removing from Part I without adding to Part II thereof a waterway which is to a substantial extent used by cruising craft,

the Minister shall consult with the Inland Waterways Amenity Advisory Council, consultation in a case within paragraph (b) above being limited to the effect of the proposed order on such use as is mentioned in that paragraph.

3. In the case of a proposed order under section 105(3)—

(a) in respect of a commercial waterway or any part thereof, the Minister shall consult—

(i) with any organisation appearing to him to represent persons operating commercial freight-carrying vessels on that waterway or part ; and

(ii) if the waterway or part is to a substantial extent used by cruising craft, with the said Council as to the effect of the proposed order on such use as aforesaid ;

(b) in respect of a cruising waterway or any part thereof, the Minister shall consult with the said Council.

4. In the case of a proposed order under section 112 in respect of a canal or part of a canal (within the meaning of that section) which appears to the Minister to be used to a significant extent for the purpose of navigation, the Minister shall consult with any organisation appearing to him to represent persons using it as aforesaid.

EXTRACT FROM THE BRITISH WATERWAYS ACT 1974

PART V

MISCELLANEOUS AND GENERAL

36.—(1) The enactment specified in the Schedule to this Act is hereby repealed to the extent mentioned in the third column of the Schedule.

Repeals and amendments of provisions of Act of 1971.

(2) The provisions of the Act of 1971 are hereby amended in the manner following:—

in section 3 (Interpretation) the definition of “prescribed charge” shall have effect as if in place of the words “ascertained in accordance with” there were substituted the words “payable under”;

section 4 (Extent of Part II) shall have effect as if there were included in Schedule 1 to the Act of 1971 the following additional paragraph:—

“The Trent Navigation from Shardlow to the tail of Meadow Lane Lock, Nottingham, by way of the Beeston Canal and part of the Nottingham Canal and including the branch to the river Soar and the length of the river Trent from its junction with the Nottingham Canal to Beeston Weir”;

subsection (3) of section 7 (Charges for registration of pleasure boats) shall have effect as if the word “or” where it secondly occurs were omitted and after the word “Board)” there were inserted the words “or the Lee Valley Regional Park Authority”;

PART V
—cont.

subsection (1) of section 17 (Duration of boat certificates) shall have effect as if in place of the words “on 31st December” there were substituted the words “not later than 31st December”.

(3) Notwithstanding anything in this section, the charge for registration of any pleasure boat under section 7 (Charges for registration of pleasure boats) of the Act of 1971 shall not from time to time be increased above that payable immediately before the passing of this Act—

(a) by a proportion greater than any proportion by which the charge, which for the time being would be payable to the Board for the licensing of such pleasure boat on any inland waterway other than a river waterway, has likewise been so increased;

(b) except after consultation with the Inland Waterways Amenity Advisory Council and consideration by a meeting of the Board of any representations which that Council see fit to make.

IWAAC MEMBERSHIP

FEBRUARY 1989

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January, 1987

MARKETING THE WATERWAY HERITAGE -
Waterway Tourism Development and the Community

Introduction

The object of this report is to examine ways in which the waterway system under the control of the British Waterways Board can be more closely integrated into the everyday life of the community, by using every part of the asset in the most efficient way, and maximising both the direct and indirect revenue return from it.

2. In order to achieve this it will be necessary to make the waterways more attractive to private sector investment. Some of the policies and services which have been required of nationalised industries cannot be incorporated into the purely commercial strategies of the private sector and will have to be changed where they are over-restrictive to commercial development by venture capital.

3. These proposals set out some of the ways in which the national system controlled by the Board can be made more attractive to private sector operation and investment.

The Changing History

4. Over the past 40 years Britain's canals and rivers have been publicised as providing a family holiday with a quiet, leisurely and picturesque appeal. In the early years of the industry's development this suited the pattern of tourism at the time, being principally based on the family taking a one or two-week holiday in Britain.

5. A considerable change has taken place over the last 25 years. During this period the holidaymaker has become able to choose a very wide variety of activity and location at home and abroad.

6. A paper presented recently by Duncan Bluck OBE., Chairman of the British Tourist Authority and English Tourist Board, to a conference on the prospect for tourism in Britain, gives some indication of the scale of the change.

7. Between 1965 and 1985 the number of weekly holidays taken by British holidaymakers in Britain grew from 30m. to 33m. In the same period the number of weekly holidays taken by the British abroad grew from 4.6m. to 21.6m. This would seem to indicate that during the 20 years indicated British holiday-weeks grew from 34.6m. to 54.6m. (an overall increase of 20m.) of which the British holiday industry only managed to attract 3m. Obviously a much larger section of the population have now become part of the tourism market, and members of the tourism industry have gone to great lengths to satisfy their differing needs.

Tourism cont.

8. Foreign tourists visiting this country, however, present a rather better picture: their numbers grew from 3.6m to 14.6m. over the same 20-year period.

Waterway Tourism: a new image

9. If waterways are to gain a larger share of this tourism market as a whole, we believe it is necessary for the British Waterways Board and the waterway holiday industry to introduce new ideas and create additional attractions. A new image for Britain's waterways is needed to make them appeal to a wider section of the tourism market.

10. Until now, most investment has been directed towards tourism development on, or closely associated with, the water itself. The appeal of these traditional activities can certainly be widened.

11. Almost everyone has an attraction to water and the activities that take place on it. This is obvious wherever boats or anglers assemble. In other words, there can be no doubt of the entertainment value of water and waterway activities for the 'bankside watcher' and the people who live near the Board's waterways.

Strategy for Revenue and Profit

12. It is entirely right that the Board should produce a wide-ranging and detailed strategy for both commercial and leisure development, with the object of utilising their asset in every possible way, to ensure that the maximum revenue is generated. We suggest that the developments themselves should be clearly defined, and should be aimed at two distinct markets:

- a) The water user: this market involves the continuing growth of the traditional angling, boating, natural history, water sports and other uses. But these activities should be linked in future in a more positive way with existing tourist attractions. We realise, however, that the scope for boating and angling development on the Board's waterways is finite.
- b) The water watcher: development of this market involves the creation of bankside developments which are land-based activities in their own right, but which are linked in every way possible, both physically and visually, to the waterway thus involving the Board much more in the communities adjacent to their waterways.

13. In order to attract more water users, the Board need to regard their system not merely as a narrow strip of water but as a 20-mile wide tourism corridor, 2,000 miles long, passing through both rural and industrial areas.

Tourism cont.

14. The Board need to plot existing tourist attractions within that corridor, and then work out transport links from the waterway to as many attractions as possible. This will enable them to present a new image for waterways, as a means of visiting areas and attractions with a difference. A range of specialist holidays and trips, such as photography, industrial archaeology, bird watching, landscape painting etc. should be promoted. The potential waterway user is thus being offered a holiday with a much wider range of interest. Trip boats for the day visitor also need to be encouraged, as these craft have great potential for building up tourist numbers. Suggested attractions are listed in Appendix "A".

Angling

15. Both the quality of angling and its facilities should be considerably improved in order to increase the number of anglers using the Board's system, and this should be carried out in accordance with the Council's Paper: "A Strategy for Angling", recently submitted to the Board.

Development

16. The more the development of these traditional waterway activities, the greater their value becomes as part of the entertainment for participants in bankside tourism and community activities. In the case of the 'water watcher', tourist board surveys show that day-trip and short-stay visits are becoming an increasingly important sector of the tourism industry. With this in mind, consideration should be given to the introduction of day-trip and short-stay attractions by the waterways which will also involve local communities, creating jobs and additional revenue in towns and villages.

17. These may consist of heritage parks, angling centres, interpretation centres, leisure parks, shopping malls, industrial development parks, community centres, sports centres and so on. All these should be considered as suitable bankside developments, with the design featuring either the waterway itself, or a connecting area of water. Such developments will attract visitors who arrive and depart by road, but will benefit from the presence of the water and the interest it creates.

18. The Board should identify all the various types of activity which would be appropriate for waterway bankside development. (Some sites may already have been identified in local authority Structure Plans). They should assess carefully the potential of each, then report in detail on each project, for example, the capital required, administration and maintenance costs and catchment areas for local tourism and markets. The scheme as a whole should then be the subject of a major national marketing presentation, offering joint venture opportunities, franchising arrangements or direct sale to investors from the private sector. Where appropriate the Board could form trusts with the voluntary sector to administer some projects.

19. Suitable sites should be identified using information on population densities, in the areas which could be expected to service each development. Once this type of attraction is accepted as successful and viable, the value of the Board's land adjacent to the waterway will increase, enabling further joint ventures to be completed more readily, and the Board will be seen to be maximising their revenue to the fullest extent.

Implications of the change

20. To carry out a survey of this kind is a major task and could be achieved in conjunction with consultants. A broad approach of the kind outlined for the Board's waterway system and land asset would identify areas with potential for substantial investment in joint ventures which would have considerable employment implications. It would involve the provision of some 'pump-priming' funds and limited staff increases by the Board, to encourage the development of the private sector investment.

21. A number of studies relating to some aspects of this report have already been carried out by the Board, IWAAC and other bodies. Considerable information on tourist attractions near the waterways is available from waterway publications and tourist boards. We would suggest that, initially, the consultants collate this information, as it will greatly assist them in their investigations. Please see Appendix "B".

22. We are convinced that if the government is serious in its wish to maximise the revenue from the Board's asset, it must support this form of approach as the only practical way of assessing the system's true potential and attracting the necessary investment from the private sector.

Conclusion

23. The concept of the Board vigorously developing every part of their asset in every possible way is an essential part of realistically maximising their revenue. The Board need to prepare a carefully structured presentation for government which shows the varying degrees of viability of the differing types of development, from the high return property development suitable for large conglomerates, down to the low return attraction suitable for Trust operation. All are important in the overall strategy of developing a major tourism, leisure and community asset which will attract the widest possible range of interests.

24. The waterway industry must also change its approach to the role it will play in the developing patterns of waterway tourism, recreation and community development. It must be prepared to widen the scope of its investment into areas of activity which in the past it has not exploited. The existing waterway investors should be prepared to concern themselves with local investment projects in their districts and other community developments which at present may have no direct connection with waterways, thus offering their businesses the opportunity to derive income from the whole canal corridor, rather than just the waterway itself.

25. This line of thinking has a very wide range of investment potential and offers the most likely opportunities for influencing developers to ensure maximum use of the waterway asset in their planning.

26. The waterway industry might like to consider devising policies and guidelines to help their members in assessing the potential and viability of the whole range of bankside and canal corridor developments, and thus ensure that their existing investors are in the forefront of all areas of potential expansion in the industry.

27. The Board need to develop a wide-ranging strategy identifying the various lines of development which offer the right degree of potential to attract profitable private investment and offer reasonable revenue-return to the Board, consistent with the developments outlined in Appendix "C", paragraph 4. The Board should then publish the principal points of their strategy as widely as possible to local authorities, community organisations and private developers, and be ready to respond to enquiries with a wide range of viable, well thought out and imaginative proposals for sites in the vicinity of the waterway, ensuring that negotiations are conducted on a speedy and commercial basis.

APPENDIX "A"

FACILITIES AND ATTRACTIONS SUITABLE FOR LINKING WITH WATERWAYS TOURISM
OR BANKSIDE DEVELOPMENTS

Old Buildings

- R Heritage houses and gardens
- R ancient monuments
- Traditional village settings
- Churches
- R Castles, abbeys and ruins

Industrial attractions

- R Industrial heritage
- R Industrial building complexes
- R Historic ships
- R Model and steam railways
- R Mines and factories (with facilities for public viewing)
- R Watermills and windmills
- R Power Stations

Arts, Crafts and Educational facilities

- R Craft centres
- Traditional entertaining: (e.g. Morris dancing)
- R Museums
- R Farm educational centres
- R Art galleries and centres
- R Garden centres
- R Zoos
- R Botanic gardens
- R Heritage centres

Natural History

- Nature trails
- R Natural history and geological reserves

Sport

- R Golf Courses
- R Sports centres/swimming pools
- R centres of excellence for sport
- R Sporting parks
- R Angling centres

Entertainment, Social and retailing

- R Entertainment parks
- R Safari parks
- R Theatres
- R Shopping malls
- R Community Centres
- R Indoor and outdoor musical entertainments

NOTE: R indicates a potential revenue-earning attraction or development.

SUGGESTIONS TO BE INCLUDED IN A CONSULTANTS' BRIEF
IDENTIFYING AND LINKING EXISTING TOURIST ATTRACTIONS
WITHIN A 20-MILE WIDE WATERWAY CORRIDOR.

