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Introduction to this document

Britain's waterways are about to experience a revolution in the way they are governed and managed. The imminent move from Public Corporation to Charity will require a transformational change in all aspects of British Waterways' (BW) organisational culture, mission and vision, finances, management and public engagement if it is to stand a chance of success.

Not since the direct action movement of the 1960s that brought the waterways back into use have our canals and navigations faced such a challenging time. Fiscal tightening combined with increasing maintenance costs create a substantial financial challenge for the New Waterways Charity (NWC). The move to charitable status, and the explicit remit to realise public benefit that this entails, will require cultural, strategic and operational changes throughout BW / NWC. The combination of realising public benefit and balancing the books will necessitate a redesign of how NWC engages with all of its stakeholders, locally, regionally and nationally.

The transformation of BW into the new charity represents not only a challenge however. It is also a once in a generation opportunity to re-vision and remake Britain's waterways as a thriving public asset that is simultaneously financially self sustaining and realising substantial and increasing levels of public benefit.


We believe that the New Waterways Charity has the opportunity not only to survive but to create a third golden age for the waterways. By supporting the delivery of sustainable, social enterprise led, regeneration it can ensure that our unique industrial heritage continues to deliver economic, social and environmental benefits to canal-side communities - and leisure and habitat benefits for everyone.

Defra now has the opportunity to create NWC as an exemplary public institution acting boldly to achieve its vision and benefiting all in the process.

This consultation response details how this might be achieved.

A handwritten signature in black ink, appearing to read 'Mark Walton', with a thick horizontal line underneath.

Mark Walton

A handwritten signature in black ink, appearing to read 'Ben Metz', with a large, stylized flourish at the end.

Ben Metz

Co-founders of The Waterways Project @ CIVA.

Executive Summary

New Opportunities

By engaging communities to develop social enterprise and community assets NWC has the opportunity to deliver significant new public benefit whilst generating substantial new income. Such a trajectory has the potential to move NWC to become a financially self-sustaining organisation at the same time as reconfiguring its approach to ensure that it focuses on maximising an extended range of public and local community benefits.

The Waterways Project's initial estimations of new income from such an approach are in the tens of millions of pounds and realisable, given the right conditions, in a relatively short period of time, certainly within a decade. This may come in the form of commercial income earned by NWC establishing socially entrepreneurial activities itself, or in third party income by partnering with social enterprises wishing to develop and manage new activity. A benefit from the latter approach would be the externalisation of financial and operational risk, the creation of new committed and engaged stakeholders and access to local expertise and innovation.

Key areas where public benefit and new income can be realised are on-water housing, renewable energy generation, enterprise, payment for ecosystem services and food production.

Community Utilisation

A necessary prerequisite to galvanising the wholesale participation of communities to generate new income and realise new public benefit is the creation of a framework for engagement between communities and NWC. This framework could take the form of "a presumption in favour of community utilisation" based upon the new "community rights" outlined in the government's Localism Bill. It would give first call to competent charities and community organisations to lease or manage NWC assets and facilities. It would potentially externalise risk and maximise public benefit as well as bring new expertise and investment into Britain's waterways.

Our Concerns

We have a number of concerns relating to the current consultation and the proposals outlined for NWC.

An overarching concern is that it provides only one detailed option for NWC. It does not provide alternatives for consideration, nor does it adequately describe why the option presented has been chosen. In a number of places this has made responding difficult as the questions presuppose the existence of the proposed model and leave little room for the exploration of alternatives or more general governing principles for NWC.

With regard to NWC itself we are concerned that the proposed mission, vision, structure and governance are overly centralised, backward looking and lacking in accountability. The transfer of assets and powers to NWC is an opportunity for a transformative approach to the function and management of

Britain's waterways. We wish to see the new organisation at the forefront of new approaches to supporting social enterprise, community asset development and delivering real localism by ensuring that the waterways are managed in ways that are inclusive and demonstrate a commitment to localism.

The current proposals risk creating a top down organisation with limited charitable objectives; one that is reliant on volunteerism and philanthropy and which appeals only to a narrow subsection of the public.

A Summary of Our Response

We have provided full responses to each of the consultation questions. Our response is summarised within each of the key themes below.

Charity Mission & Vision

The mission and vision of the charity must ensure that the waterways are operated in order to *maximise* public benefit; and *actively promote* the sustainable social, economic and environmental development of communities living on and alongside the waterways.

