



The Inland
Waterways
Association

**A NEW ERA FOR THE WATERWAYS: INLAND WATERWAYS
ASSOCIATION RESPONSE TO CONSULTATION**

This document is the Inland Waterways Association's (IWA's) response to the DEFRA consultation on the Government's strategy for the inland waterways of England and Wales – *A New Era for the Waterways*.

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14 June 2011

PART I

IWA: Waterways Stakeholder

The Inland Waterways Association is a registered charity, founded in 1946, which advocates the conservation, use, maintenance, restoration and development of the inland waterways for public benefit. We have 17,000 individual members and over 350 corporate members with a combined membership representing a voice of over 65,000 people supporting and involved with the inland waterways.

IWA works closely with navigation authorities, national and local authorities, voluntary, private and public sector organisations. We campaign and lobby for support and encourage public participation in the inland waterways. IWA also manages the Chelmer & Blackwater Navigation for the public benefit, through its subsidiary Essex Waterways, (www.essexwaterways.com) having stepped in to prevent its closure in 2005.

IWA actively supports waterway restoration, and through its waterways restoration volunteering organisation, Waterway Recovery Group (www.wrg.org.uk), organises and subsidises over 20, week-long waterway restoration working holiday schemes for volunteers of all ages throughout the UK each year, as well as conducting multiple work parties around the country on most weekends. This particularly enables young people to participate in the preservation and restoration of our heritage, and in doing so learn construction and heritage skills.

More than 500 miles of canals and navigable rivers have been re-opened to public use since the Association was founded in 1946. The Association is working to restore a further 500 miles of derelict inland waterways.

IWA is organised into 35 local branches covering geographical areas of the country, through which volunteers coordinate activities as diverse as policing planning applications through the waterway corridor, organising festivals and events to raise public awareness, providing engineering expertise and arranging affordable insurance for over 180 waterway organisations, restoration societies and trusts, raising money for restoration, and providing education on the value and benefits of their local waterways.

Part II

IWA RESPONSE – STRATEGIC ISSUES

1. This part of the IWA consultation response focuses on the high level strategic issues which we believe must be satisfactorily addressed if the NWC is to have a successful launch and a financially viable future allowing it to fully meet its charitable objectives.
2. IWA has been calling for a third sector model to run Britain's waterways since the middle of the last century. We are in no doubt that this is the right way forward for the management of Britain's inland waterways.
3. It follows that we support the principles of the Government's proposals for the responsibility for the operation of the British Waterways (BW) inland waterways network to transfer to a third sector body – the New Waterways Charity (NWC). However, right from the outset IWA has consistently expressed serious reservations about key aspects of the proposals. These are that:
 - The funding package must be sufficient to ensure that a sustainable charity can be delivered in the long term.
 - The governance arrangements must encourage community engagement consistent with localism so that local 'ownership' of waterways can lead to tangible benefits for the waterways.
 - With the decision to phase the integration of the Environment Agency (EA) navigations by 2015/16, the Government needs to plan now for an orderly transfer.
4. We will want to see a satisfactory arrangement concerning the future of the commercial, cruising and remainder waterways that meets the charitable purposes of the NWC in a manner that sustains and enhances existing usage.

THE FUNDING PACKAGE

5. IWA believes that the funding package on offer is insufficient to enable the waterways to be maintained in a manner consistent with NWC aims, taking risks that are simply too great for a successful launch of the NWC and for it to have a financially viable future allowing it to fully meet its charitable objectives.
6. Defra's Arm's Length Body funding announcement in December 2010 was a cut for BW grant this year to £41.5m compared to £48m in 2010/11 – a reduction of 13.5%; thereafter the contract to be let to the charity is to a value of £39m per annum in nominal terms (no inflation so the contract falls in real terms over time) – a reduction of nearly 19%.

7. IWA's best estimates based upon published information are that BW has been allocating in the region of £150m per annum for direct expenditure on the waterways in England and Wales. However in 2008 a KPMG report commissioned by BW concluded that BW was operating with a funding deficit of circa £30m per annum to achieve 'steady state' (meaning in all round good condition with maintenance conducted promptly) for its network. So the company should be spending about £180m per annum.
8. In commercial income BW receives about £35m from property and about £61m from other revenue sources at present (utilities, boat licences, moorings, marinas etc) so in total about £96m. Together with a £39m government contract for the NWC this is about £15m per annum short of what the charity needs to continue with a similar budget available to BW now, and about £45m short of achieving 'steady state'.
9. The company's own projections are that under the current financial scenario its spend on major works will have to go down from £22.6m last year to £15.5m this year and to £10.2m in the first year of the charity. The implications are that whereas BW had planned to reduce the percentage of its assets in poor or very poor condition to 10% the percentage is now up to 20% and rising. Even with assumptions about new resources which appear to be highly optimistic – for example within the first decade from a starting point of zero a rise to £13m in annual charitable income – on the central assumptions the assets in poor or very poor condition could be as high as 26% at the end of the first 10 years of the NWC.
10. The Government needs to make an in depth study of the finance required to allow the NWC to operate its waterways network in a properly maintained condition. Once that is completed, there are many options that Government could pursue to achieve a package to alleviate financing difficulties. Elements it could incorporate into a sustainable funding package include to:
 - Meet the past service pension liabilities of BW so that the charity starts with a clean sheet on pension liability.
 - Provide a transition fund both to cover the increased costs needed for a successful launch of the charity and the costs of promoting broad based local ownership of our waterways, including finance to pump prime locally determined projects.
 - Index the indicative funding.
 - Provide certainty of funding beyond 10 years.
 - Find funding for the cost of bridge repairs which have risen exponentially for BW given the nature and axle weight of today's commercial traffic, including the option of transferring responsibility for maintenance of road

bridges to the relevant local highway authorities.