The object of this study is to assess the total existing tourism attractions within a 10-mile strip on either side of the waterways under the control of the British Waterways Board. It will produce information to enable the British Waterways Board and the waterway holiday industry to develop a new marketing strategy appealing to a very much wider section of the tourism market. It will thus offer more attractive investment opportunities for all those interested in development by direct sale of assets, joint ventures between the Board and the private sector, or through franchising arrangements with the Board. The consultants should provide the following information:

- a) A desk study of the waterway system under the control of the British Waterways Board and the adjacent countryside. Identify the limits of the 20-mile waterway corridor, noting the topography of the area within.
- b) A desk study identifying all the existing tourist attractions within the waterway corridor, highlighting those sections of the corridor which appear to show the best opportunities for widening the attraction for waterway tourism.
- c) A desk and physical study to identify links for the waterway users between the waterway and as many of the identified tourist attractions as is practical by using convenient private and public transport, private hire vehicles, bicycles or by walking. In the case of each attraction identify the recommended method of reaching the site (which should not involve the user in excessive cost.)
- d) Examine the potential for using bicycles to gain access to the various attractions that are outside reasonable walking distance, and where thought necessary and appropriate, identify existing bankside establishments which might operate a bicycle hire service for waterway users. (For example, inns, garages, shops etc.)
- e) Produce maps marking the approximate boundary of the 20-mile wide waterway corridor, the accessible tourist attractions, principal towns and villages and canal structures.
- f) Suggest ways in which this new information can be incorporated into marketing schemes for waterway tourism and recreation by the Board and by the waterway industry: this will be attractive to a wide section of the tourism and recreation market.

Appendix "C"

SUGGESTIONS TO BE INCLUDED IN A CONSULTANTS' BRIEF TO
IDENTIFY THE POTENTIAL OF WATERWAY BANKSIDE DEVELOPMENT
WHICH WOULD HELP INTEGRATE THE SYSTEM INTO COMMUNITY LIFE.

1. The object of this study is to achieve a completely new and independent view of the overall development potential of the waterway asset and its environment under the control of the British Waterways Board, and enable their system of waterways to be integrated more closely into the community life of Britain.
2. The study must seek to identify all suitable sites which can usefully be developed for tourism, recreation or community use on a sound commercial basis to enable the Board's assets to be utilised in the most efficient way and gain maximum revenue return to both the private sector and the Board, whichever would be most appropriate.
3. The consultants should seek to identify those sites owned by the Board which would be suitable for this type of development, and also identify sites not owned by the Board particularly appropriate for any reasonable development with potential to assist in the integration of the waterway into the general life of the community and provide an adequate revenue return justifying investment.
4. There are four types of investment to be considered:-
 1. a) Large scale multi-million pound community development such as shopping malls, commercial parks, housing etc. which could be designed to feature the waterway as a major part of the scheme.
b) Large scale leisure park developments of the Alton Towers type, using the waterway as a theme or major point of interest.
 2. Medium sized developments for tourism and recreation, manufacturing or community use of say up to £1½-million.
 3. Small developments for tourism/recreation, manufacturing or community use of up to £350,000.
 4. Developments which would provide employment and community benefit suitable for operation by trusts and small local consortiums.

All these levels of development are important in the overall pattern of integration.

5. The consultants should also provide the following information:

- i) List all cities, towns and villages with a population of more than 500 that are within 5 miles of either bank of the waterway.
- ii) List all existing tourist attractions and community developments (i.e. hotels, inns, shops, sports and community centres etc.) within 500 metres of either bank of the waterway.

6. Identify all sites adjacent to either bank of the waterway which would be suitable for the following:-

- i) Tourism and recreational development.
- ii) Manufacturing and business park development
- iii) Community use development

7. These sites and developments should be examined on the following basis:-

- i) Their proximity to the waterway
- ii) The potential for the use of water as part of the development, either 'directly' or 'indirectly'.

NOTE°: 'Directly' is interpreted as water space being used as a central feature of the development, offering an opportunity for activities to actually take place in the water (such as fishing, boating, water sports, as part of the overall development.)

'Indirectly' is interpreted as using the water as a spectacle, together with fountains, water gardens etc.

- iii) The viability of the development in:
 - a) commercial terms
 - b) community terms.

BRITISH WATERWAYS BOARD INQUIRY

Evidence submitted by
The Inland Waterways Association
to the
Environment Committee .

February 1989

The Inland Waterways Association
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PREFACE

The Inland Waterways Association (IWA) has based this submission on the evidence it provided for the Monopolies and Mergers Commission (MMC) in October 1986. It has done so for several reasons:-

- (i) There has been insufficient time for the IWA, a voluntary organisation, to produce an entirely new submission, as those who would have been primarily responsible for its production are not employed by the Association and have other full-time occupations.
- (ii) The great majority of the issues raised in October 1986 are still relevant less than 2½ years later.
- (iii) The changes which have been effected by British Waterways since that time, partly as a result of the recommendations of the MMC, have not yet produced results which are sufficiently substantial or permanent to be assessed adequately by outside agencies like the IWA. Indeed, it seems to the Association that it might have been prudent for the Environment Committee to have delayed its investigations until British Waterways had been given the opportunity to have fully established its new regime, when the benefits or otherwise accruing thereto would have become more evident to all.

Having made our position clear in this matter, the IWA still believes it appropriate to begin its submission by once again drawing attention to, and endorsing wholeheartedly, the explicit statement by the then Government in the September 1967 White Paper BRITISH WATERWAYS: RECREATION AND AMENITY (Cmd 3401):

In the waterways this country possesses a priceless asset, an asset whose value will grow as the demand for leisure facilities intensifies.

It is the Association's view that this commitment has not been honoured by successive governments, and that the British Waterways Board has been prevented by Government from fulfilling the statutory obligations and liabilities placed upon the Board by Parliament.

The operations and activities of BWB were last extensively examined by the House of Commons Select Committee on the Nationalised Industries which reported on 27 February 1978 (HC 239) and identified a need, inter alia, for adequate government financing of BWB. The then Government responded on 27 June 1978 with a White Paper (Cmd 7248) dismissing the Select Committee's recommendations for future action and arguing for the amalgamation of BWB and the water authorities.

Attention is drawn to BWB's views on the 1978 Select Committee report and the ensuing White Paper; those views are reproduced in Appendix VII to the Board's annual report and accounts for 1978. In particular, the Board stated that:

The commitment to finance the maintenance of the system falls on the Government by statute
... successive governments have failed to fulfil the obligation...

The Board sought, and still seeks, the means of providing a service: "an appropriate share of national finance" which is sufficient to enable it to fulfil the statutory obligations and liabilities placed upon the Board by Parliament. BW published its 'objectives' in 1984 and the previous sentence has been reviewed in the light of these objectives.

The Inland Waterways Association supports fully, without reservation, the British Waterways Board's urgent need for substantial and continuing general and specific funding to permit the operation and maintenance of the Board's inland waterways to proper and consistent standards.

The IWA notes that, whereas the term British Waterways (BW) has now apparently superseded British Waterways Board (BWB) except where direct reference to the Board and its members is implied, the 1968 Act has not been amended. Indeed, the letter from the Secretary of the Environment Committee still employed the former term and abbreviation. In this document both styles may be used and no difference is to be implied, unless specifically stated.

1. INTRODUCTION

1.1 On 15 December 1988 the Environment Committee issued a Press Notice stating that it had agreed to conduct an inquiry into the organisation and activities of the British Waterways Board.

1.2 By a letter dated 22 December 1988, the Clerk of the Committee invited The Inland Waterways Association ["the IWA" or "the Association"] to submit a Memorandum to the Committee on the activities of the Board insofar as they affect the IWA's interests.

1.3 It should be noted that in a number of areas the Association does not have, nor could it be expected to have, a close or detailed knowledge of BWB's procedures and practices. In such instances, informed judgements and opinions based on members' experience are submitted in comment.

1.4 The Association's submission incorporates, where appropriate, the comments of its specialist organisations, the Waterway Recovery Group Limited and the Inland Shipping Group, and those of individual and affiliated members.

2. THE INLAND WATERWAYS ASSOCIATION

2.1 The Inland Waterways Association is a non-profit-distributing company, limited by guarantee, and a registered charity. It was established in 1946. Its objectives are to campaign for the restoration, retention and development of inland waterways in the British Isles and for their fullest commercial and recreational use. It seeks to represent the interests and concerns of ALL users of inland waterways.

2.2 The Association has a total of more than 22,000 members. Its membership is divided into eight regions, further subdivided into thirty two branches. Its affairs are governed by a Council of Management comprising at present the eight Region Chairmen and nine elected members. The Association's direct activities are concentrated in England and Wales, and it has working relationships with cognate organisations in Scotland and Ireland.

2.3 In addition to its regions and branches, the Association has two specialist subsidiary organisations. The Waterway Recovery Group Limited acts as a national co-ordinating body for voluntary restoration work on British inland waterways. The Inland Shipping Group campaigns specifically for the greater use and further development of Britain's commercial waterways for the carriage of freight.

2.4 Through its national, regional and branch officers, the Association has close and continuing relationships with several kindred organisations, including the Inland Waterways Amenity Advisory Council (of which the IWA's present National Chairman is a member), the Royal Yachting Association, the Association of Pleasure Craft Operators, the British Marine Industries Federation, and with other national groups, including the National Federation of Anglers, the Ramblers Association, the Sports Council, the Nature Conservancy Council, the Central Council of Physical Recreation, and the National Council for Voluntary Organisations. Representatives of the Association serve on a wide range of local and regional consultative committees and other bodies, including canal societies and trusts and regional sports councils.

2.5 The Association is concerned to negotiate with Government and local authority departments and officers on all matters affecting inland waterways and their use.

2.6 The Association's working relationships with BWB are of several different kinds. In broad terms, branch and regional representatives of the Association have links with officers of BWB at similar levels; national representatives of the Association have links with BWB at director and senior levels. In 1988 the BW management structure was changed and relationships between the 'new' BW managers and the Association's branches and regions are being established and developed to reflect these changes. It is too early to assess the effectiveness or otherwise of BW's new structure or of the new BW/IWA links. The Association's involvement and participation in BWB's planning and consultation processes are discussed more fully in Section 8 of this submission.

3. BRITISH WATERWAYS BOARD

3.1 The British Waterways Board was established towards the end of 1962 and from 1 January 1963 took over the activities assigned to the Board under the Transport Act 1962. In broad terms, BWB took over the inland waterways of the British Transport Commission, the fleets of vessels operated by the Commission, and the harbours, docks, warehouses and other estates closely associated with the Commission's inland waterways. Successive statutes have transferred additional waterways and obligations to the Board.

3.2 In England, Wales and Scotland, 51 inland waterways (canals and river navigations) and 5 harbours are vested wholly or in part in BWB under various statutes. Under the Transport Act 1968, the Board's waterways are categorised as 'commercial' or 'cruising' or 'remainder'. In broad terms, BWB is obliged to maintain and operate commercial and cruising waterways in such a way as to permit their use by suitable craft, and to deal with remainder waterways in the most economical manner possible, consistent with the requirements of public health and the preservation of amenity and safety.

3.3 In July 1984, the Secretary of State for the Environment published a Statement of Objectives for BWB. The Board has formulated a corporate plan for the ten years to 1994 so as progressively to meet those objectives.

3.4 The objectives relevant to this submission and the Environment Committee's inquiry are as follows:

1. Consistent with its statutory obligations and powers, the Board should so far as practicable run its affairs on a commercial basis.

2. In promoting the fullest practicable use of the waterways for leisure, recreation and amenity, and for freight transport where appropriate, the Board should aim (A) to achieve value for money in all its activities including the maintenance of waterways, (B) to secure an adequate rate of return on specific activities, and (C) consistently with its other objectives to increase opportunities for private sector participation in the business for example through direct investment, joint ventures, assets sales, contracting out and hiving off. By these means the Board's demands on Exchequer funds should be kept to a minimum.

7. The scope and standards of maintenance of particular stretches of waterway should be appropriate to their use and to prospects for future use. They should be kept under review taking into account the number and size of vessels using them. The Board should make proposals to the Secretary of State for any desirable changes in the statutory standards and classifications of commercial, cruising and remainder waterways. The Board should contract out maintenance work to the private sector wherever that is cost effective....

11. The Board should consult waterways users and others affected by the Board's activities about their needs and about the Board's policies....