The charity should promote and support a diversity of uses for waterways assets in order to promote greater public engagement and extend the range of public benefits they offer. It should support the provision of sustainable affordable housing both on and alongside the waterways, conserving the heritage and protecting the rights of those who make their homes on the waterways.

Transfer of Powers

At the time of submission the Public Bodies Bill is still subject to further amendment and it is therefore unclear the extent of the powers that may be transferred. However the powers currently proposed under the amended Bill are inappropriate for a charity and, given the centralised governance and limited accountability provided by the current proposals, would be unacceptable.

We therefore believe it is imperative that a full public consultation is undertaken after the Bill is passed and prior to the approval of the Ministerial Order.

Governance Structures

The current proposals for a highly centralised, top down and representative governance structure risk failing to engage a new generation of stakeholders or enabling distinctive local management to meet specific local needs.

We propose that NWC should be a membership organisation from the outset and that members should elect representatives of each of the major stakeholder groups to a larger number of more truly local Local Partnerships (at least 30 rather than the 11 regional bodies currently proposed). Local Partnerships should elect their own Chairs and decide their own strategic frameworks, working closely with local management units.

We believe that the National Council should be made up of representatives of each of the Local Partnerships and should elect a proportion of the Trustees.

Such a 'bottom up' approach would deliver a more local and responsive organisation and would enable different user groups to arbitrate tensions and differences at a more appropriate level than is currently proposed.

Engagement and Involvement

We believe that the most effective way to engage local people in the waterways is to ensure that NWC actively seeks to provide benefits which are relevant to canal-side communities (renewable energy, affordable homes, opportunities for enterprise, local food etc). Furthermore we believe that there should be a presumption in favour of local communities being able to access and utilise waterways assets in order to deliver these benefits themselves in the form of social enterprise and community asset development activities.

A sense of ownership and relevance will ensure that the waterways rapidly attract new committed stakeholders willing to provide resources to support their continuing sustainable development.

The Community Interest Company

We are concerned by the proposal that all trading should be undertaken through a wholly owned subsidiary CIC and that Board members (who may include NWC Trustees) will be remunerated.

We believe that in order to ensure that NWC maximises the public benefit it delivers it should seek to maximise the primary purpose trading that takes place within the charity in line with its charitable objectives. Only those activities which are purely commercial should be undertaken by the trading subsidiary (which may take a form other than a CIC) and the charity should seek to minimise the proportion of trading which is not in direct support of its charitable objectives. This split between primary purpose and commercial trading should be subject to scrutiny and the executive and non-executive functions of the subsidiary should remain clearly separated.

Finances

We believe that by developing social enterprise activities across a range of sectors (housing, renewable energy, local enterprise, food production) either directly or in partnership, NWC has the potential to both reduce its costs and rapidly develop significant new income streams.

By working at a community scale, and harnessing the innovation and passion of those engaged in the waterways, social enterprise and community asset development, NWC has the potential to benefit from activities which generate financial returns whilst delivering direct public benefit to local communities.

Conclusion

What is proposed within this consultation response differs significantly from the intended course of action outlined by Defra and BW. However the current proposals do not place NWC on a sustainable financial footing, even in the long term, nor do they seek to realise a sufficiently broad set of public benefits in the spirit of charitable endeavour.

We believe that is imperative in undertaking a flagship transfer such as this that the change that is delivered serves the maximum number of people and is in the widest possible public interest.

We believe the proposals outlined here could stimulate relatively simple but profound changes to the proposed NWC that would radically transform our waterways from a gently decaying liability to a thriving asset realising substantial new income, delivering substantial new public benefit and contributing to the sustainable development of local communities.

About The Waterways Project

The Waterways Project has spent the last nine months exploring the potential for community asset development and social enterprise on the waterways network of the UK. It was funded by the Esmée Fairbairn Foundation and hosted at the Centre for Innovation in Voluntary Action.

The project's aim has been to ensure that the proposed new waterways charity (NWC) maximises the public benefit for civil society and local communities, generates new income streams and enables new stakeholders to actively engage in the management of the waterways network.

Our Vision

To release the potential of the waterways for communities as a dynamic and inclusive network that sits at the heart of local community activity and enterprise.

Our Mission

To enshrine a culture, and presumption, in favour of community utilisation of the waterways within NWC alongside the resources required to realise this.