11. **However Government might choose to give the charity a better start so that this flagship Big Society project has a real chance of success from the outset, the cost would only be the equivalent of 180-550 metres of the high speed rail London-Birmingham project (HS2). About 180 metres equals what BW has been spending. 550 metres would bring the network up to a good fully maintained standard.**
12. **The Government has indicated that if despite best endeavours, the NWC finds itself in financial difficulties, it will return the waterways to public ownership, or make another arrangement, to ensure the protection of the waterways. This commitment is not included in the consultation. A clear declaration of intent from Government is required to reassure waterways stakeholders about the future of the waterways.**

GOVERNANCE

13. The consultation concludes that the charity should begin life with fair representation and that any decision on whether or not to become a membership organisation should be a matter for the charity to consider in due course.
14. IWA is aware that some believe that the charity should begin as a membership organisation. Membership:
 - Can be a way of raising funds;
 - Can ensure broad based representation without the sense of exclusivity which 'fair representation' might convey; and
 - Need not suffer from undue influence by a vociferous minority (e.g. a model similar to that adopted by the Woodlands Trust would solve this issue).
15. However, IWA recognises that there are counter arguments in favour of 'fair representation'.
16. **IWA believes that the interim trustees should be allowed to decide which model is right for the NWC. The criteria should include, which:**
 - **is best suited to allow the NWC to efficiently carry out its functions.**
 - **most likely to result in the necessary culture change within BW, recognising the values and ethos of the new and different organisation.**

- **most likely to generate national interest whilst enjoying all the benefits of localism.**
- **has the best prospects for the generation of income.**

Local Partnerships

17. Some of the Local Partnership areas may be simply too large to be practical or effective. Where areas are diverse both in terms of community and waterscape the NWC will need to consider whether it will be appropriate to have more than a single Partnership. It will also need to address how Partnerships can develop to reflect natural local affiliations and the areas that these evolving Partnerships should cover.
18. **It would boost enthusiasm for and engagement with Local Partnerships if they were able to determine expenditure priorities for both:**
 - **A significant proportion of locally raised funds; and**
 - **A discretionary element of funding allocated by Partnerships from central charity funds, to supplement mandatory funding to meet nationally determined standards for waterways.**

THE ENVIRONMENT AGENCY NAVIGATIONS

19. The Government has stated that it is committed to transfer of the EA navigations by 2015/16, subject to affordability and the agreement of the NWC Trustees.
20. We believe that the charity will not be operating to its full potential until that integration takes place. The full advantages to be gained when the EA navigations are incorporated are:
 - A stronger focus on the core mission of these waterways in the best interests of the community, with improved scope for a genuinely new body through cross fertilisation.
 - A simplification of the management of the waterways to the benefit of business and the public.
 - An improved ability to gauge and respond quickly to changing customer needs.
 - Better value through the economies of scale to be achieved through the creation of a single organisation, and a co-ordinated system with, for example, a single navigation licence.
 - More scope for the development over time of a national identity, like the National Trust, The National Parks, and the national museums;

increasing usage, volunteering and charitable donations.

21. **IWA considers it vital that the process of proper preparation and implementation planning, including a funding line, should be underway RIGHT NOW. The 2014 review of the charity and the next Government Spending Review should be no more than exercises to confirm that the arrangements for transfer are on track and there should be no issues to cause the NWC Trustees to question the absorption of the EA navigations.**

WATERWAYS CLASSIFICATION

22. IWA considers that the Government must review both the classification of the 'commercial' waterways and the 'remainder' waterways.

The Commercial Waterways

23. IWA believes that commercial waterways should be retained where there are reasonable prospects of a commercial waterway becoming economically and environmentally sustainable.
24. This would protect the business of firms currently using commercial waterways for freight, and allow these waterways to remain available for expanded commercial trade as industry and Government recognise the green credentials of freight by water. Once a waterway becomes unsuitable for larger commercial traffic it is unlikely to be brought back into serious commercial use in the future.
25. **IWA believes that a structured Working Group should be set up to review the existing classification of commercial waterways and advise the Secretary of State on the issues and options when proposals are received to reclassify a commercial waterway; and that where additional funding is required to maintain waterways for commercial traffic, this should be funded from the Department for Transport's budget as a transport issue.**

The Remainder Waterways

26. Many waterways which have remainder status are actually navigable. An example is the Kennet & Avon Canal which has been navigable for many years but which has only recently been reclassified to 'cruiseway' status. A remarkably large number of waterways currently classified as remainder are actually maintained to cruiseway status, as justified by the level of use.
27. **IWA believes that the Government should review all the 'remainder waterways', in consultation with stakeholders, so that those remainder waterways that are used for navigation now are recognised by Government by a reclassification to 'cruiseway' status before the NWC vesting day. This would provide the**

appropriate statutory protections, such as protection from adverse bridge or water supply decisions. If the reclassification cannot be effected in time for vesting day it should be anticipated and assumed in the final funding arrangements with Government so that no unforeseen liability arises for NWC when the reclassification takes place.