3.5 BWB has a part-time Chairman and Vice-Chairman, together with five non-executive board members - all appointed by the Secretary of State for the Environment. It has a full-time chief executive and secretary and five functional divisional directors.

3.6 The operational activities of BWB are organised in six geographical regions in England, Wales and Scotland. This submission is concerned with BWB's strategic, operational and maintenance activities in England and Wales, except where specifically indicated otherwise.

NOTE

In Sections 4 and 7, use is made of general and specific services prices multipliers. These multipliers are drawn from the series published in EMPLOYMENT GAZETTE, and broadly seek to represent historic income and expenditure in current terms using proportionate general and specific price increases, so that, for example, an increase of 4.0% is implemented by a multiplier of 1.040, and so on. It has not been possible in the time available to research the multipliers applicable since 1986 and, indeed, we understand that these are no longer published in the equivalent form to earlier years.

4. BWB'S PROCEDURES AND PRACTICES

4.1 The comments in this submission are made in the light of the following analyses of BWB's waterways operation and maintenance expenditure and revenues over the period from January 1983 to March 1988. All expenditure and revenue figures are drawn from the audited financial statements presented in the Board's published annual reports and accounts.

Operation and maintenance expenditure

4.2 BWB's total direct waterways operation and maintenance expenditure for the period since 1 January 1983 is summarised as follows:

(£000)	1983	1984-85 *	1985-86	1986-87	1987-88
Waterway Type					
Commercial	13,076	13,743	13,050	13,709	13,658
Cruising	21,003	29,161	22,369	27,990	27,795
Remainder	3,594	5,787	5,245	6,700	6,771
Totals	37,673	48,691	40,664	48,339	48,224

* 15 months

These figures show a fall in expenditure since 1984-85 in real terms. This could have been the result of:

- (a) a reduction in the amount of work carried out
- (b) greater cost effectiveness
- (c) a reduction in the backlog of maintenance as identified in the Fraenkel Report (see §4.14)

or a combination of two or three of the above.

4.3 BWB's expenditure on technical and specialist services during the period totalled £4,026k in 1983, £5,295k in the fifteen months to 31 March 1985, £4,622k in the twelve months to 31 March 1986, £5,273k in 1986-87 and £5,763k in 1987-88.

4.4 In real terms, using a specific services prices multiplier of 1.080, expenditure on direct waterways operation and maintenance remained virtually constant between 1983 and March 1986 (see note on page 4).

4.5 In real terms, using a specific services prices multiplier of 1.080, expenditure on technical and specialist services increased by 6.8% between 1983 and March 1986 (see note on page 4).

4.6 Over that period, BWB's total annual expenditure on waterways operation and maintenance has risen from £41.7m to £45.3m, an increase in real terms, using a specific services prices multiplier of 1.080, of 0.6% (see note on page 4).

Operation and maintenance revenues

4.7 BWB's revenues are discussed in detail in Section 7 of this submission; a preliminary analysis of recent years' revenue income is provided here.

4.8 BWB's revenues deriving from waterways operation and maintenance (excluding grants receivable) for the period since 1 January 1983 are summarised as follows:

(£000)	1983	1984-85 *	1985-86	1986-87	1987-88
Waterway Type					
Commercial	2,809	3,156	2,603	3,005	2,824
Cruising	4,558	5,939	5,408	6,176	6,234
Remainder	984	1,241	1,302	1,107	1,044
Totals	8,351	10,336	9,313	10,288	10,102

* 15 months

4.9 A comparison of the revenue deriving from waterways operation and maintenance (excluding grants receivable) for the periods 1 January 1983 to 31 March 1986 and 1 April 1986 to 31 March 1988 is shown below.

	1983-86 (3½ years)	1986-88 (2 years)
Commercial Uses (incl. Water Charges)	11.1m (40%)	7.0m (34.5%)
Leisure Uses (Pleasure Craft, Licences)	11.7m (42%)	9.2m (45%)
Other (incl. Rents etc.)	5.2m (18%)	4.2m (20.5%)
Total	£28.0m	£20.4m

These figures illustrate the increasing importance of leisure use and the corresponding reduction in commercial revenue since the Monopolies and Mergers Commission investigated BW's operations two years ago.

4.10 In real terms, using a general retail prices multiplier of 1.088, revenue from waterways operation and maintenance (excluding grants receivable) rose by 2.7% between 1983 and March 1986.

4.11 BWB's revenues deriving from general and specific grants receivable for the period since 1 January 1983 are summarised as follows:

(£000)	1983	1984-85 *	1985-86	1986-87	1987-88
	38,789	49,690	42,342	44,194	43,177

* 15 months

4.12 A comparison of the revenue deriving from grants receivable in the periods 1983-86 and 1986-88 are as follows:

	1983-86 (3½ years)	1986-88 (2 years)
'Routine' Grants in Aid	106.4m (81%)	70.2m (80.3%)
'Specific' Grants	20.1m (15%)	13.8m (15.7%)
Repayments for Bridgework	3.2m (3%)	2.2m (2.5%)
Deferred Capital Grant Income	1.1m (1%)	1.2m (1.5%)
Total	£130.8m	£87.4m

4.13 In real terms, using a general retail prices multiplier of 1.088, revenue from grants receivable rose by 0.4% between 1983 and March 1986, but there has been a fall in real terms in the last two financial years, 1986-87 and 1987-88.

Maintenance arrears and backlog

4.14 In June 1974, Peter Fraenkel and Partners, independent consultants, were appointed by the Department of the Environment to study the maintenance needs of the commercial and cruising waterways within BWB's ownership or management with particular regard to BWB's statutory and other obligations. The consultants' report ["the Fraenkel report"] showed that BWB had not been able to meet its statutory obligations. A backlog of maintenance on the commercial and the cruising waterways was identified, valued at £37.6m in 1974 prices - equivalent to £130.0m at 1985-86 prices and £140.0m at 1987-88 prices. In addition, significant arrears of maintenance on the remainder waterways were identified, and substantial expenditure was recommended.

4.15 Arrears relating to other major structures and waterways, not identified in the Fraenkel report, have not been reported in BWB's financial statements. The then Chairman of BWB, Sir Leslie Young, stated at Ripon on 7 September 1986 that the Board had "£200m-worth of backlog on the canals". (This is roughly equivalent to twice the Fraenkel figure updated).

4.16 Reservoirs owned or managed by BWB are inspected periodically to ensure that they meet current safety standards. Based on inspections of a proportion of BWB's reservoirs, safeguarding work required to be done was estimated to total £6.9m at 31 March 1986 (£3.6m at 31 December 1983). We are not aware of the current estimates of work in this category or why this information is no longer included in the BW Annual Report *.

4.17 Under the Transport Act 1968, BWB has a statutory obligation to ensure that public road bridges owned by the Board are maintained to current standards. It was estimated that the cost of work outstanding in this connection totalled £7.4m at 31 March 1986. (* Comment in para. 4.16 also applies here).

4.18 BWB has a duty to undertake the strengthening and reconstruction of certain public road bridges to enable them to deal with modern traffic conditions. The cost of work outstanding in this connection was estimated to total £5.7m at 31 March 1986. (* Comment in para. 4.16 also applies here).

4.19 No provisions for these liabilities have been made in BWB's accounts. Taking the above specific matters into account and making allowance for other necessary maintenance work, it is likely that the current cost of achieving the necessary statutory minimal standards on the Board's waterways and associated structures is of the order of £400.0m.

4.20 BWB has not been able to meet its statutory obligations for maintenance and remedial work on waterways, reservoirs and road bridges.

Operation and maintenance staffing levels

4.21 Employee information published by BWB is not sufficiently disaggregated to facilitate the identification of the numbers of staff employed on direct waterways operational and maintenance duties. BWB reports only two categories of employee: salaried and wages grades staff.

4.22 Over the period since 1 January 1983, staff totals have fallen as follows: from 3,173 at 1 January 1983, to 3,057 at 31 March 1986 and to 2,939 at 31 March 1988. These figures reveal an overall decrease over the sixty three month period of 234 employees (7.6%).

4.23 It is pertinent to note that at 31 December 1964, the end of the Board's first full year of operation, there was a total of 3,818 staff. Over the twenty three years since 1 January 1965, staff totals have fallen by 879 employees (23%).

Operation and maintenance fixed assets

4.24 Alterations to BWB's financial reporting practices make it difficult to identify accurately the value of fixed assets directly employed in waterways operation and maintenance. At 1 January 1983, fixed assets employed in waterways, repair yards and supporting services had a stated net book value of £14.2m; that total increased to £15.8m at 31 December 1983. At 31 March 1985, the net book value of fixed assets employed in waterways and supporting services was stated at £18.3m; that total increased to £20.5m at 31 March 1986.

4.25 In money terms, the net book value of fixed assets employed in waterways and supporting services increased by 44.4% over the thirty nine month period from January 1983 to March 1986; in real terms, using a specific prices multiplier of 1.093, the net book value increased by 35.2%. Of the increase, approximately 85.0% is accounted for by additional investment in craft, plant and equipment.

Note: no attempt has been made to update the information in paras. 4.24 and 4.25 as the format of the BW accounts has recently been changed and comparisons are no longer possible.

Procedures

4.26 The Association's direct knowledge of the Board's operational and maintenance procedures is necessarily limited. The following comments are based on members' informed judgements and observations.

4.27 It is the Association's opinion that the Board's maintenance strategies and procedures are reactive and that comparatively little attention is paid to preventive measures.

4.28 It is the Association's information that BWB's area maintenance budgeting has until recently been carried out on a 'bid' basis rather than on an 'allocation' or 'need' basis and that maintenance tasks and requirements compete one against the other on a national or intra-area footing. It will be interesting to see how the new regional structure will affect maintenance budgeting.

4.29 The Board's policy of negotiating and executing maintenance agreements with relevant local authorities is, in the Association's view, not conducive to the proper maintenance of the Board's waterways. Local authority funds are severely constrained, and local authority priorities are unlikely to accord with the Board's canal and river operation and maintenance priorities. It is the Association's view that the maintenance of inland waterways is a proper charge on national funds rather than local, largely rate-financed, funds. The Association recognises, however, that the Board is forced by Government to rely on local authority contributions to operation and maintenance expenditure.

4.30 It is the Association's view that there were considerable disparities between BWB operational areas in maintenance procedures (and practices), especially in the matters of budgeting, priority setting, and implementation. It is felt that marked benefits would accrue from a more structured and uniform approach to maintenance budgeting and priority setting. Such an approach may emerge from the recent regional management restructuring but this remains to be proved.

Practices

4.31 In respect of the Board's current observed practices, the Association's members have drawn attention to a wide variety of matters. The following comments are necessarily mainly general, although specific cases are cited in a number of instances. However, detailed evidence of individual occurrences and situations can be provided if required, and all the following remarks are based on experienced and witnessed conditions and behaviour.

Closures and stoppages

4.32 The Board's stoppages for inspections, channel and towing path repairs, lock repairs, bridge works, and the like formerly gave rise to serious problems in terms of their announcement, their implementation, their duration, and their circumnavigation. Though such stoppages are still too frequent and too long, there has been a marked overall improvement in the situation and the considerations of the users are now much more taken into account.

4.33 It is the Association's view that proposed closures of significant stretches of the canal network should be a matter for adequate prior consultation with interested parties. For the past three years, the Board has invited senior representatives of the Association to discussions about proposed stoppage programmes, and this development, which has resulted in improved programmes, is welcomed by the Association. Additionally, some of the Association's branch and region officers are consulted about proposed stoppages by the Board's local officials.

4.34 There is a clear need for proposed stoppages to be notified well in advance of their implementation, so that boaters and others can plan their routes and activities in the full awareness of potential and actual obstacles.

4.35 Though there has been a considerable improvement of late, inadequate advance warning is still often given of dewatered stretches of canal. There is a need for warning of closures ahead to be given in sufficient time for boaters to take avoiding action, and information should be posted where it can be seen by those using the waterway. There should also be better inter-regional co-ordination of stoppages, ensuring that important information of stoppages is received by adjacent regions and sections.

4.36 In the recent past there have still been instances where stretches of canal have been closed without due attention being given to the provision of alternative routes, including routes on other navigation authorities' waterways. Again, there has been some improvement but it remains the Association's view that, wherever possible, alternative or complementary routes should be made available in substitution for dewatered stretches of canal.