Our Approach

The Waterways Project has undertaken, and continues to undertake, a range of activities designed to engage relevant stakeholders in a comprehensive consultation exercise including:

- Developing the business case for creating a broadened mandate for NWC, including housing, energy, enterprise and other activities designed to utilise NWC's unique assets for greatest environmental, social and financial benefit;
- Exploring how new governance models, including a local community led governance structure, can most effectively support this business case whilst at the same time enabling communities and other stakeholders to both hold the new body to account and to actively engage in the local management of the asset;
- Build support for these ideas within the stakeholder community; and
- Ensure a comprehensive and considered response to the public consultation on the shape of the new waterways charity.

Outcomes to Date

- The project team has undertaken general research on all those sectors identified as holding potential for social enterprise and community asset development, highlighting the enthusiasm and capacity of community groups across the country.
- The project has engaged a great deal of pro-bono support. University College London and London Business School have assisted with research into the business opportunities for social enterprise and

community asset development, whilst Landmark mapping has offered help to develop a GIS mapping service that will allow the project to map multiple potential opportunities along the network. Capita Symonds have provided images to help illustrate the project's vision..

- Using software provided by Mapping for Change the project has already mapped opportunities in East London, Hebden Bridge, along the Monmouthshire and Brecon Canal, and in Stoke. In each location the project has consulted with local stakeholders (local authorities, community organisations, British Waterways and local waterways trusts) in order to identify existing community activity and the potential for delivering new public benefit utilising the waterways assets.
- Widespread stakeholder engagement including on-going conversations with British Waterways and Defra.
- Interviewed community organisations with existing partnerships with British Waterways and a range of British Waterways staff involved in the management of local community partnerships.
- Identified and developed "A Community Right to Manage" framework as the missing link in the Localism Bill and as a mechanism through which the new waterways charity could facilitate greater community engagement.

Consultation Response

Question 1: Do you agree that, over time, the charity should work towards including other navigations, including the EA Navigations in the next Spending Review?

The Waterways Project believes that a consolidation of the main navigations in the UK has the potential to lead to more efficient and effective management and upkeep of the waterways. On this basis the incorporation of the EA navigations into the NWC should be welcomed.

Question 2: Do you think that the proposed requirements of the Trust Declaration are the right ones? Are they sufficient/are there others that should be considered?

We agree that the assets should be held on behalf of the nation and that towpath access should remain free.

However it is imperative that the second point, "*operation and management are to take proper account of local social economic and environmental needs and interests*" is strengthened.

In the same way that the building of the canals facilitated the industrial development of communities during the 18th and 19th centuries, the NWC has the potential to ensure they become a leading international example of sustainable development infrastructure, enabling the development of pioneering forms of social enterprise-led community development.

If this potential is to be realised the NWC must do more than "take proper account of local social, economic and environmental needs":

- It must operate the waterways in order to *maximise* public benefit; and
- Operation and management must *actively promote* the sustainable social, economic and environmental development of communities living on and alongside the waterways.

If local needs are to be attached genuine importance NWC must look at how it can work to involve local groups in the management of their local waterways. The Trust Declaration should make specific reference to the role communities can play in their maintenance and development.

Furthermore the Waterways Project has identified that one of the key opportunities for increased income for NWC lies in the development of new forms of sustainable low cost on-water housing / liveaboard boats. The current Declaration does not currently mention the 6000 – 10,000 people who are currently estimated to live on the waterways and form part of its living heritage and culture. The Trust Declaration must explicitly require that:

- The rights and heritage of the communities who live on the waterways must be respected and protected

Question 3: Do you agree that the suggested charitable purposes for the NWC are broadly the right ones? Can you think of other necessary requirements?

Although we do not object to the charitable purposes identified we consider them to be dangerously limited in ways that will mitigate against delivering wider public engagement, cost savings and new income streams.

“The stewardship of inland waterways for the public benefit” must include a commitment to opening up the asset for a wider diversity of uses such as those undertaken by community groups and social enterprises in communities along our waterways.

The NWC charitable purposes should *maximise* public benefit including:

- facilitating social enterprise and community asset development to deliver sustainable economic development of communities living on and alongside the waterways;
- promoting and supporting a diversity of uses of the waterways assets in order to promote greater public engagement in the waterways and extend the range of public benefits they offer; and
- provision of sustainable affordable housing both on and alongside the waterways, conserving the heritage and protecting the rights of the community of live-aboard boaters on the waterways .