Part III

A New Era for the Waterways – IWA Response to the Consultation Questions

Chapter 2: A 'national 'trust for the waterways'

Q1: Do you agree that, over time, the charity should work towards including other navigations, including the EA Navigations in the next Spending Review?

A1:

i) Yes. It is IWA's established policy position that the NWC should have embraced both the BW and the EA navigations.

ii) The Government has stated that it is committed to transfer of the EA navigations to the charity by 2015/16, subject to affordability and the agreement of the NWC Trustees. For that to be achieved a process of proper preparation and implementation planning is required, including a funding line – THIS PLANNING SHOULD ALREADY BE UNDERWAY. In this way the 2014 review of the charity and the next Spending Review should be no more than exercises to confirm that the arrangements for transfer are on track and there should be no issues to cause the NWC Trustees to question the value of absorbing the EA navigations. The NWC will need continued, transparent support from Government if the aim of including other navigations is to be achieved.

iii) IWA believes that the NWC should be constituted so that its aims include this, and therefore that at any time after vesting day it has the flexibility to include further navigations, should other navigation authorities choose to pursue amalgamation or association with the NWC.

Q2: Do you think that the proposed requirements of the Trust Declaration are the right ones? Are they sufficient/are there others which should be considered?

A2:

i) The primary purpose of the BW network – navigation – is not mentioned. This is what defines the uniqueness of the waterways, and needs to be remedied. The Declaration needs to recognise that it is the connected network as a whole, and the ability to navigate that network (including the EA and other navigations) that delivers the recognised wide ranging benefits.

ii) It would also help to clarify the status of '*former state owned waterways*' so that the expectations of the NWC in terms of how it will be required to treat the waterways that are classified as cruiseway, remainder or commercial waterways are transparent.

Q3: Do you agree that the suggested charitable purposes for the NWC are broadly the right ones? Can you think of other necessary requirements?

A.3:

i) The charitable purposes:

- Do not include that the waterways should also be operated efficiently to facilitate commercial usage where that is appropriate.
- Only appear to refer to the existing network. Completely new additions to the network that are being considered can also deliver desirable social, economic and environmental benefits consistent with the expressed charitable purposes.

ii) Also, whilst the purposes do include *preserving and enhancing their [the inland waterways] availability for navigation*, it would be helpful to expand this so that it refers to *connected and disconnected navigation*. We have it in mind that while certain waterways are so long that they can be self-sustaining, the majority require connection. If these became disconnected stretches of navigable waterway they would be of much less use to boaters and consequently provide less of the trade that local businesses such as pubs, restaurants and shops need to flourish. It is the primacy of navigation that delivers the wider benefits. Without boats waterways fall into decay and become unattractive to other users. The vital inclusion of the EA navigations is also worth recording here – certain waterways are disconnected from the BW network - but ARE connected to EA waterways.

On a point of detail, paragraph 2.6.2 refers to the ability to change charitable purposes “subject to the approval of a special majority of the company membership and of the Charity Commission”. We are unclear about the status of the company membership. But believe it should be the Council that is asked to consider approval.

Q4: Do you agree with the proposed ‘mission statement’? How could it be improved?

A.4: Whilst heritage is important, there should be reference to usage – walkers, cyclists, boaters, anglers. Also, the inland waterways have been and are evolving so that they are relevant to society’s needs today and into the future, offering social, economic and environmental benefits to the 21st century. As drafted the Mission Statement presents the waterways as just a museum piece.

Q5: Do you agree with the proposed ‘belief’ statement? How could it be improved?

A5: Similar comment as at A4 for the Mission Statement, and here again there is an omission in not mentioning the primary defining purpose of the waterways network – navigation.

Q6: Do you agree with the proposed 'vision' statement? How could it be improved?

A6: Agree.

Q7: Do you agree that the New Waterways Charity should enjoy the same powers and be subject to similar legal duties to maintain the waterways as BW currently is?