4.37 It is accepted that emergencies may arise necessitating the immediate closure of a length of waterway. Under such circumstances, it is essential that boaters be informed at once, that warning notices be placed at least one junction ahead either side of the closed section, and that special attention be given to warning boaters adjacent to the closed section. If necessary, adjoining regions should be notified.

4.38 The matter of stoppages over-running their scheduled duration has been the cause of considerable concern to the Association. While it is well understood that a physical inspection of a site or structure may reveal further necessary remedial work, it is the case that a certain number of stoppages have persisted for longer than originally advertised without any stated reason being given. It is gratifying to record that there has been a marked improvement in this aspect of BW operations in recent years.

4.39 The Association is concerned at the nature, incidence and length of so-called third party stoppages. In the Association's view, such stoppages - at the behest of statutory undertakings or private firms - are insufficiently monitored and are imposed without due prior attention to elementary considerations such as closure of half a channel at one time (through the use of coffer dams and the like) or alternative routing of canal traffic.

Dredging

4.40 The Association is deeply concerned at the nature, quality and frequency of dredging on the Board's waterways. In the Association's view, dredging is often carried out in a haphazard and unproductive way. There is frequently a failure to dredge to adequate depth, as may be evidenced by conditions along many canals. The Association's members report many instances throughout the canal network.

4.41 The current proposals for the 'acceptable' dimensions of the Board's waterways are in many cases unsatisfactory. The IWA believes that wherever possible the full 'historic' dimensions should be retained, particularly in respect of the dredged depth.

4.42 In addition, particular parts of the canal network - bridgeholes, mooring and stopping places, winding holes (turning points) where an adequate depth is vital - are frequently insufficiently dredged.

4.43 It is the Association's view that thorough dredging of all the Board's waterways to a proper and adequate depth should be given high priority (see Section 5 of this submission).

4.44 The Association is concerned at the apparent inefficient use of resources in dredging operations. In many instances, dredging work is carried out at a considerable distance from section yards and from suitable spoil dumps, occasioning serious delays and unproductive labour use while spoil is removed from a site and dumped. Such enforced time-lags in labour force employment lead to frequent complaints about idleness and poor supervision which may often not be wholly justified. Direct canalside dumping, where possible, must be more cost effective than present practices, eliminating double handling and transportation.

4.45 It is the Association's view that urgent attention should be given to BWB dredging and dumping practices. There is a clear need for more hoppers to be used at dredging sites, a more efficient use of available equipment and more frequent dumps for dredging spoil.

4.46 Early consideration should be given to the leasing of suitable canalside land from farmers, industrial firms etc. for the dumping of spoil and land levelling over a short term. Continuing falls in the value of farmland make such an alternative a viable one, in the Association's opinion.

4.47 The practice of unmonitored dumping of dredging spoil on towing paths, and the subsequent failure to level or treat such spoil, is one of which the Association strongly disapproves. Nevertheless, in the recent past there have been examples where the use of dredgings as filling behind sheet piling has taken place in a controlled way. This is an appropriate location, effectively replacing the dredged material from whence it came. Use of dredgings in this way may of necessity effectively close the towpath for a year or more but thereafter has the effect of restoring the towpath with nutrient rich soil.

4.48 While the Association welcomes the introduction of structured maintenance programmes, including the so-called sedge bank protection scheme, it is concerned that contrived protection of canal sides and banks is being achieved at the expense of properly dredged channels. Attention must be paid also to the dredging of mooring and landing points, consistent with bank protection.

Maintenance of adequate water levels

4.49 The maintenance of adequate water levels is a further cause for concern to the Association and its members. Failure to maintain adequate levels occasions serious disabling difficulties, including the fouling and loss of propellers, the damaging and destruction of craft bottoms and navigational gear, the damaging of locks and canal structures, the frequent and unnecessary grounding of craft, and the dangerous narrowing of channels. In some areas, the pumping of water from canals for irrigation, although apparently licensed, is seemingly unmonitored until such time as the water level has been so reduced as to cause navigational difficulties. Pumping should only be allowed when navigation requirements permit.

4.50 It is the Association's view that the maintenance of adequate water levels, such as to permit the trouble-free passage of any craft, should be a high priority (see Section 5 of this submission). Prompt attention should be given to the restoration and more extensive use of existing sideponds to maintain adequate water levels. Lock keepers should always be on duty to prevent waste of water, particularly at weekends.

Lock, lock gate and paddle gear maintenance

4.51 Following a survey of staff and user opinion, the planned widespread introduction of hydraulic paddle gear has been abandoned. The Association welcomes the Board's decision in that regard and the recommendations of its 'Paddle Gear' Committee.

4.52 Throughout the canal network, working lock gates, paddle gear and associated mechanisms are frequently not maintained to an adequate standard. Gates are often fouled with debris and not cleared systematically or, in some cases, at all. Paddle gear is often badly maintained and thus is heavy to use. Gate paddles have been removed in many instances, on the grounds of cost or safety, with consequent serious delays to canal traffic, thereby occasioning inconvenience and congestion at popular and busy flights. Braunston, Buckby and Stoke Bruerne on the Grand Union Canal are notorious examples of these. In high season delays of two hours at these points are common.

4.53 It is the Association's view that locks, lock gates and paddle gear must be properly and regularly maintained. Their relatively easy and trouble-free operation is crucial to greater use of the canals for recreational and leisure boating. They are the sine qua non of a canal system, and their effective and efficient operation must be a priority (see Section 5 of this submission).

Towing path repair and maintenance

4.54 The Association recognises that considerable efforts and funds have been expended, frequently by local and other authorities, on the clearance and repair of towing paths. It is the case, however, that major stretches of the Board's waterways remain in a bad state of repair. There have been some recent improvements to towpaths but mainly only those associated with lock flights. Towing paths are not only necessary as canalside walkways for visitors, anglers, and others, but are essential to the safe and trouble-free operation of boats. Glaring examples of poor and dangerous conditions exist between Braunston and Buckby on the Grand Union Canal and between Braunston and Napton Junction on the Oxford Canal. Towing paths are virtually non-existent over long stretches and, in places on the southern end of the Leicester Arm, they have become impassable because of dense undergrowth.

4.55 It is also the case that, whatever the nature of the Board's management of angling on BWB waterways, considerable justification exists for anglers to complain about the state and maintenance of towing paths.

4.56 Allied to the problems caused by inadequate towing path maintenance and repair are those occasioned by overhanging trees and intruding undergrowth. At a great number of points around the system, dangerous situations exist where trees and undergrowth severely restrict navigation, angling and visibility. In the long term over-growth of such vegetation causes maintenance problems by undermining the sides of cuttings and embankments and by depositing leaves and branches in the canal bed. The severe gales of October 1987 caused numerous blockages from falling trees. The Association believes that serious accidents will result unless BW eradicate these problem areas without delay.

Weed eradication

4.57 Virtually no evidence exists of a planned and structured approach to the problem of weed on the Board's canals. It is reported by members of the Association that limited-period experiments have been and are being conducted by the Board's scientific officers at various locations around the network. The results of those experiments are awaited with interest. Results of tests with grass carp have proved this method to be environmentally sound. However, the Ministry of Agriculture and Fisheries will only permit its use on land-locked canals - e.g. Lancaster Canal, where 14,000 grass carp have been introduced.

4.58 It is the case, however, that there has been until recently insufficient attention paid to the eradication of weed, and that greater and more effective use needs to be made of weedcutting machinery and acceptable chemical weedkillers. In particular areas, the problems caused to boaters by weed - especially the fouling of propellers and the blocking of water intakes - are virtually insurmountable, as on the Kennet and Avon Canal, for instance, or the Monmouthshire and Brecon Canal.

Quality of work

4.59 It is the Association's view that, for the most part, work executed by the Board's engineering staff is of a reliable and durable quality. However, there are several instances of maintenance and repair work where considerations of cost or time appear to have led to a loss of quality.

4.60 It is the Association's view that there are significant disparities between BWB regions in this respect.

4.61 Specific instances abound on the canal network of maintenance and repair work of less-than-acceptable quality. The piling of canal banks is particularly poorly done, especially in respect of back-filling, levelling and protection. The Caledonian Canal in Scotland is a glaring example of such poor quality work, where badly eroded banks have been roughly and crudely repaired. On the Leicester Summit section of the Grand Union Canal, ten linear miles of sheet piling were installed in the late 1970s and early 1980s; hardly any of that piling has been tied back or back-filled, occasioning serious difficulties for future maintenance, for mooring and landing, and for access by walkers and anglers.

4.62 The Association's members have drawn attention to the apparent lack of effective supervision of the Board's workers at section level. The Association recognises that the nature and location of work sites give rise to significant difficulties in regular and constructive supervision of work parties and individuals. In the Association's view, however, urgent attention should be given to ways in which such essential supervision may be implemented. The Association is not convinced that the introduction or extension of simplistic productivity measures would bring significant benefits, but does feel that consideration should be given to bonus or penalty schemes comparable to those employed in other engineering sectors. Additionally, the Association recommends that consideration be given, where appropriate, to the introduction of shift-working patterns, thereby facilitating the more efficient and productive use of plant and equipment. It may be that the new BW management structure will improve the situation but it is too early to make a judgement.

4.63 The Association recognises, and welcomes, the very great skills possessed by many of the Board's section engineering and operational workers. It is, however, considerably concerned at the apparent failure to ensure that these skills are transferred to incoming employees.

4.64 The Association is also concerned at the apparent reluctance to import technological knowledge and skills from other canal networks (for example, those in Canada) and other engineering and water management sectors.

Volunteer labour

4.65 The Association is disturbed and disappointed at the Board's failure to make full and effective use of volunteer labour on its waterways. While changes in Government policy have led to a reduction in the employment of MSC-funded workers, the Association remains concerned that trade union attitudes prevent the fuller use of volunteer and short-term labour.

4.66 The Association's subsidiary organisation, the Waterway Recovery Group (WRG), has extensive experience of canal restoration and maintenance work, as do many of the canal societies and preservation trusts throughout Britain. The IWA believes BW could make far more use of WRG members to the advantage of all.

4.67 It is the Association's view that, while canal maintenance and operation should be properly and adequately funded by Government, a wider use of volunteer labour would be most beneficial.

Estates and land development

4.68 It is the Association's view that the activities of the Board's estates division frequently have been inimical to the interests of the Board's engineering division, to the Board's statutory responsibilities, to the various users of BWB's waterways, and - perhaps most importantly - to the restoration, retention and development of the inland waterways themselves.

4.69 The Association, whilst realising the financial benefits of developments to BW and hopefully therefore to the cut itself, strongly advocates that such building should be sensitively carried out, with the waterway remaining the focus of each scheme. Many developments in inner city areas could revitalise the waterways and their surroundings, but indiscriminate building of estates in previously unspoilt locations cannot be beneficial to the cruising network. It is the Association's view, reinforced by experiences at Limehouse Basin in London and Gas Street Basin in Birmingham, that there should be considerably greater consultation with interested parties, especially existing users and local communities in the early stages of planning. The Association is opposed to the reduction of existing water space and the abandonment of waterways and their immediate surroundings.

Policing and offender prosecution

4.70 Attention is drawn in Section 7 to the inadequate policing of BWB's waterways, to the failure to apprehend and prosecute fee and charge evaders, and to the IWA's repeated proposals for improvement in these matters.

4.71 Vandalism on the Board's waterways is running at a cost level of around £2.0m a year. The harassment of boaters, and other canal users, and casual and commercial vandalism of waterside buildings and structures cannot but vitiate the Board's leisure and tourism marketing endeavours. The operational problems associated with dredging and maintenance are exacerbated by an inability to leave BWB maintenance plant and equipment at work sites. It is the observed case that most metropolitan police forces virtually ignore canals and canalside areas, with the result that there is an increase of crime and criminal behaviour.

4.72 It is the Association's view that urgent attention should be given to the better policing of the Board's canals and rivers, which would have concomitant beneficial impacts on the Board's maintenance and operational costs and practices, and on the attraction of revenue from canal and river users. If it is not possible to increase BWB patrol staff numbers, consideration should be given to the closer involvement of police forces.

Consequences of BWB practices

4.73 The consequences of a continuance of those deleterious or undesirable practices outlined above are readily apparent: the discouragement of users, the reduction of revenues, and the exacerbation of problems.

4.74 It is pertinent, however, to emphasise the extent to which previous and continuing practices have had serious damaging impacts. For instance, the protracted closure of Blisworth Tunnel between 1979 and 1984 directly resulted in the loss of twenty jobs in Stoke Bruerne. Elsewhere on the system, extensive stoppages have reportedly had large-scale detrimental effects on pleasure boat traffic and dependent activities and industries.