Question 4: Do you agree with the proposed ‘mission statement’? How could it be improved?

We believe that the emphasis on heritage ignores the role waterways can play in the regeneration of local communities and presents a backward looking vision based on a narrow view of heritage and public benefit:

Suggested text:

NWC exists to protect and improve our unique inland waterways so that they enhance the landscape, the lives of those who visit them, and the communities who live on and around them.

Question 5: Do you agree with the proposed ‘belief’ statement? How could it be improved?

The belief should be rephrased to better reflect the positive role NWC has to play in local community regeneration. By focussing on its potential contribution to providing a new sustainable future for communities, and delivering solutions to their long term needs, the charity is more likely to engage young people and members of diverse and minority communities. It also signals that that the organisation is receptive to innovative and entrepreneurial approaches to delivering local sustainable development.

Suggested text:

Our unique waterways belong to us all, and we believe that they should be enjoyed today and protected for tomorrow. Waterways provide a haven for wildlife and are part of our history and cultural identity. They deliver a range of economic, social and environmental benefits to our local communities and have the potential to provide a major contribution to local sustainable development.

Question 6: Do you agree with the proposed 'vision' statement? How could it be improved?

We believe that the vision statement should define a new purpose for the waterways which secure their position as a critical part of securing a sustainable future for the UK and for waterways communities.

Suggested text:

We want our canals and waterways to be recognised internationally as a leading example of sustainable development infrastructure, delivering social, economic and environmental benefits to everyone.

Question 7: 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 British Waterways currently is?

In principle we believe that it is appropriate for NWC to enjoy such powers and duties as are required to fulfil the responsibilities and manage the assets that will be transferred from British Waterways, subject to a further full public consultation. However we are concerned that recent amendments to the Public Bodies Bill have the potential to give NWC powers substantially exceeding those currently enjoyed by British Waterways:

- to make subordinate legislation
- of forcible entry, search or seizure
- to compel the giving of evidence
- any other function the exercise or non-exercise of which would necessarily interfere with, or otherwise affect, the liberty of an individual.

We believe that such powers are not only inappropriate for a charity but that, given the centralised nature of the current proposals, and the limited public accountability provided by the current governance structure, the provision of such powers would be unacceptable.

Clearly at the time of submission the Public Bodies Bill is still subject to further amendment and it is therefore unclear the extent of the powers that may be transferred. We therefore believe it is imperative that a full public consultation is undertaken after the Bill is passed and prior to the approval of the Ministerial Order.

Following the passage of the Public Bodies Bill there will be a limited time available for the publication of a full public consultation, consideration of responses and a Parliamentary debate in order to approve the Ministerial Order prior to the proposed Vesting Day. We are concerned that given the importance of the powers and duties, and their potential impact on a range of current and future stakeholders, the consultation and debate on the powers should not be curtailed in order to meet the current target date for the launch of NWC on 1st April.

If there are delays to the passage of the Public Bodies Bill, or other aspects of the process, the launch of NWC must be delayed in order to accommodate a full three month public consultation and proper Parliamentary scrutiny.

Question 8: Do you agree with the proposed governance model for the new charity? What improvements could be made?

The Waterways Project is concerned that the proposed governance structure is too centralised and does not provide sufficient incentive for the new charity to rapidly and proactively seek a new, broader, stakeholder base. As currently structured it will fail to deliver on the government's localism agenda and risks perpetuating a top down approach to the management of local waterways.

In seeking to defend NWC against undue influence from sectional interests it fails to provide mechanisms that will ensure it is accountable and will struggle to attract new supporters.

We believe that for the governance of NWC to truly achieve its mission and become an exemplar of best practice a number of fundamental changes need to be made:

- The organisation should opt to become a membership body immediately rather than leave this as an option to be considered at a later date. Practically this poses a number of challenges in order to ensure balanced representation but we believe the upside outweighs the downside for a number of reasons:
 - A membership structure aligns with NWC's desire to build a strong voluntary donor base, voting membership being the 'hook' to get people engaged and contributing financially;
 - NWC needs to proactively engage with a much broader constituency of current and future stakeholders than it does at present if it is to realise BW and Defra's vision for the new charity. A membership structure provides this;
 - NWC needs to foster a strong mechanism to build new constituencies, as is the stated intention of BW and Defra throughout this process. A membership structure, as outlined here, drives the charity to proactively do this, rather than the current proposal, which focuses on representation of existing historical stakeholders. Taking a membership approach will

require NWC to become forward looking in how it shapes itself and its engagement with stakeholders; and