A7:

i) IWA agrees in principle but will need to reflect on the provisions of the Ministerial order to be made under the Public Bodies Bill. It is important, for example, that the NWC retains the role of a statutory undertaker in respect of permitted development rights under planning legislation.

ii) Consideration should also be given to whether some of the powers need to be enhanced. For example, should the Transport Act 1968 provisions concerning the requirement to maintain commercial and cruiseway waterways be made more specific to reflect the standards that should apply to reflect the passage needs of modern craft; and does NWC inherit powers that are sufficiently robust to allow the speedy removal of craft whose owners are not abiding by licensing requirements.

iii) IWA notes that no mention is made in the consultation document of BW's powers and duties as a competent harbour authority in relation to the Yorkshire Ouse and the port of Sharpness. These duties will need to be accommodated by NWC.

iv) With reference to legal duties to deliver environmental objectives, IWA recognises that the NWC will need to comply with environmental protection legislation, including that derived from the EU, that applies to all similar bodies. In addition, the current general environmental duties placed on BW under their 1995 Act and the Natural Environment and Rural Communities Act 2006 should be retained, as these represent accepted good practice applying to similar public bodies. However, the liability for financing any further duties to deliver environmental objectives falling beyond the scope of the Trust Declaration and the NWC's Charitable Purposes should fall to central Government and not to the charity.

Chapter 3: Engaging people in the new charity

Q8: Do you agree with the proposed governance model for the new charity? What improvements could be made?

A8:

i) Further comment to follow in relation to later questions, but whilst we appreciate the intention that there should be close working between the Local Partnerships and the 11 Waterway Management Units, the governance diagram at Box 3B suggests no direct relationship between them.

ii) IWA also has a concern that whilst the 11 Areas may, or may not, make operational sense geographically for the Waterway Management Units (they have mixed geographical areas, often unrelated to other considerations), Local Waterway Partnerships with the same geographical footprint may not be practical or effective in delivering local initiatives – such as volunteering or locally raised finance – because they are simply too large to engage with local communities. Where areas are diverse both in terms of community and waterscape the NWC will need to consider whether it will be appropriate to have more than a single Partnership, or to address through the creation of sub-groups to reflect communities. A related consideration is that local groups will want to make their own choices about how they affiliate together within a Local Waterways Partnership, and how to affiliate with Local Enterprise Partnerships (see Part IV for further discussion) . In that sense, predetermination of Partnership areas by the NWC centrally, rather than Partnership development by natural evolution amongst those most suited to be partners, could prove unhelpful to the development of effective Partnerships.

iii) IWA welcomes the proposal that there should be a pan Welsh dimension for Partnerships. That is essential given the reality of devolved government in Wales. However, we believe that there are both policy and practical issues that need to be addressed so that the arrangements can be effective.

The Waterway Management Units covering Wales also include waterways in England. So that would mean that these two Units would have two Partnerships to engage with – the Welsh and the English. The waterways in South Wales are disparate units, not all owned currently by BW, whilst those in North Wales cross the border and could not be effectively managed separately within either country. So we believe that these waterways are best managed within their existing operational structures, which means that Local Partnerships should relate to Water Management Units on a cross border basis.

IWA also suggests that when appointing the two relevant Local Partnerships, attention should be paid to ensuring Welsh membership of both Partnerships. However, further consideration needs to be given to ensure that the Welsh waterways identity is maintained. For example, an additional body be set up, consisting of members of both Partnerships and NWC managers, with its primary purpose being to discuss matters with a Welsh dimension. Such a body could have a

relationship with the Welsh Assembly Government, and it could even be possible to relate this new body to the existing WAG All Party Group or even to constitute it as part of that Group.

Q9: Should funds raised locally by the Local Partnership be spent on local priorities? Why?

A9:

i) It would be advantageous for the lion's share of the funds raised locally by partnerships to be spent on local priorities. There is far less incentive for Local Partnerships to become seriously engaged with local fund raising and the promotion of volunteering if they are not able to realise local priorities through control of the funds raised. However, for all such revenues to be retained could lead to unevenness in the standard of waterways around the country as some Partnerships may be far more successful in fund raising than others. Furthermore it must also be recognised that the charity will need a proportion of locally raised funds to assist national funding.

ii) An additional incentive for Local Partnership engagement would be if the monies made available to Waterway Management Units comprised a mandatory element to meet National Minimum Standards, and a discretionary element. The National Minimum Standards would ensure that the waterways network as experienced by users would conform to common requirements applying to issues such as navigational passage, integrity of infrastructure, health and safety etc. Activities funded by the discretionary element should be determined by the Local Partnerships, perhaps based upon a range of options developed in conjunction with the Waterway Management Unit Manager. For example, different Partnerships may favour high standard tow paths, whereas other Partnerships may prefer minimum standard tow paths freeing up discretionary funds for community play or picnic areas.

Q10: Who do you think should be encouraged to sit on Local Partnerships? How should the nominations panel be constituted; who are the essential parties?

A10: Local Partnerships should not be required to adhere to a standard pattern of membership. However, a cardinal principle should be that membership needs to be drawn from a mix of bodies that can provide funding or achieve leverage of funding from others, together with a range of users. Partnerships should also include non-aligned individuals who have relevant skills and experience (performing a role similar to non-executive company Directors).

Q11: Is between 8 and 12 the right size for a Local Partnership?

A11: The right size will depend upon the individual circumstances of the different Partnerships.

Q12: Which are the particular subjects or activities you think may require the attention of a specific sub-committee of a local partnership?

A12. This does not need to be pre-determined. Local Partnerships can conclude whether they need sub-committees, and on what subjects, when they are established. But examples are that many Partnerships may decide that the establishment of sub-committees for the promotion of local volunteering, fund raising, heritage, waterways protection etc. would be appropriate.