Improved practices

4.75 The Association has noted with pleasure, however, marked improvement in several areas of BWB practice. There is now better consultation by the engineering division on specific problems; there has been a move towards the reinstatement of lengthsman with specific localised responsibilities and commitments; there has been some development of off-channel moorings; there has been an improved awareness of the importance of leisure-related activities. The Association's members have reported also that, by and large, they normally receive constructive, co-operative, and courteous advice and assistance from BWB section workers. In general, worker response to enquiries and to emergencies has been swift and effective.

Residential Moorings

4.76 The Association continues to be concerned at the number of boats which are clearly in use and occupied, principally for residential purposes, in unmanaged locations. Many of these appear to be unlicensed. We support properly managed use of designated residential moorings. However, there remain many sites where boats are being used as residences without there being adequate control by BW. These are for the most part unkempt, unsightly and unhygienic. BW must improve their control of moorings used by residential boats and must actively develop, and encourage development of, properly managed off-line residential moorings to prevent reduction of the waterways' recreational and amenity use.

5. MAINTENANCE PRIORITIES AND PROGRAMMES

5.1 It is the Association's view that, for the reasons advanced in this section, the Board's priorities are wrongly ordered.

5.2 Evidence and observation reveal that insufficient regard is being paid to the statements in Objective 7 (see paragraph 3.4 of section 3 earlier). Therein the Board is committed to ensure that the

scope and standards of maintenance of particular stretches of waterway should be appropriate to their use and to prospects for future use.

5.3 There are a number of over-riding priorities which should be recognised and safeguarded.

Priorities

5.4 It is essential that the Board's waterways are dredged to an adequate depth and that bridgeholes, mooring and stopping places, and turning points are kept clear and unobstructed. The Association cannot condone dredging policies which apparently have regard only to the requirements of medium-length, shallow draught, narrow-beam cruisers. The Board's policies, even on broad navigations, appear to be based on the needs of an average craft of some 35ft in length, drawing no more than 1ft 6ins of water, and being of no more than 6ft 10ins in width. This standard is inadequate for the traditional and traditional-type boats of the canal system, a considerable number of which use the canal network. It is also contrary to the spirit and letter of the 1968 enabling Act, and many canals are in a condition which contravenes that Act's requirements.

5.5 It is essential that water levels should be maintained so as to give adequate depth of water throughout the system.

5.6 It is essential that locks, lock gates, paddle gear and associated mechanisms should be maintained to a high standard.

5.7 It is essential that towing paths should be adequately maintained and repaired and that channels are kept free of dangerous overhanging trees and intruding undergrowth.

5.8 Maintenance standards must be set, and implemented, at a high level. Unless this is done it will become progressively more difficult to attract local government and other public agency investment in waterway improvement. Additionally, holiday boaters and other leisure and recreational users will be deterred, with a consequent loss of revenue to the Board and to those whose livelihood is heavily dependent on the waterways. In particular it is vital to ensure the survival of the boat building industry, much of which is small and labour-intensive, and a significant part of which is waterway-based and canal-dependent. The provision of adequate basic waterside facilities is also a major factor in a healthy and efficient leisure waterway system, a matter to which BW does not always give sufficient attention.

5.9 While narrow and wide boat carrying does not, and cannot be expected to, generate a major part of the Board's revenue from commercial traffic on its cruising waterways, the presence of such craft on the waterways is a significant factor in the attraction of visitors and users to Britain's inland waterways. The maintenance of the network to the highest possible appropriate standards is essential to the continued survival of these traditional craft.

5.10 The Inland Waterways Association welcomes the recent announcement that BW has been commissioned to undertake a feasibility study into the construction of a new canal to commercial waterway standards between British Coal's Gascoigne Wood Complex and Eggborough Power Station.

Reservoirs

5.11 It is the Association's view that the Board is absolutely correct in giving priority to the maintenance of adequate water levels in the canals over the demands of sailing and angling organisations using the Board's reservoirs. These reservoirs were built as canal feeders and that must remain their primary function.

5.12 However, the Association considers that the Board should make every effort, consistent with paragraph 5.11 above, to increase the effectiveness of reservoirs as canal feeder water storage facilities and to encourage the use of those reservoirs for sailing and other recreational purposes - by dredging, for example, and, where necessary, by back-pumping at locks.

5.13 Sailing on reservoirs is a worthwhile source of revenue to BWB. While the Association recognises that the Board is under no statutory or contractual obligation to provide a minimum level of water in reservoirs (or even any water at all), it is the Association's view that a structured and effective programme of reservoir dredging and the maintenance of suitable minimum depths of water would bring marked benefits to the Board in terms of increased fee revenue from sailing clubs and others.

Programmes

5.14 In the Association's view, the Board has in the past often failed to identify and implement a structured programme of maintenance and restoration work, largely as a result of the failure of Government to provide sufficient funds to enable the Board to tackle the identified and growing maintenance and safeguarding backlog discussed earlier (in Section 4 of this submission). Whilst the IWA appreciates that this deficiency was highlighted in the MMC report and that steps have been, and are being, taken to rectify it, it believes that it is too early to assess the degree of improvement that has been achieved.

5.15 The Association therefore reiterates that a cohesive and co-ordinated programme of maintenance and restoration work should be formulated, having full regard to the backlog identified earlier, after widespread and full consultation with appropriate and concerned organisations, properly funded by specific grant from the Government, and implemented without delay.

Remainder waterways

5.16 Two decades ago, a commitment was made to protect and develop the inland waterways to their fullest extent for leisure and recreational uses. Significant components in the waterway network are the remainder waterways.

5.17 The Board has shown a willingness to interpret its obligations in respect of remainder waterways in a helpful and rewarding way. By co-operation with local, regional and European authorities and with local charitable and voluntary groups, and by participation in MSC-funded and job creation schemes, signal advances have been made in restoring and protecting remainder waterways.

5.18 The Association considers, however, that far more attention needs to be paid to the remainder waterways within the Board's ownership and management. Every encouragement, and enabling funding, should be given to BWB to improve the remainder waterways and resolutely to seek their upgrading to cruising waterway status.

5.19 In that connection, the Association welcomes the British Waterways Act 1983, which added significantly to the cruising waterway network, and the powers given to the Secretary of State for the Environment to alter the status of waterways by statutory instrument rather than by the cumbersome parliamentary legislative process.

5.20 The Association welcomes the Board's wholehearted commitment, along with others including the Association, to the Montgomery Canal and its commendable initiatives in promoting the Montgomery Canal Bill, which received Royal Assent in December 1987. The Association must here express its grave disquiet at the recent statement by the Secretary of State for Wales which has put this most valuable canal restoration in jeopardy. In its view, restoration of the Montgomery Canal remains a vital social and recreational project which should receive a high priority for funding.

5.21 The Association welcomes also the Board's close involvement, outwith its statutory obligations, in several other remainder waterway restoration and improvement schemes.

5.22 There is a clear need for the Board to formulate and publish a fresh set of criteria in respect of its commitment to remainder waterways, their retention, restoration and development, and their relatively speedy transformation to cruising waterway status wherever feasible, practicable and sensible.

Uniform standards

5.23 The Association commends the speedy formulation and implementation of a nationwide uniform set of standards of maintenance and repair. Due attention must be paid to the individual natures and needs of particular canals, however, since much of their charm and attraction lies in their different and varied characteristics.

5.24 The Association welcomes the proposed BW inland waterway construction standards, which it is understood are shortly to be finalised and, hopefully, approved by the Board. It commends the initiative of the British Marine Industries Federation which brought them about and which has throughout had the full support of the Association.

6. PROVISION AND IMPROVEMENT OF FACILITIES AND SERVICES

6.1 It is the Association's view that facilities on the Board's waterways are neither sufficiently provided nor adequately maintained and supervised. The Board is clearly not honouring its commitment, whether wilfully or by force of financial constraints, to have due regard to the actual and potential use of the waterways when providing and maintaining facilities and services.

6.2 There is an urgent need for the wider provision of off-channel and lay-by moorings, for the more effective policing of existing moorings, and for their maintenance and repair to an acceptable standard.

6.3 There is an equally urgent need for the provision of more and better-equipped sewage and waste disposal facilities, including pump-out stations other than those sited at commercial operators' premises.

6.4 There is a wholly inadequate provision of toilets and sanitary facilities along the Board's waterways, and there would appear to be ample scope for the extension of safeguarded basic facilities.

6.5 The Association particularly welcomes the setting-up of a Trust to operate the Board's Museum at Gloucester. Apart from the ethics of allowing the Board to control the public's perception of its own waterways and their history, the management of such places has frequently been inefficient and not in the public's interest. The Stoke Bruerne Museum has recently had a welcome improvement in management, but there is evidence to show that some staff operate in their own interests, not the Board's nor the public's. Evidence to support this view is available if required.

7. BWB'S FEES AND CHARGES

7.1 The comments in this section are primarily concerned with the Board's fees and charges to private boatowners. The Committee will have before it other parties' evidence concerning the commercial and trade aspects of BWB's fees and charges structure.

Private boatowner fees and charges

7.2 In keeping with its interpretation of the first of the Board's objectives, BWB is following a policy of maximising its revenue income from boatowners by increases in fees and charges. It is the Association's view that this is a shortsighted strategy, which will most probably lead to an overall reduction in the number of boats registered and licences issued and hence adversely affect BWB fee income.

7.3 Nonetheless, it is the Association's view that revenue from residential boatowners could properly be maximised by the Board in two related ways. Firstly, the Board should, in conjunction with appropriate local authorities and other agencies, ensure the provision of more moorings (lay-by and off-channel) designated for residential boats. Secondly, by closer and more regular supervision and policing of such moorings as exist now, the Board should be able to ensure that a houseboat certificate is held by all craft used for residential purposes and the appropriate annual fee paid. The Association has produced for discussion a statement of its views and recommendations on residential boats on BWB and other waterways; a copy of that statement is enclosed with this submission.

7.4 There is an undoubted demand for moorings for residential craft and the Board's failure to satisfy this demand cannot be reconciled with either the Board's current regulations or its objective of revenue maximisation.

7.5 Summary details of total revenue income were given in paragraphs 4.8 to 4.10 of Section 4 of this submission. In the period since 1 January 1983, BWB's revenues deriving from licences, registration certificates and mooring permits are summarised as follows:

(£000)	1983	1984-85 *	1985-86	1986-87	1987-88
Waterway Type					
Commercial	373	482	443	447	500
Cruising	1,782	2,336	2,213	2,331	2,610
Remainder	80	105	106	109	123
Totals	1,899	2,923	2,762	2,887	3,233

* 15 months

7.6 During the period to 31 December 1983, those revenues ran at a monthly level of £158k; during the period to 31 March 1987, they ran at a monthly level of £240k; during the period to 31 March 1988, they ran at a monthly level of £269k. In money terms, those estimates represent an increase since 1983 of 70.3%; in real terms, revenue from licences, registration certificates and mooring permits rose by about 50% between 1983 and March 1988.

7.7 Over the same period, the total number of craft licensed and registered remained virtually unchanged - the figures being 23,454 in 1983 and 23,717 in the year to 31 March 1988. Effectively, they imply a 'no growth' situation as far as new registrations are concerned.

7.8 Along with other cognate national organisations (the Inland Waterways Amenity Advisory Council, the Royal Yachting Association, the Association of Pleasure Craft Operators, the Association of Waterway Cruising Clubs, and the British Marine Industries Federation), the Association is formally consulted annually by the Board about proposed changes to BWB's fees and charges. However, it would appear that little attention is paid to these organisations' advice and representations.

7.9 In respect of the calendar years 1987 through to 1989, the Board's proposals for private boat licence and certificate fees have consistently been set at a rate greater than those of the general retail and specific prices indexes. In broad terms, average increases of fees (with corresponding RPI in brackets) have been: 1987 5% (3.7%), 1988 11% (3.7%) and 1989 9% (6.8%), giving an increase over three years of 27% (14.8%) - i.e. almost double the rate of inflation.

7.10 For several years the Association has been warning BW of the dangers of large increases in fees and charges. In 1986 the Association advised BWB that any increase for 1987 should be limited to the anticipated rate of inflation. It further recommended that, in future years, fees and charges should be held at published 1987 levels or, at most, increased by less than the experienced annual rate of inflation, in order both to encourage more boats to use the Board's waterways and to encourage the licensing or registration of currently unlicensed or unregistered craft.