- The Local Partnerships need to be further localised. Currently, the proposed 11 Local Partnerships are in reality regional bodies. The Waterways Project proposes at least 30 Local Partnerships are established to ensure that local needs and concerns are appropriately represented and addressed. In order to ensure a genuinely localised and bottom up approach Local Partnerships would have powers to:
 - Nominate members to the National Council;
 - Act in an advisory role to local waterways management units and all local stakeholder groups;
 - Scrutinise local waterways management units, with a power to refer problems from local management to national management;
 - Arbitrate and resolve conflicts between local user groups. This is a particularly important point. By devolving the power of arbitration in disputes out to a local level and by placing these in the hands of stakeholders NWC management frees itself from this resource and time consuming activity where it is perennially perceived primarily as an enforcement and arbitration agency.
 - Set strategic ambitions for the local waterways units to deliver.
 - Fee paying members (including those paying license fees, leases or rents) would be able to stand for and be elected to these 30+ new Local Partnerships. Members would stand for election onto each Local Partnership as representing particular user groups such as, but not limited to, those listed on page 33 / question 18 of the consultation document. A Local Partnership might be expected to have circa 20 members. This allocation of non-executive positions on the Local Partnerships would ensure issues of adequate user group representation are addressed. To further stimulate good stakeholder representation and build further relevant constituencies / stakeholders The Waterways Project recommends a review of stakeholder groups to be represented on the Local Partnerships and that this list includes social enterprise and community asset development organisations as stakeholder groups. Ensuring that organisations who operate from NWC assets (paying rents or engaged in profit sharing arrangements) are also members of NWC will change the nature of the

relationship, ensuring that it is based on a shared ownership and responsibility for the asset rather than a purely contractual relationship. Further, NWC should be explicitly mandated to seek an ever-broadening base of membership drawn from an increasingly diverse set of stakeholder groups. The purpose of this is to fulfil Defra and BW/NWCs aspirations of involving “those best placed to find the best solutions to local needs”.

- Local Partnerships would each elect one representative to the National Council. Importantly this representative would attend the National Council with a remit to be geographically representative rather than representative of a specific interest.
- The National Council would then elect roughly two-thirds of the final number of Trustees. The remit of these Trustees would be the furtherance of the waterways network as a whole, rather than having a specific geographic or interest group remit. The remaining one-third of Trustees would be co-opted onto the Board by Trustees to ensure an appropriate and relevant spread of skills required for the Board to be effective.

Included in the proposed governance structure diagram is the commercial subsidiary Community Interest Company (CIC). The Waterways Project addresses this fully in our answer to Question 23.

Question 9: Should funds be raised locally by Local Partnerships be spent on local priorities? Why?

It is the view of The Waterways Project that the issue of funding and whether Local Partnerships should keep any money they raise is obfuscating. In practice, due to the nature of funding and also Local Partnerships’ motivations funding will mainly be ring-fenced for particular, geographically based, projects. Operational budgets should be devolved to local management units as much as is practicable.

A more pertinent set of questions to ask, would include:

- Is the geographic size of Local Partnerships appropriate? Our answer is no, that they need to be smaller to work properly;
- Is the remit of the Local Partnerships configured to best serve NWC? Our answer is no, that they need to be given direct involvement in on the management of NWC at a suitable level;
- Do Local Partnerships have the right level of input to the overall vision, mission, aims and objectives of NWC? Our answer is that the remit is a good start but that the mechanisms for such input need to be formalised so that local partnerships are at the centre of the process for setting the strategic direction of NWC.

The Waterways Project recommends that further work on the configuration and role of local partnerships is undertaken as a priority. We believe that significant changes to the current proposals will be required to the current proposals if they are to deliver thriving and diverse local waterways. As no alternative options have been provided in the current consultation we recommend that a more localised and accountable structure is devised, in discussion with stakeholders and the newly appointed transition Trustees. This should be subject to further public consultation and scrutiny.