Q13: How best can the New Waterways Charity strike the right balance between local needs and the needs of the waterways network as a whole?

A13: See answers 8 and 9 above. In a nutshell, integrated working between Partnerships and Management Units should deliver the right balance – some decisions on spend (locally raised funding and discretionary spending) delegated to Partnership control, whilst decisions on strategic and national spending priorities (the mandatory spend) is retained centrally with common standards applied across the whole network.

Q14: How could the charity encourage effective working between different communities and partnerships who share the same waterway?

A14: This will be for Local Partnerships to ensure good local representation and effective liaison between neighbouring Partnerships who share the same waterway to ensure a mutual understanding of the benefits to be gained by shared priorities for a waterway.

Q15: In what ways could people be helped to become more involved and take more responsibility for their local waterways? What might the barriers be, and how could they be overcome?

A15: Promotion to local communities so that they can gain a better appreciation of the social, economic and environmental benefits to be captured through improved local waterways. Barriers would arise if they don't feel represented on the Partnerships or if their voice does not appear to be heard.

Q16: In what ways could more people be encouraged to volunteer for the waterways? What might the barriers be, and how could they be overcome?

A16:

i) A 'can do' mentality will be required by the charity and its entire workforce. A principle should be that no volunteer is turned away requiring flexibility by the charity to provide the right job at the right time to suit the volunteer. A focus on team building would assist so that volunteers feel valued and can make new friends as part of a team; also recognition of outstanding volunteer achievement – eg a national awards scheme.

ii) Promotion of skills development might well be attractive to all ages; but especially younger people since evidence of:

- **social responsibility.**
- **team working.**
- **skills development.**

will all be helpful to employment opportunities.

iii) Barriers would be:

- **a lack of flexibility in terms of when volunteers can give their time (hours in a day, weekends, Bank Holidays etc.).**
- **being too prescriptive about how long they might be expected to volunteer (short term project or longstanding commitment).**
- **overly demanding management.**
- **no acknowledgment of the worth of their contribution or their potential.**

If it isn't flexible and enjoyable people will be put off from volunteering.

Q17: What would a successful volunteer programme look like? What would it achieve?

A17:

i) A successful volunteer programme should free up the charity's employees and contractors to focus on work that is either inappropriate for volunteers to do or for which volunteers are simply unavailable.

ii) Volunteer groups and individuals should be encouraged to add value to their local waterways and undertake any activities for which they are suitably skilled and qualified. The promotion of volunteering and the recruitment of volunteers should be both national and local and initiatives should include engagement with local employers with scope for such firms to 'adopt' or sponsor volunteers on a stretch of waterway.

iii) Health and Safety and management procedures should not represent a barrier to the use of volunteer groups or individuals who can demonstrate the necessary self-management and skills. This should result in no job being considered beyond the scope of volunteers provided that they can show the required organisation, skills, and qualifications to undertake the work e.g. planning, general

building and civil engineering (vide the work of the Waterway Recovery Group).

Q18: Do you agree that the new charity should initially focus on securing fair representation, and move towards a greater element of direct membership over time?

A18: IWA is aware that there is some opinion that a membership based organisation from the outset offers significant advantages, since without membership there may be a sense of exclusivity and the charity would be vulnerable to criticism that it is simply a rebranding of BW. Membership can also capture revenue streams. Furthermore, whilst there is some concern that membership can lead to undue influence by a vociferous minority, arrangements can be adopted to avoid this eventuality, such as the National Trust and Woodland Trust models.

However, there is counter opinion that the representative model, as presented in the consultation proposals, would be the right way to start off the NWC.

IWA understands the arguments for both models. It believes that the model adopted should be for the interim trustees to determine on the basis of which is best suited to allow the NWC to efficiently carry out its functions; most likely to result in the necessary culture change within BW, recognising the values and ethos of the new and different organisation; most likely to generate national interest; and with the best prospects for the generation of income. It will fall to the trustees of the day to consider whether the initial model remains the right approach in the future.

Q19: Do you agree with the proposed make up of the Council? Which interests should be represented?

A19: No issue with the representation. As the 'conscience' of the NWC, rather than an executive body, the Council requires a broad representation and breadth of experience, provided that too many members do not make it cumbersome and unwieldy for its purpose.

Q20: Should a proportion of the Council be directly elected? If so, who should be entitled to vote?

A20: Those that directly provide funding support to the charity through payment of licence fees e.g. – boaters, anglers and commercial operators, should be represented through the election of individuals to reflect the direct support that they give.

Q21: Should the independent chair of the Appointments Committee be chosen by Committee members or the Council? What skills would they need?

A21: It should be by the Council. Appointed persons could have the power and ability to steer the whole strategic direction of the NWC and so it as vital as for Trustees that the Council appoint the chair of the Appointments Committee.

Q22: Are there other topics that you consider would benefit from Council scrutiny committees?

A22: Too early to say. The Council working in practice will reveal whether there should be further scrutiny committees.

Q23: Are there any other activities of BW that would be best placed in the CIC?