7.11 The Board's adoption of a 5% increase norm for 1987 was stated to be linked to the increased cost of operating the Board's waterways, which the Board considered to be running at an annual rate of increase of 5%.

7.12 When the Board proposed increases averaging 11% for 1988, the Association strongly opposed these for the reasons given above and, when the Board went ahead with these proposals, the Association (backed by the Royal Yachting Association) called for a freeze of licence fees in 1989, maintaining that the Board should instead take immediate and effective steps to recoup the lost income from the many unlicensed boats. However, this advice was not heeded and the Board increased fees by approximately 9% for 1989.

Unlicensed or unregistered craft

7.13 Considerable anecdotal and witnessed evidence exists to the effect that a large number of craft using the Board's waterways and facilities are unlicensed or unregistered. Attention has been drawn earlier (para 4.76) to the presence of unlicensed residential boats on the Board's canals and rivers, but this situation is even more common in respect of non-residential boats.

7.14 It is the Association's view that rigorous pursuit and prosecution of such offenders would augment the Board's revenue income far more effectively and, in the long run, more beneficially than exaggerated fee and charge increases.

7.15 The Board's annual report for the period to 31 March 1986 states that:

All waterways received regular visits by patrol staff and particular attention was directed to areas where the presence of uniformed officers was likely to have the greatest impact...

[No comment on this topic appears in the 1987-88 report].

7.16 The Association's members report that the Board's uniformed patrol officers are not regularly seen at many of the strategic points on the inland waterways network, and that when they do occur such visits are haphazard and brief.

7.17 The Association does acknowledge that regular licence checking at certain strategic points is carried out, e.g. at Brentford Gauging Lock and Harecastle Tunnel. These locations are well known and not frequently used by unlicensed boats. Cases have been noted of boats being licensed for short periods simply to pass these points.

7.18 Evidence can be provided, if necessary, of several instances of unlicensed craft moored within close proximity of central points, of virtually abandoned craft left unlicensed at the Board's overnight, visitor or short-stay moorings, and other flagrant breaches of regulations.

7.19 It is the Association's view that, firstly, there are not sufficient uniformed patrol officers, and, secondly, the existing staff is neither efficiently deployed nor effectively engaged in detecting and pursuing potential and actual offenders.

7.20 The Board's 1985-86 report states that during the year from 1 April 1985 a total of 163 instances of licensing and navigational offences led either to written warnings or to prosecutions. That total represents 0.7% of the average number of boats licensed and registered during the year to 31 March 1986. No separate details are given in respect of the recovery of outstanding licence or registration fees by either administrative or court action. [No equivalent statement appears in the 1987-88 report].

7.21 In the Association's view, that is an unacceptably low level of pursuit and prosecution. The identification and prompt prosecution of offenders should be given a very much higher priority, and specific detailed information on prosecutions and fee recoveries should be made publicly available.

8. BWB'S CURRENT POLICIES AND THE PUBLIC INTEREST

8.1 It is the Association's view that present policies in respect of maintenance and repair act against the public interest, in that such policies fail to ensure adequate dredging, water depth provision, channel width and accessibility. Those defects are detrimental to the long term objectives of the Board and to the interests of the communities served by the Board.

8.2 The Association is not aware of any instances in which the Board's competition or marketing activities act against the public interest, although the Association is concerned that such activities should be planned and conducted having full regard to the Board's obligations in respect of its waterways.

8.3 The Association's view is that, in the matter of fees and charges, there is a significant danger that continued annual increases will serve to reduce consumer demand by a substantial factor. The Board's current policies are unlikely to lead to full use of BWB inland waterways.

8.4 The Association welcomes the consultation practices adopted by the Board in terms of fees and charges, although it is regretted that little notice appears to have been taken of the representations made to it by the Association and other bodies representing the users.

8.5 The Association welcomes the consultation processes between the Board and the Association's officers instituted in the past three or four years in respect of engineering works (especially proposed stoppages), leisure and amenity, and the new commercial aspects. Apart from engineering meetings (now twice per year), these need to be regularised.

8.6 It is the Association's view that insufficient attention is being paid by the Board to the identification and preservation of significant historic and environmentally-desirable features and structures on the Board's waterways, and that such neglect acts against the public interest.

8.7 It is the Association's view that the operation, maintenance and development of the Board's inland waterways are essential public community services. The provision of these services cannot adequately be undertaken without substantial, continuing and considerably increased subventions from central government.

8.8 In these circumstances, it is the Association's view that wholesale or widespread privatisation of BWB and its activities would neither be appropriate nor generally acceptable and would be against the public interest.

8.9 There appears to be a degree of scope for hiving off part of the Board's operations, of which the remaining hire cruiser fleet is a particular example where sale to the private sector would be in the public interest.

9. SUMMARY OF RECOMMENDATIONS

9.1 This Section draws together, in summary form, the principal conclusions and recommendations detailed in preceding sections of this submission.

9.2 It is clear that the frequently-stated Government commitment to the nation's waterways has not been honoured by successive administrations, and that the British Waterways Board has been prevented by Government from fulfilling the statutory obligations and liabilities placed upon the Board by Parliament.

9.3 Government should make available, without delay, sufficient funds to enable the Board to undertake a medium-term programme of maintenance and restoration in order to meet its statutory obligations.

9.4 Government should also enter into a commitment to continue the Board's general funding at a level sufficient to compensate for changes in prices and to permit the proper operation and maintenance of the Board's inland waterways.

9.5 It is the Association's view that a desirable level of operational standards and maintenance should be identified, having regard to current actual and potential use and other present-day factors. Marked benefits would accrue from a more structured and uniform approach to maintenance budgeting and priority setting. The newly implemented management re-organisation may well go some way towards achieving these benefits but it is too early to assess the effects.

9.6 Cruising waterways should be operated and maintained having regard to their actual and potential use by all manner of craft, rather than by reference to those waterways' use by a notional typical medium-length, shallow-draught, narrow-beam cruiser.

9.7 Proposed closures and stoppages should be the subject of early prior consultation with interested parties, and full regard should be taken of the availability of alternative routes in substitution for dewatered or blocked stretches.

9.8 Widespread dredging of all the Board's waterways, to a proper and adequate depth, should be a high priority. Urgent attention should be given to improving BWB dredging and dumping practices.

9.9 In association with dredging, high priority should also be given to the guaranteed provision of adequate water levels. The proper and regular maintenance of locks, lock gates, and paddle gear is also essential for the proper and safe operation of the waterways.

9.10 Prompt action must be taken to ensure the proper upkeep and repair of towing paths, the removal of obstructing trees and undergrowth, and the eradication of excessive weed and other obstacles to navigation.

9.11 Consideration must be given to ways in which workforce supervision can be improved and productivity increased. Adequate provision must be made for the transference of skills and the adoption of technological knowledge and skills from other sectors. Full attention must be paid to the useful employment of voluntary and short-term labour. Here again the effects of the recent management re-organisation have yet to take effect.

9.12 The Board should formulate and publish a fresh set of criteria in respect of its commitment to remainder waterways, their retention, restoration and development, and their relatively speedy transformation to cruising waterway status wherever feasible, practicable and sensible.

9.13 Urgent attention must be given to the wider provision of more off-channel and lay-by moorings, more and better-equipped sewage, waste disposal, toilet and sanitary facilities.

9.14 The Board's policy should be altered so as to permit greater licensed and regulated use of residential craft through the increased issue of houseboat certificates and the wider availability of suitable moorings.

9.15 The Board should divest itself of those activities which compete against the commercial interests of BWB customers, particularly its hire cruiser operation.

9.16 Fees and charges should be increased by less than the annual rate of inflation, so as to encourage the wider use of the Board's inland waterways, which is then likely to produce an increase in revenue from the users.

9.17 Prompt and more effective attention must be paid to the detection and prosecution of boatowners and others evading fees and charges and breaking BWB regulations.

9.18 The Board should widen and consolidate those consultation processes and practices already adopted, and should give urgent consideration to improved and earlier consultation on all matters affecting its inland waterways, their operation, maintenance, restoration, retention and development for leisure and commercial use.

9.19 Above all, BWB should give its principal attention to the maintenance and improvement to an acceptable standard of the existing inland waterways network, thereby encouraging maximum use of the system.

9.20 The Association urges British Waterways to give a higher priority to the review and re-issue of its Bye-Laws. The IWA understands that, because of other commitments, little work has been carried out to this end for the past three years. The efficiency of BW would be greatly enhanced by a well-drafted set of regulations which were then positively and effectively implemented. Many of our earlier comments bear upon the Bye-Laws and their enforcement.

9.21 The Association would be pleased to support this written submission by being represented in person by its senior officers to give verbal evidence to the Committee and to answer questions. It would also be pleased to comment on the evidence of other parties, if the Committee felt that this would be helpful to them.

9.22 The Association is grateful to the Committee for being given the opportunity to make this submission and hopes that it will prove of value in their investigations.

SELECT COMMITTEE ON THE ENVIRONMENT INQUIRY INTO THE BRITISH
WATERWAYS BOARD: 1988/89 SESSION

MEMORANDUM SUBMITTED BY THE DEPARTMENT OF THE ENVIRONMENT (DOE)

Background

1. The British Waterways Board (BWB) is a nationalised industry sponsored by the Department. It came into existence in 1963 (as successor to the British Transport Commission) and the statutory framework for its operations is contained mainly in the Transport Acts 1962 and 1968. The Board's function is to maintain some 2,000 miles of inland waterways (mostly artificial canals) in England, Scotland and Wales, largely for leisure use but for commercial freight traffic in some areas. The BWB network represents part of the nation's industrial heritage, is a valuable element in the urban and rural environment and a major leisure resource. It also performs important land drainage and water resource functions. The Board employs just under 3,000 staff, of whom some two-thirds are manual.

2. The 1968 Transport Act divided BWB's waterways into three categories (commercial, cruising and the remainder) and laid down broad maintenance requirements for each. Commercial and cruising waterways have to be able to carry commercial or pleasure craft of the size which used them in 1967. Remainder waterways have to be dealt with in the most economical way, whether by retention, elimination or disposal. Where they are retained, remainder waterways have to be managed in a manner consistent with public health, amenity and safety. The 1968 Act provides for the classification of a waterway to be altered by Ministerial order. A number of waterways were upgraded from remainder to cruising under a BWB Private Act (the British Waterways Act 1983) following restoration and the negotiation of agreements with the relevant local authorities to cover the increase in maintenance costs. Table 1 shows mileage, costs and revenue for each category of waterway.

Table 1 BWB waterway costs and revenue (1987/88)

£000

Category	Length (in miles)	Operational costs		Gross revenue	
		Total	Per mile	Total	Per mile
Commercial	350	13,658	39	2,824	8
Cruising	1100	27,795	25	6,234	6
Remainder	500	6,771	14	1,044	2
Total	1950	48,224	78	10,102	16

3. Waterway operation and maintenance (£48 million in 1987/88) accounts for nearly three-quarters of the Board's expenditure and staff. Internally-generated revenue from canal users and the BWB estate does not match operational costs and the Board receives Government grant-in-aid under section 43(2) of the Transport Act 1968. The grant in 1988/89 is £46 million, about 70% of BWB's total income of £64 million.

The Department's sponsorship role

4. The Secretary of State's main functions are to appoint the Chairman and other members of the Board, to set objectives to guide the Board's activities, to set performance aims and indicators, to determine resource levels, to pay grant, to control the Board's borrowing and to appoint external auditors to report on the annual accounts. The Secretary of State is accountable to Parliament for the use made by BWB of public money.

5. The relationship between the Department and the Board is modelled on the standard pattern for nationalised industries, with some special features related to the high level of grant paid to the Board. Like other nationalised industries, the Board is responsible for the day-to-day management of its affairs, subject to Ministerial consent where necessary (for example for the acquisition of land in certain cases and

investment in subsidiary companies).

6. The current membership of the BWB Board is shown at Annex A. Board membership has been reviewed and reconstituted, particularly within the past year, to reflect a more commercial approach to the management of BWB's business.

7. A special body, the Inland Waterways Amenity Advisory Council (IWAAC) set up under section 110 of the 1968 Act with members appointed by the Secretary of State (and unpaid except for the Chairman), exists to advise the Board and the Secretary of State on matters affecting amenity, leisure and recreational use of the waterways. IWAAC is classed as a non-departmental public body. Running costs are paid by BWB (£55,000 in 1987/88). The current membership of IWAAC is shown at Annex B.