It our understanding that further public consultation will be required once the draft Ministerial Order is issued transferring powers to NWC. This provides an opportunity to include within the consultation not only the powers to be transferred within the Ministerial Order but also a revised governance and membership structure which will seek to provide for greater accountability and local ownership of the waterways.

Question 10: Who do you think should be encouraged to sit on Local Partnerships? How should the nominations panel be constituted; who are the essential parties?

The Waterways Project believes that the most appropriate place to address the overlapping needs of different user groups is at the local level. This will help to overcome the current difficulties experienced by British Waterways of seeking to mediate between essentially local disputes from a national level.

We therefore recommend that the Local Partnerships are made up of representatives of the main user groups currently proposed for the National Council, expanded to include local representatives of local social enterprise and community asset development organisations and other representatives of the local community with an interest in the waterways. Whilst drawn from specific constituencies all members would be expected to act in the best interests of the waterway.

The representatives should be elected by local members of the new charity and nominated by their respective constituencies. The Local Partnership should elect its own Chair.

We believe that such an approach will best serve the development of a vibrant local waterway, managed in order to link and support the aspirations of local communities.

The Trustees should only intervene in the make up of Local Partnerships in exceptional circumstances.

Question 11: Is between 8 and 12 the right size for a Local Partnership?

The needs of each local area – and the range of local interests in the waterway – will be different in each locality.

The Waterways Project believes that the NWC should not seek to specify the number of representatives that can sit on local partnerships.

The number should reflect the number of relevant stakeholders in that specific area although practically a maximum of circa 20 would seem reasonable.

Question 12: Which are the particular subjects or activities you think may require the attention of a specific sub-committee of a Local Partnership?

The Waterways Project believes that the level of detail being consulted upon is inappropriate when the nature, structures, responsibilities and accountabilities of NWC have not yet been decided. We are also concerned at the degree of centralised control over the operation of the Local Partnerships that is envisaged by the question.

Local Partnerships should be much smaller than envisaged and have the autonomy to set their own priorities working alongside local management units based on the needs of local communities and the local waterway.

Question 13: How best can the NWC strike the right balance between local needs and the needs of the waterways network as a whole? &

Question 14: How could the charity encourage effective working between different communities and partnerships that share the same waterway?

Over the course of its history the canal network has been both a national and regional asset supporting industry and leisure. More recently it has established a new value as hyper local amenity for canal-side communities who visit for recreation and amenity reasons, as well as the increasing number of people choosing to live on the waterways.

Whilst the maintenance of the physical asset, a national network with high costs of upkeep, is best undertaken by a national body, we believe that as a local resource supporting local communities it is important that local stakeholders have as great a degree of ownership and control of the waterways as possible. The balance between the needs of a wide variety of local stakeholders is best struck at the most local level where the necessary compromises can be agreed and delivered.

It is for this reason that we believe the Local Partnerships should be much more local than currently envisaged, that where possible the physical non navigation assets should be managed by capable local community organisations for local social, economic and environmental benefit, and that the NWC should, from the outset, seek to create a new and diverse membership base drawn from those who pay licence fees, leases, commercial rents or membership fees.

It is vital that if the new organisation is to realise its transformative ambitions, and if local communities and the wider public are to have a real sense of ownership, the centre should be accountable to the localities rather than the other way around.

Whilst it is legitimately the role of the centre to balance maintenance and restoration priorities across the network, operational budgets and decisions should be devolved to local business units and spending priorities agreed locally in partnership with Local Partnerships.

Question 15: 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?

In order to ensure that it attracts and retains a broad based and diverse membership NWC must create both a sense of ownership and a clear sense of the benefits that it can deliver and the needs that it can meet. This should be a key priority of the new charity – to gain a new understanding of its stakeholders and beneficiaries beyond the existing user groups, and to recognise and maximise the social economic and redistributive benefits of the waterways.

The new charity should adopt a presumption in favour of community management of all non-navigation assets and energetically promote this as a new approach to meaningful community engagement. It should have a clear and ambitious target for new leasing arrangements or community partnerships.

The key barrier to communities becoming more involved and taking more responsibility for their local waterways will be the continuation of a culture of top down control. 'Letting go' of control to local communities will be a transformational change for the new organisation and will require a new attitude and approach both from the organisation and from individual staff members. It is for these reasons that it is imperative that a new localising approach is reflected in the new charity's mission and vision, in its structures and governance, and in the powers it is given by Ministerial Order. The message and the mandate must be clear; that the charity intends to manage the canals with a clear social purpose in order to support local communities – *not*, as currently framed, that it requires the engagement of local communities in order to support the upkeep of the canals.