A23: IWA is unaware of other activities but that is not to say that a fuller examination might not reveal other activities that are deemed as trading and should be within the trading subsidiary.

Chapter 4: Creating a sustainable future for our waterways

Q24: Government policy is to support the movement of freight on inland waterways, where it is economically sustainable. Do you agree that the status quo is no longer an option? Which of the 5 options do you prefer? What other options should we consider?

A24:

i) IWA supports the use of all waterways for freight carriage where this is sustainable.

ii) IWA supports the maintenance of the classification of the principal freight waterways as commercial waterways, with the attendant duties embodied in the legislation, but accepts that circumstances change over time and that changes in classification may thus be appropriate from time to time. IWA therefore supports Option 2 in terms of making provision for the NWC to apply to the Secretary of State for an Order under the 1968 Act to change the classification of a waterway. The proposed Order should still be subject to consultation with operators, as now. While it would be reasonable to require the Secretary of State to take into account any representations made by NWC, on affordability or any other matter, there should also be a requirement placed on the Secretary of State to take account of existing freight use and future traffic prospects for the waterway, in the light of any Government financial incentives for freight to move from road to water to secure climate change or other environmental benefits.

iii) IWA accepts that a review of the existing classifications of waterways as commercial waterways would be appropriate now and at intervals thereafter and proposes that a structured Working Group, including key relevant stakeholders, should be set up as soon as

possible to undertake such a review and report to the NWC and Secretary of State.

The review should be thorough and take account of both current and future traffic prospects for each commercial waterway. In some cases freight may be available but not using the waterway because of lack of dredging, planning or land ownership issues regarding wharves or simply lack of marketing. The review should also examine the costs of different options for maintaining freight waterway availability and capacity.

The Working Group could be retained to advise the Secretary of State on the issues and options when proposals are received to reclassify a commercial waterway.

iv) Where additional costs can be identified that relate specifically to maintaining waterway infrastructure for freight traffic, IWA believes that Government funding to cover this aspect of NWC's costs should be met from the Department for Transport's budget in the same way as other national transport infrastructure costs.

Q25: What measures of the effectiveness of NWC's use of public funds (through the Government Funding Contract) would be appropriate?

A25: It is more a question of the Government Funding Contract defining the services it requires of the charity, which should be drawn from its charitable purposes and legal duties, and then the Charity delivering to the terms of that contract. Key measurements of performance should include the availability of waterways for navigation throughout the year and the achievement of performance indicators for public safety and customer satisfaction (paying and non-paying users). Any inability by the NWC to meet performance measures due to financial constraints should lead to the Government reviewing the level of its own financial contribution.

Q26: Are there other areas where you think NWC could:

- Increase its commercial income.
- Its voluntary income.
- Its third party income.

A26: BW has for some time been looking at ways to increase its commercial income and that expertise will transfer to the charity. The scope for improving voluntary and third party income will increase when the Environment Agency navigations transfer to the charity in 2015/16. Until then the charity will be national in aspiration only. However, adding the Environment Agency navigations will mean that the charity will be responsible for about 80% of non-tidal navigable waterways in England and Wales. Only then will the charity be able to

fully marketed as a national charity with scope for a national profile similar to that of the National Trust.

Q27: Are there other areas where you think NWC could save more money/make greater efficiencies?

A27:

i) A more germane question is how the Government can provide a funding package to improve the finances of the NWC. Options for inclusion in that package to ensure that the NWC is financially viable are, to:

- **Meet the past service pension liabilities of BW so that the charity starts with a clean sheet on pension liability.**
- **Provide a transition fund both to cover the increased costs needed for a successful launch of the charity and the costs of promoting broad based local ownership of our waterways, including finance to pump prime locally determined projects.**
- **Index the indicative funding.**
- **Provide certainty of funding beyond 10 years.**
- **Find funding for the cost of bridge repairs which have risen exponentially for British Waterways given the nature and axle weight of today's commercial traffic, including the option of transferring responsibility for maintenance of road bridges to the relevant local highway authorities.**

ii) Charity personnel should be remunerated at rates which are both similar to those in comparable charity organisations and at levels which are appropriate for the recruitment and retention of suitable personnel.

iii) When the Environment Agency navigations are transferred there will be greater scope for economies of scale and cost efficiencies which will follow waterway rationalisation; and for increased overall boat income over time to reflect the enlarged network available.

Q28: We would welcome any views you have on the analysis in the Impact Assessment and relevant evidence that we could draw upon in finalising the assessment.

A28:

i) The Impact Assessment statement has no doubt been prepared to meet Government requirements for the analysis of Impact Assessment. It would benefit from a summary more suited to understanding by a layman.

ii) IWA believes that it is lacking in:

- **An assessment of how much funding the NWC needs to be able to operate the waterways network in a properly maintained condition.**
- **A broader range of sensitivity testing that should include how financial prospects could be improved, with consequential betterment for the condition of the waterways, if the government contract was enhanced; and profiles for voluntary income and donations which reflect more pessimistic economic circumstances – so a climate under which the populace will prioritise, reduce or simply stop giving to charities, especially a for a new charity. The consultation document refers to voluntary income and donations at about £8.5m after 10 years which commentators believe is very optimistic and which BW has since reduced to closer to an expectation of £5.5 – 6m. This may still be too optimistic and requires examination.**
- **An associated fully worked Business Plan for NWC as whole, but also taking into account an assessment of contributions from prospective Local Waterways Partnerships, to focus on commercial prospects and the implications for the waterways.**

Chapter 5: The transition to civil society

Q29: New Waterways Charity (NWC) is just the working title for the new charity. Which of the following suggestions for the name of the new charity do you prefer, and why?