DOE organisation for sponsorship role

8. Responsibility for BWB rests with the Department's Water Directorate (WD) headed by Miss D A Nichols (Under Secretary). The Directorate also deals with a range of water issues, including drinking water quality, pollution control and the proposed National Rivers Authority. BWB affairs are dealt with by a team of 5 officials within the Water Administration (WA) Division of the Directorate who also have responsibility for inland waterway matters generally. A branch specialising in regional water authority membership matters provides support for the main branch in respect of BWB and IWAAC appointments and pay issues.

9. WA officials have access to finance, accountancy, economic and estates advice within DOE. They liaise as necessary with other Government departments (principally H M Treasury, the Department of Transport and the Scottish and Welsh Offices) and with outside bodies concerned with inland waterways.

10. WD's finance, PES, vote, grant payment and corporate planning responsibilities for BWB are set out in a formal delegation from the Department's Housing, Water and Central

Finance Directorate under the Department's Organisation for Financial Management.

Policy and financial framework

(i) Duties and objectives

11. The Board has a statutory duty under section 41 (2) of the 1968 Act to break even on revenue account taking one year with another. As a nationalised industry the Board operates under the system of controls set out in the 1967 White Paper "Nationalised Industries: A Review of Economic and Financial Objectives" (Cmd 3437). On 31 July 1984 the Government published objectives for BWB following consultation with the Board and IWAAC (Annex C). These objectives cover the full range of BWB activity and provide a framework for all its operations. They supplement the Board's statutory duties. In promoting the fullest practicable use of its waterways for leisure, recreation and amenity, and for freight transport where appropriate, the Board is required to run its affairs as far as practicable on a commercial basis; achieve value for money in all its activities; secure an adequate rate of return on specific activities; increase private sector participation; and by these means keep the Board's demands on Exchequer funds to a minimum. Waterway maintenance standards are to be consistent with waterway use and potential, and the Board is to secure a cost-effective balance between in-house resources and contracting out.

(ii) Monopolies and Mergers Commission (MMC)

12. In July 1986 the Board's maintenance activities were referred to the MMC by the Secretary of State for Trade and Industry for investigation under section 11 of the Competition Act 1980 as part of the regular programme of review for the nationalised industries. The Commission's report was published on 1 May 1987 (British Waterways Board: A report on the efficiency and costs of the Board in the maintenance of its waterways, HMSO, Cm 124). The Board's first and second responses were published together with Ministerial statements in the form of answers to

Parliamentary Questions on, respectively, 29 March and 21 December last year. Copies of the statements are at Annexes D and E.

(iii) Corporate Plan

13. The Board produces an annual corporate plan to a timetable and format agreed with the Department. One of the main purposes of the plan is to assist the Department in assessing what can be achieved for a given level of resources and to show the effect of changes in the level of funding. The Board is expected to provide within the plan appropriate performance and output indicators to enable progress in meeting its objectives and the efficiency and effectiveness of its activities to be measured. The key indicators and annual targets are approved by Ministers in consultation with the Treasury.

(iv) External financing limit (EFL)

14. BWB's annual EFL is settled each year in the Investment and Financing Review (IFR), which deals with expenditure plans for the nationalised industries. The EFL is mainly comprised of grant, with a small amount of borrowing from the National Loan Fund for capital investment projects. Decisions are taken in the light of the Board's corporate plan and the Government's public expenditure priorities. The EFL is notified to the Board together with indicative figures for the second and third years of the IFR period. Once settled the EFL and grant for the first year will not normally be altered but figures for the second and third years are reviewed in subsequent IFR rounds. The Board is also provided with capital investment approval ceilings for the 3 years of the IFR period reflecting the funding expected to be available from internal and external sources. The levels may be increased in-year, with the approval of the Treasury, if additional funding becomes available from internal sources. The Board may carry forward, subject to the Department's prior consent, up to £1 million unused receipts from the disposal of assets from one financial year to the next.

15. Table 2 shows both in cash terms and in 1988/89 prices Government grant to BWB in the years 1979/80 to 1988/89 together with the Board's EFL.

Table 2 BWB Finance 1979/80 to 1988/89

	Grant (cash)	Grant (1988/89 prices)	EFL (cash)	£ million EFL (1988/89 prices)
1979/80	22.8	42.5	25.7	47.9
1980/81	25.6	40.3	30.0	47.2
1981/82	28.4	40.7	31.6	45.3
1982/83	37.6	50.3	39.3	52.5
1983/84	39.8	50.9	40.8	52.2
1984/85	41.8	50.9	42.8	52.1
1985/86	43.5	50.3	44.1	50.9
1986/87	43.9	49.1	44.8	50.1
1987/88	44.0	46.7	45.0	47.8
1988/89	45.8	45.8	46.1	46.1

Notes: 1 All figures are for England, Scotland and Wales and, include payment of both capital and revenue grant.

2 Outturn for 1979/80 to 1987/88, estimated outturn for 1988/89.

16. The BWB EFL for 1989/90 announced in the 1989 Public Expenditure White Paper published on 30 January (Cm 609) is £48.3 million. The Board's approved level of investment on fixed assets for 1989/90 is £10.1 million.

17. The Department's rules for payment of grant are set out in a financial memorandum. Grant is currently paid to the Board in three ways (1988/89 figures):

- General grant-in-aid to support waterway operation and maintenance costs (£36.8 million);

- Specific grant introduced in 1982/83 for maintenance backlog projects (£8.0 million);

- Bridgeguard grant (£1.0 million) to assist the Board in meeting its obligations for the maintenance and strengthening of public road-carrying bridges over its waterways under section 117 of the Transport Act 1968. DOE pays Bridgeguard grant in respect of work in England and Wales. A separate arrangement with the Scottish Development Department applies north of the border.

18. The main elements of the Board's self-generated income (total annual turnover around £20 million) are (1987/88 figures) leisure activities (£4.8 million); sales of water (£2.4 million); wayleaves etc (£1.8 million); tolls for the use of commercial waterways (£1.1 million); rents etc from the non-operational estate (£5.8 million) and sales of surplus non-operational land together with premiums on long-term leases (£5.7 million).

(v) Auditors

19. The BWB external auditors are appointed each year by the Secretary of State under section 24 (2) of the 1962 Transport Act as amended by section 41 (9) of the 1968 Transport Act. The Board is expected to conform to public sector financial disciplines and to maintain an efficient and effective internal audit capacity in line with Treasury guidance. The Board's position as a substantially grant-aided public sector body places on it a particular duty to account for the use of public funds.

Investment control

20. All BWB projects of a capital nature are now subjected to appraisal appropriate to cost under new procedures introduced in response to the criticisms made by the MMC report. Projects above a specified level are referred to the Department for approval. The largest projects also require Treasury approval.

The current cost bands are:

Band A	BWB approval	up to £200,000
Band B	DOE approval	£200,000 to £1 million
Band C	Treasury approval	£1 million

These thresholds are under review.

21. In addition any scheme with novel or contentious features must be referred to the Department. The appraisal and approval arrangements apply also to the Board's development proposals. Land disposals are subject to normal public sector rules (competition and best price) and proposals for joint venture developments must be approved in advance by the Department, which expects clear evidence that a joint venture offers the best value for money compared with other options, including outright disposal.

22. The wider benefits to the community of BWB's operations (for example, land drainage, amenity, safety, heritage, environmental, informal recreational use) are also taken into account where appropriate. In accordance with Treasury guidance on public sector investment appraisal they do not form part of the assessment of financial implications for the Board itself but they are separately described in qualitative terms with whatever quantification is practicable.

Progress against objectives

23. The Board has taken action to implement its objectives (Annex C) as follows.

General. In promoting the fullest practicable use of the waterways for leisure, recreation and amenity and for freight where appropriate, the Board should act commercially; achieve value for money in all its activities, including waterway maintenance, with projects subjected to proper investment appraisal; increase opportunities for private sector participation; and by these means minimise calls on Exchequer funds.

24. BWB is now running its affairs increasingly on a commercial basis in line with the programme of change set out in the Board's 1988 Corporate Plan and its initial and second responses to the MMC report. This involves a move from its present somewhat centralised, vertical structure to a regionally-managed, business-orientated organisation, with a single headquarters office, new information systems and a new resource allocation system, based on waterway and business plans for each stretch of waterway. Efficiency savings are expected to show through in the medium to long term as a result. The Board has met its statutory duty to break even and has complied with EFL limits. Performance against the annual targets set for BWB's activities is shown in Table 3 (paragraph 33).

Freight. That part of the network suitable for freight transport should be managed primarily for commercial traffic, with direct BWB freight activities confined to those securing an adequate rate of return and private sector investment attracted for expansion and development. Loss-making operations should be sold off or closed down.

25. BWB has reviewed its loss-making freight activities. Its direct freight operations ceased with the sale of its road freight business as a going concern to the private sector in April 1988. BWB continues to market the commercial waterways for the carriage of freight by the private sector and to attract private investment.

Leisure, recreation and amenity. The greater part of the network likely to be unsuitable for freight transport should be managed imaginatively for leisure, recreation, amenity, conservation and land drainage; with private sector involvement. Charges should be kept under review.

26. The Board is developing a leisure and tourism strategy on the basis of waterway plans. Charges have been reviewed. Boat licence, registration and mooring fees are to increase by an average 15% above the rate of inflation over 3 years from 1988. Angling policy and charges have also been reviewed recently.

Land holdings. Only essential land should be defined as operational. Non-operational holdings should be sold as soon as commercially sensible or developed through joint ventures with the private sector. An up-to-date appraisal of the estate and its capital value should be maintained.

27. BWB is reviewing operational land holdings and has a programme of disposal of surplus land. With the Department's approval the Board has pursued joint venture schemes at Woughton (Milton Keynes), Limehouse Basin and Paddington Basin and other developments are in train. BWB commissioned a property study last year from independent consultants to establish the value and development potential of its portfolio. The Government is considering with the Board the results of this study (paragraphs 35-36).

Maintenance and engineering work. Maintenance standards for particular stretches of waterway should be appropriate to use and prospects for future use. They should be kept under review and proposals made for changes in classification of individual waterways where desirable. Maintenance work should be contracted out where appropriate.

28. BWB estimate that there is a maintenance backlog of some £200 million, of which some £40 million is considered to be urgent. However, the maintenance standards and classification

appropriate to each stretch of waterway and the resources required are being reviewed and defined in waterway plans. The Board is committed to contracting out where this is shown to be cost-effective. Currently 90% of major works are contracted out.

Research and development. The research programme should be geared to BWB objectives and settled annually with the Secretary of State.

29. The Board's research programme (£39,800 in 1988/89) is currently directed at the development of marketing strategies. The scope of the programme, which is subject to the approval of the Secretary of State for the Environment under section 46 of the 1968 Transport Act, is reviewed annually.

Corporate Plan. The Board are required to develop procedures for keeping objectives and performance under review, including the adoption of a corporate plan updated annually, the setting performance aims and indicators and the further development of performance review and financial monitoring.

30. The Board produced its first 10 year Corporate Plan in 1984. This was updated in two subsequent annual rolling plans but following a change to a single annual Plan in 1987 corporate planning is now on a four year horizon. The 1988 Plan was necessarily provisional pending the various reviews in hand and the introduction of the Board's new regional management structure. The next Plan will reflect this structure and the work which the Board has done on the preparation of waterway and business plans. The Department is discussing with the Board further developments in the presentation and content of the Corporate Plan, in particular the need to provide greater quantification of outputs.

Accounts and audit. BWB should adopt management accounting systems compatible with the DOE accounts directive and its businesses as defined in the Corporate Plan.

31. Cost and control systems have been overhauled. New computer-based systems are to be introduced from 1 April this year following a re-appraisal of the Board's information technology strategy. An Audit Committee of the Board has been set up and meets three times a year.

Relations with users. The Board should consult users about needs and policies and liaise closely with IWAAC on matters affecting leisure, recreation and amenity, consulting the Council in advance on significant proposals of interest to the user organisations with which it is linked.

32. BWB regularly consults IWAAC and other user organisations on matters affecting leisure, recreation and amenity. The introduction of regional management is intended to encourage closer links between the Board and its customers.

Performance aims and indicators

33. Table 3 below shows BWB's performance in the last three financial years against the key targets which are set annually in the corporate planning round.