As well as cultural and organisational issues there are practical operational issues. Existing staff will require training in community engagement skills, understanding the needs of community organisations and social enterprise and the benefits that they can bring. They must have an explicit remit to engage, to be open to community utilisation of the asset and to manage it for social benefit. Given the transaction costs of engaging with local communities the new charity should also consider how it can work in partnership with established community networks and organisations such as Development Trusts who may be able to act as effective local intermediaries and asset managers, and more easily access local funding streams.

Question 16: In what ways could more people be encouraged to volunteer for the waterways? What might the barriers be and how could they be overcome? & Question 17: What would a successful volunteer program look like? What would it achieve?

The Waterways Project understands and celebrates the work of volunteers on the waterways, historically, currently and in moving forward into the future of NWC. It acknowledges the excellent work undertaken by BW and very many waterways stakeholders over the decades preceding the move to becoming a charity. The Waterways Project does not feel it has the relevant expertise to comment on what might be termed 'traditional volunteering' on the waterways and leaves this area to stakeholders with relevant expertise.

There are however three issues with respect to the recruitment of volunteers that we do wish to comment upon on the basis of the current moves by British Waterways to increase its use of volunteers throughout its operations.

Firstly we are concerned that currently the organisation is focussing on large-scale corporate volunteering programmes in order to recruit volunteers to undertake work identified by British Waterways. We believe that good community engagement (working with communities using a community development approach to identify their needs, priorities and capacity) will provide a more engaged and committed local volunteer force addressing issue of real local concern.

Secondly some of the roles currently advertised by British Waterways as volunteering opportunities would be more appropriately advertised as paid positions on a temporary or permanent basis. These include roles within enterprise, customer service, HR and policy teams. The use of volunteers for such roles raises similar issues to the use of unpaid interns. The opportunities presented are only accessible to those who are either affluent or retired, or both. An increasing use of such practices will result in the organisation becoming even less diverse than it currently is, rather than reflecting the diversity of the communities it seeks to serve and engage.

Thirdly it is clear that best practice in volunteering is where volunteering is locally driven according to local priorities and need. Volunteering should not be used as a cheap way of filling legitimate long-term posts.

The Waterways Project believes that getting more people involved with and taking more responsibility for the waterways is best realised by engaging meaningfully with the broadest possible range of relevant stakeholders on their terms and in ways that help them to realise their objectives, needs and ambitions. We believe that this will be the most effective way to foster commitment and a sense of ownership in the waterways. The Waterways Project advocates a central role, alongside that of traditional volunteering, to social enterprise and community asset development activity to stimulate a step change in levels of public engagement with the waterways.

For such a programme to achieve this it needs to do more than encourage people to volunteer their time. Genuine engagement will not happen unless communities are given a stake in the management of their canal. The

governance and community engagement framework detailed in our response to questions 8 and 18 we believe are worthy of further exploration by Defra and BW to stimulate this desired level of new engagement.

By seeking to ensure comprehensive community engagement throughout the governance of NWC, as advocated throughout this consultation response, increasing involvement and responsibility of stakeholders at a local level is addressed at the very heart of NWC and in all that it will be undertaking. In this way barriers are designed out of the new organisation's modus operandi rather than identified and then overcome.

By positioning itself at the head of the localism agenda, rather than adopting an apparently 'safe', but increasingly outmoded, centralised structure, the NWC would also be well placed to take advantage of new trends in funding as well as completely new financing mechanisms such as the Big Society Bank.

BW is under resourced and working to a very short timetable for conversion to NWC. This risks leading to a transfer of organisational culture that, while in principle willing, has been ill configured to engage with local communities and a structure, mission and governance that is both defensive and backward looking rather than truly transformational and able to deliver effectively in a new context of localism.

Local communities hold much of the solution for NWC, both financially and in realising public benefit, it is therefore imperative that all levels of BW/NWC and Defra make and resource a substantial commitment to pursuing engagement with local communities as a new way of doing business.

Question 18: 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?

As detailed in our response to question 8 The Waterways Project believes NWC should opt to become a membership body immediately rather than leave this as an option to be considered at a later date.