- a) National Waterways Trust.
- b) Waterways Trust for England and Wales.
- c) Waterways Trust.
- d) National Canals and Rivers Trust.
- e) Canals and Rivers Trust.
- f) National Waterways Charity.
- g) [your suggestion]?

A29: The decision should be guided by the results of research to determine which is most likely to engage the public in making donations and/or volunteering. However, the 'Waterways Trust' is a simple concept to convey to the public and such a title might assist in communicating that the NWC has a similar ethos to the National Trust, in being the guardian of the waterways for the nation.

Part IV

Waterways Policy by Public Authorities

1. The Defra consultation does not contain proposals for the whole of the navigable inland waterways in England and Wales. It focuses principally on the BW waterways, which represent about 60% of the network (close to 3000 km), and sets out conditional plans for the EA waterways transferring to the NWC in 2015/16. EA waterways, including tidal, represent nearly 20% of the network (close to 1000 km).
2. The consultation contains no proposals for the remaining 20% of the network, much of which serves an important land drainage function, other than that they might choose to merge or partner with the NWC at some time in the future.
3. This part of the IWA response focuses on issues which apply to the inland waterways network as a whole and how public policy can help that entire network to flourish.

Planning

4. The proposed charitable purposes for the NWC includes the restoration of waterways. That purpose is essential to the NWC, driving community engagement which is necessary for the NWC to achieve its volunteering aspirations. But the shortcomings of the planning system are a barrier to the NWC being able to pursue this purpose to best effect.
5. The planning system is unduly restrictive in encouraging the protection of the line of disused waterways only when there is a reasonable degree of certainty of a restoration project proceeding in whole or in part within the development plan period. Such lines should also be protected when there is clear potential for restoration outside the time span of the development plan period.
6. Derelict waterways are linear entities which often cross planning authority boundaries. It's no good for one planning authority to protect a part of a proposed restoration, perhaps because work has started or is about to start, if another then fails to protect the route because no work is planned in its area for the foreseeable future. Restoration schemes may take several decades to achieve their aims and routes crossing authorities planning boundaries are vulnerable to disparate attitudes. This is not a theoretical problem - often the most difficult bit is left till last and this difficult bit can be that most vulnerable to further encroachment.
7. **The Government should change planning guidance and the planning system, as appropriate, so that planning authorities protect the lines of all disused waterways that have realistic prospects of being brought back into use.**

The Natural Environment

8. The consultation recognises the value of the natural environment to wildlife and how the good open space provided by the waterways corridor can contribute so much to quality of life. However, far greater recognition has been given to the environment by the Government outside the confines of this consultation.

9. In April Defra announced a £110 million scheme to improve wildlife on rivers with the prospect of kick starting restoration worth at least £600 million to improve the health of more than 880 lakes, streams and other water bodies – £92 million to remove non-native invasive weeds and animals, clear up pollution, and remove redundant dams, weirs, landings and other man-made structures so that wildlife can thrive in water catchments; £18 million to help to farmers with measures to prevent agricultural pollution. This is a substantial programme.

10. More recently, in early June, Defra announced the results of a UK NEA (National Ecosystem Assessment) study which provides the true value of nature, strengthening the arguments for protecting and enhancing the environment. The report shows that there are real economic reasons for looking after nature and places a value on the benefits. At the time Defra said that the findings played a big part in shaping the now published Natural Environment White Paper.

11. The inland waterways are essential to green infrastructure providing wetland corridors linking town and country. Their economic contribution is recognised but they are currently under resourced to achieve the role they could play. Implementation of the White Paper must address how the contribution of all the inland waterways (not just those managed by the NWC) can be appropriately resourced and supported.

Regeneration

12. The proposed charitable purposes include regeneration of waterways and the adjoining land corridors.

13. It is right that both urban and rural regeneration should figure highly in the aims of the NWC. There is a strong body of evidence that shows how restored canals are a catalyst for regeneration in run down urban areas and an essential component of those redeveloped areas. Outstanding success is in evidence in places such as Birmingham, Manchester, Sheffield and Gloucester. In these cities well maintained and used waterways are a focus for waterside housing, commercial development, shops, public houses and restaurants etc. **Depending on the circumstances, every £1 of taxpayer money pumped into waterways delivers a return of between £6 and £15 in public benefit.**

14. Some Regional Development Agencies (RDAs) realised just how much revitalised waterways can contribute to economic prosperity. The East

Midlands Development Agency (EMDA) is an example of an RDA that decided to help to deliver a vision for waterways in its area. Studies carried out by EMDA demonstrated the value of waterways to the wider economy, leveraging inward investment. So It established a Waterways Regeneration Fund with the aim of improving the environment by bringing forward previously vacant and underused sites, as well as supporting projects that would boost employment and stimulate commercial and residential markets.