Table 3 BWB Performance targets/ outturns 1986/87-1988/89

		£000					
		1986-87		1987-88		1988-89	
		target	out-	target	out-	target	estimated
			turn		turn		outturn
<u>Estates</u>							
Operational rents:							
Percentage increase	8	12.8	11	9.4	11	9	
Cash increase	104	116	154	96	180	103	
Non-operational rents:							
Percentage increase	10	9	9	14.1	10	1.3 ⁽¹⁾	
Cash increase	400	854	455	733	474	79	
Return on capital value:							
Percentage	13.5	9.1	13.5	9.5	13.5	6	(2)
Cash increase	4602	5188	4780	5921	6000	6300	
Income from disposals	1500	1349	2000	5500	2500	2500	
<u>Leisure and tourism</u>							
Contribution to							
turnover	1713	1573	1485	1650	1600	1635	
Costs	1960	1889	2405	2107	2470	2537	
<u>Freight</u>							
Toll revenue	1200	982	1009	1014	1119	1011	
<u>Manpower</u>	3080	2950	2993	2950	(3)		

(1) Growth in non-operational estates rental income reduced as a result of property sales for which timing of receipts is unpredictable.

(2) Decreasing returns attributable to increase in capital values following revaluation of estate.

(3) Figures not available.

34. The Department is discussing with BWB improvements to the system of target setting and performance review. Work is in hand on the development of a performance indicator for expenditure on the maintenance and operation of the waterways. The targets may also require some modification in the light of the introduction of regional management.

Future strategy

35. BWB is developing a preferred option for future strategy in the light of last year's property study (paragraph 27) with property development as the key to unlocking waterway potential and reducing dependence on grant. The Board is discussing its proposed strategy in more detail with the Department and is examining other options to see which route offers the best overall result in terms of reducing the call on Government funding for statutory obligations, while maximising the potential of the estate and preserving the amenity value of the waterways.

36. The Secretary of State will wish to see the Board's further work and consult colleagues before reaching any decisions on the way forward. In the meantime BWB is working up a detailed business plan based on its preferred option as a precursor to the 1989 Corporate Plan due for submission to the Department at the end of March this year.

DOE/WD

7 February 1989

Ref: NTB 23/11/107

Annex A

BRITISH WATERWAYS BOARD MEMBERSHIP

	First appointed
Mr D. C. Ingman (Chairman)	21 October 1987
Dr A. Robertson CBE (Vice Chairman)	15 August 1983
Mr M. Golder	13 January 1989
Dr B. J. Goodman	28 September 1988
Mr J. E. Gordon	1 August 1987
Sir Peter Hutchison Bt	1 December 1987
Mr D. H. R. Yorke	12 December 1988

Annex B

INLAND WATERWAYS AMENITY ADVISORY COUNCIL MEMBERSHIP

	First appointed
Mr D. B.Wain OBE (Chairman)	16 November 1968 (as a member)
Mr J. B. Atkins	1 April 1980
Mr G. H.Baker	1 January 1986
Dr J. W.Eaton	1 January 1984
Mr C. F. Elkin	1 January 1984
Mr R. Garland	1 January 1988
Mr K. Goodwin	1 January 1984
Mr J. R. Hume	1 August 1974
Mr J. A. C. Humphries	18 November 1970
Mr R. B. Jones MP	1 July 1985
Mr W. O'Brien MP	1 July 1988
Mr C. Quant MBE, JP	1 August 1974
Mr G. D. Rollinson	18 November 1970
Mr A. T. Smith	7 July 1978
Mrs M. F. Turner	18 November 1970
Mr P. V. Wagstaffe	1 January 1986

Annex C

BRITISH WATERWAYS BOARD

OBJECTIVES AGREED WITH THE DEPARTMENT OF ENVIRONMENT (31 JULY 1984)

OBJECTIVES

General

1. Consistent with its statutory obligations and powers, the Board should, so far as practicable, run its affairs on a commercial basis.
2. In promoting the fullest practicable use of the waterways for leisure, recreation and amenity, and for freight transport where appropriate, the Board should aim (a) to achieve value for money in all its activities including the maintenance of waterways, (b) to secure an adequate rate of return on specific activities and (c) consistently with its other objectives to increase opportunities for private sector participation in the business for example through direct investment, joint ventures, asset sales, contracting out and hiving off. By these means the Board's demands on Exchequer funds should be kept to a minimum.
3. The Board should comply with financial targets and external financing limits set by the Secretary of State and should achieve performance aims, agreed with the Secretary of State, for manpower and other operating costs for each part of the Board's activities. Proposals by the Board for capital investment should be subject to proper investment appraisal as in the Department's guidelines dated 25 May 1983. Those outside the delegated limits agreed from time to time between the Secretary of State and the Board should be submitted for approval. The currently agreed limit for this is £200,000.

Freight

4. That part of the network which is suitable for freight transport should be managed (in addition to the purposes set out below) primarily for the commercial traffic of private operators. The Board's direct freight activities (as distinct from the upkeep of the waterways) should be confined to those which can achieve an adequate rate of return. Those which do not should be sold off or closed down. Opportunities to attract private sector capital for the expansion and development of commercial freight traffic, including the relevant waterways, possibly by means of joint ventures, should be pursued. Maintenance standards should be appropriate to the actual use (including land drainage where necessary), and the prospects of use, of the stretches of each waterway.

Leisure, recreation and amenity

5. The greater part of the network is unlikely to be suitable for freight transport and should be managed imaginatively for the purposes of leisure, recreation, amenity, conservation (and land drainage as necessary). Public use and enjoyment of the waterways should be enhanced including where practicable that of the disabled. Opportunities to expand and develop profitable activities (in conjunction with the private sector where possible) should be pursued in ways which would increase the Board's resources. Charges should be kept under review, with the aim of maximising revenue. Maintenance standards should be appropriate to the actual use (including land drainage where necessary) and the prospects of use, of the various stretches of each waterway.

Land holdings

6. The Board should define as operational only such land as (a) is essential to the maintenance of the waterways, or (b) must be held by the Board for running its freight, leisure, recreation and amenity activities. Non-operational holdings of land and buildings should be sold freehold to the private sector as soon as this is commercially sensible, or developed with the private sector through profitable joint ventures. The Board should maintain an up to date appraisal of their land holdings and their capital valuation.

Maintenance and engineering Works

7. The scope and standards of maintenance of particular stretches of waterway should be appropriate to their use and to prospects for future use. They should be kept under review taking into account the number and size of vessels using them. The Board should make proposals to the Secretary of State for any desirable changes in the statutory standards and classifications of commercial, cruising and remainder waterways. The Board should contract out maintenance work to the private sector wherever that is cost effective. In the case of waterways which are also "main rivers" for land drainage purposes the Board should seek to co-operate with the relevant authority (the Regional Water Authority in England and Wales) to maintain the waterways as economically as possible. The possibilities of either the Board or the relevant authority undertaking all work subject to reimbursement should be pursued.

Research and development

8. The Board's research programmes should be geared to its objectives and should be settled annually with the approval of the Secretary of State as required by Section 46 of the Transport Act 1968.

Corporate Plan

9. The Board should develop procedures whereby its objectives and performance are kept under review, the efficiency and effectiveness of its operation are monitored and the results reported to the Secretary of State. This will require the early adoption of a corporate plan, updated annually, for approval by the Secretary of State, the setting of performance aims and indicators, and the further development of performance review and financial monitoring.

Accounts and audit

10. The Board should adopt management accounting systems compatible with the form of accounts directive, and its businesses as defined in the corporate plan. The auditors, who are appointed by the Secretary of State, will carry out a proportion of value-for-money audit annually, reporting on that and other audit matters to the Board in the first instance.

Relations with users

11. The Board should consult waterways users and others affected by the Board's activities about their needs and about the Board's policies. On matters affecting leisure recreation and amenity the Board should liaise closely with the Inland Waterways Amenity Advisory Council, making use of the Council's links with user organisations; and, so far as practicable, consulting the Council in advance of decisions upon proposals of significant interest to them.

DOE

Annex D

MINISTERIAL STATEMENT ON PUBLICATION OF THE BRITISH WATERWAYS BOARD'S FIRST RESPONSE TO THE REPORT OF THE MONOPOLIES AND MERGERS COMMISSION (Hansard 29 March 1988, c.370 and corrigenda 12 April 1988)

Waterways

Mr Barry Field: To ask the Secretary of State for the Environment whether he has received a response from the British Waterways Board to the Monopolies and Mergers Commission's report on the maintenance of the Boards' waterways; and if he will make a statement.

Mr Moynihan: I am grateful to the Monopolies and Mergers Commission for its wide-ranging investigation of BWB. The Board has carefully studied the Commission's report under its new Chairman, Mr David Ingman, and I am placing copies of its initial response in the Library of the House.

The Commission proposed a major programme of changes and improvements, some of which BWB has already begun or identified as necessary, for implementation over the next two to three years. Its recommendations cover the definition of maintenance standards and tasks, achieving the optimum balance between in-house work and the use of contractors or consultants, the development of procedures for project appraisal, the basis for allocating resources to individual waterways. BWB's freight operations, the raising of revenue both from leisure use and from BWB's estate, the management of BWB's direct labour force and salaried staff, and some aspects of management systems and structure. The Government broadly endorse the Commission's findings.

BWB has accepted most of the Commission's recommendations and has set in hand the process of management change. Key elements are the development of comprehensive plans for individual waterways as a basis for budgetary control and resource allocation, structural reorganisation, the appointment of new commercial and personnel directors, and the overhaul of cost control systems. I welcome the Board's positive response to the report and its commitment to change. I support both its overall approach and the action it is taking to implement the report's recommendations. I attach particular priority to making progress with the recommendations on maintenance and contracting out, direct freight activities, project appraisal, and the management of BWB's estate.

The Department is liaising with BWB on the development project appraisal procedures, and will review the guidelines on submission of schemes to the Department for approval in the light of the new arrangements. I shall also keep under review BWB's responsibilities for public road bridges over canals.

Some of the Commission's recommendations on BWB's financial and budgetary framework would require Government action. The Commission thought it important that the guidance figures which BWB is given on grant levels for future years should be respected. It also recommended that the Government should consider the possibility of relating part of the grant to meeting the cost of non-revenue earning requirements and that BWB should be given an incentive to increase its income from users by being allowed to retain at least part of any such increase.

These issues need further consideration in consultation with BWB. I recognise that BWB would like as much assurance as possible about future grant levels, subject always to public expenditure constraints. I also attach importance to incentives. The existing grant arrangements do, however, already allow BWB to use all receipts within the the same financial year and to carry over

to the following year, subject to approval, receipts from the sale of land. Further work is needed to assess the feasibility and practical value of splitting the grant between revenue and non-revenue earning requirements.

I will make a further statement this autumn in the light of the first substantive report which BWB will prepare then on progress in implementing the Commission's recommendations.

Annex E

MINISTERIAL STATEMENT ON THE PUBLICATION OF THE BRITISH WATERWAYS BOARD'S SECOND RESPONSE TO THE REPORT OF THE MONOPOLIES AND MERGERS COMMISSION (Hansard 21 December 1988, c.265)

Waterways (Maintenance)

Mr Fishburn: To ask the Secretary of State for the Environment what progress has been made in implementing the recommendations in the Monopolies and Mergers Commission's report published in May 1987 on the maintenance of the British Waterways Board's waterways; and if he will make a statement.

Mr Moynihan: The British Waterways Board is continuing to make good progress in implementing the Commission's recommendations and I am placing copies of its second response in the Library of the House.

Improvements in the Board's management, structural organisation, information systems, resource allocation, and procedures for project appraisal are being implemented as part of a major four year programme of change to develop a more commercial approach to the waterway business with the optimum balance between in-house work and contracting out. I welcome these changes and the commitment with which Board members and staff are carrying them through.

The Board has also taken action this year to divest itself of its remaining non-waterway-based freight operations while continuing to promote the use of suitable waterways for private freight transport. Leisure market prospects are being reviewed and means of quantifying the public service role of the BWB network explored. The Board's property portfolio is being exploited in

line with existing objectives and the scope for further potential has been identified in study by independent consultants which the Board commissioned earlier this year.

I am looking forward to seeing a fully worked up business plan on the basis of the Board's current work and to considering the outcome of the property study before deciding on appropriate levels of grant for future years and on the possible changes in financial framework to which the Board refers in its response. I shall continue to keep under review the question of the Board's ownership of and statutory responsibilities for public road bridges over canals.

The Board will aim to produce a final report on the implementation of the Commission's recommendations by May 1990 in the light of which I shall make a further statement.

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With Compliments

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