15. But not all RDAs fully grasped the opportunities that waterways offer to improve the environment and economic prosperity.

16. Local Enterprise Partnerships (LEPs) are the successors to the RDAs. It is important that they should be aware of the regeneration benefits that can be conveyed by inland waterways and Local Waterways Partnerships should consider affiliating themselves to LEPs so that they can provide direct input to LEP policies. It is important for central Government to play its part in highlighting the benefits to LEPs and in recognising bids for such investment. Regeneration cannot be stimulated by the NWC acting in isolation.

17. IWA is concerned that in discussions with the LGA over the proposals in the consultation, LGA indicated that they had not been in substantive discussions with BW or Defra over how local authorities might be involved in the implementation of *New Era* initiatives.

18. IWA urges the NWC interim trustees to ensure that the charity enter into discussions with the LGA to ensure that all opportunities for influencing and fully integrating local authorities into the necessary support of the NWC are realised.

Small Navigation Authorities

19. Other navigations already managed by charitable organisations such as Avon Navigation Trust and Essex Waterways Limited might be interested in voluntarily transferring to NWC along with the Environment Agency navigations in due course.

20. NWC should be able to adopt and care for additional waterways, especially those that connect to NWC's waterways, as these waterways are restored to suitable condition. But we accept that there will need to be an appropriate mechanism in place to ensure that adequate maintenance funding is in place and that the existing network will not be robbed of resources to facilitate this upgrading before any such transfer is made. This includes canals already within BW's ownership which are being restored (e.g. Grantham Canal, Montgomery Canal, Pocklington Canal, Wendover Arm of the GU, Swansea Canal (part BW owned), Lancaster Northern Reaches (part BW owned), Manchester Bolton & Bury (part BW owned), Hatherton Branch of the Staffs & Worcs Canal (part BW owned)), and others that are under extensive restoration but

not in BW ownership such as the Cotswold Canals and the Chesterfield Canal.

Trade/Commerce

21. The leisure and small commercial marine industry is worth £3.1 billion in trade and directly employs about 34,300 people.

22. Marinas are estimated to deliver trade about 7 times the direct income from berths (£55.9m), supporting a further 10 jobs over and above those employed directly in the marina business. There are also many hundreds of marine businesses on the inland waterways – boatyards, boat sales, chandlery, etc.

23. Revenue from waterway tourism is estimated to be up to £1 billion, and that would far higher when taking into account all non-boating visits which are estimated to be about £500m per year. **The value of the waterways is therefore far greater than the 13 million visitors per year that visit the canal tow path, contributing to maintaining entire social communities especially in rural locations.**

24. When examining the income of BW for IWACs 2009 Report, *Insights into the Funding of the Inland Waterways of Great Britain*, IWAC indicated that it was surprised to find that the retail income of BW was so low. We surmise, as IWAC does, that this might be because BW has sought to concentrate primarily on developing its property portfolio. The need to realise more revenue for the NWC should force a major rethink of strategy, and the NWC would do well to learn lessons from other similar charities on effective diversification.

25. With over 13 million visitors each year to their estate there must be significant opportunities to exploit retail opportunities with these visitors even if it's as simple as ice cream and soft drinks sold at honey pot sites manned by volunteers. We wonder also if there are opportunities to raise additional revenue from holiday lettings from redundant canal side properties, as successfully realised by the Landmark Trust and National Trust, rather than by disposing of these at auction for exploitation by third parties, thus retaining the capital inside the NWC estate.

Drainage

26. The Inland waterways network, including derelict waterways or waterways under restoration, acts as a land drain and buffer against flood risk. But It isn't funded by the highways or agricultural beneficiaries for the service it provides, despite the fact that the network suffers from siltation as a result of accommodating runoff from these sources, that has to eventually be removed by dredging. The NWC may need additional powers to tackle discharge of silt into waterways – for example the power to levy pollution charges on those (farmers, industry etc.) who discharge mud into waterways.

27. Proper accommodation and recognition for the role of land drainage needs to be accounted for in the government funding settlement, and government should review whether NWC should be afforded powers to tackle actions by bodies that increase siltation, adversely affecting the drainage function.

Dredging

28. The actual costs necessary to maintain key aspects of the network, for example the parlous state of dredging of the network are not fully accounted for in any BW funding or operation costings. According to BW, via a freedom of information request by IWA, BW currently requires 291 km to be dredged to maintain the network in a navigable condition. At a cost of between £80,000 to £200,000 per km for unpolluted spoil, and £500,000 to £800,000 per km for polluted spoil. When asked by us, on the basis of these funding requirements, what would it actually cost to carry out this dredging, BW informed us that it didn't know the actual cost. It could only inform us of what is being done at present which is of the order of £5 million per year expenditure. The BW comment to us was " We would not like to guess as the variation is so great"... (Somewhere between £23m- and £245m).

29. The interim trustees are urged to fully cost the dredging risk and ensure that it is properly covered in their funding negotiations with Government.