As explained the All Part Parliamentary Group on the Waterways by experts in the field there are substantial and practical challenges to moving from a representation to a membership structure once an organisation is established. It is far more efficient, effective and beneficial to establish an organisational culture and governance process at the beginning of a new organisation's life than to try and retrofit or change this once it is established.

Other challenges about the proposed representation mechanism include:

- How to ensure stakeholders represent the *future* constituencies of NWC and not just the constituencies and stakeholders of the past. While NWC is in the process of reinventing itself as a 21st century charity delivering public benefit the opportunity is being missed to include constituencies as yet under or un-represented who have significant potential to bring new thinking and new ways of working to NWC and the waterways. Immediate examples are on-water housing

and renewable energy stakeholders who are not represented in the proposed new structure but who have the potential to turn around the financial reality for NWC; and

- How to ensure that the overall stakeholder profile of the Council truly reflects the diversity of stakeholder groups. Having a category based representation system for nominations to the Council curtails the ability of the Council to truly represent all stakeholders. A membership based system, as detailed below, and in our response to question 8, provides for this.

Practically implementing a membership-based system poses a number of challenges in order to ensure balanced representation but we believe the upside outweighs the downside for a number of reasons:

- A membership structure aligns with NWC's desire to build a strong voluntary donor base, voting membership being the 'hook' to get people engaged and contributing financially;
- NWC needs to proactively engage with a much broader constituency of current and future stakeholders than it does at present if it is to realise BW and Defra's vision for the new charity. A membership structure provides this;
- NWC will need a strong internal driver to build new constituencies from the outset, as is the stated intention of BW and Defra throughout this process. A membership structure, as outlined here, drives the charity to proactively do this, rather than the current proposal, which focuses on existing historical stakeholders. Taking a membership approach requires NWC to become forward looking in how it shapes itself and its engagement with stakeholders;
- The Local Partnerships need to be further localised with roles and responsibilities as outlined in question 8.

**Question 19: Do you agree with the proposed make up of the Council?
Which interests should be represented?**

In question 8 The Waterways Project details its proposals for governance as substantially different from those outlined in the consultation. Our proposal would create a structure that is both representative AND membership based. It is also representative of stakeholder / user groups AND of geographies. Further our proposed structure introduces a dynamism that will allow new stakeholder groups to emerge and become appropriately represented and allows space for stakeholders in the NWC's non-operational asset base to engage with and help govern and shape the new charity.

Therefore The Waterways Project believes the phrasing of this question is inappropriate as it pre-supposes a representative governance structure, as outlined in the consultation, rather than using the consultation opportunity to explore the full range of governance and representation options.

Question 20: Should a proportion of the Council be directly elected? If so, who should be entitled to vote?

The governance structure detailed in our answers to questions 8 and 18 proposes that Local Partnerships are fully elected bodies and that from these members of the Council are nominated. Local Partnerships would be where user group representation is managed while the Council would reflect and represent stakeholders geographically. The Council would then elect Trustees who, in turn, represent the best interests of the waterways as a whole. In this way the entire governance structure of NWC would be rooted in a directly elected membership. Subsequent rounds of nomination would effectively filter Council members and then Trustees to ensure high quality, appropriate individuals capable of carrying out representation functions are in place.

Question 21: Should the independent chairman of the Appointments Committee be chosen by Committee members or the Council? What skills would they need?

While an appointments committee is needed within NWC the remit, as presented in the consultation, pre-supposes the governance structure as outlined in the document. The Waterways Project believes that substantial improvements can and should be made to the proposed structure in order that NWC gets the best start in life and can move forward successfully. Should such changes be enacted an appointments committee would have a role in:

- Ensuring stakeholder categories selected for Local Partnership board member elections are representative of current and potential future stakeholders; and
- Co-opting relevant additional Trustees to ensure an appropriate mix of skills and experience are present on the board.

Additional functions, as detailed in the consultation document, would be addressed through a reformed and membership based governance structure and as such does not require the attention of an appointments committee.

Question 22: Are there other topics that you consider would benefit from council scrutiny committees?

The Waterways Project sees a clear role for additional scrutiny functions across NWC. In particular two areas are of sufficient importance to merit a scrutiny panel:

- Charitable objects and public benefit, and
- The activities of any trading (or non trading) subsidiaries.

All charities must have charitable purposes or 'aims' that are for the public benefit. The Charity Commission identifies two key principles by which public benefit is defined:

1. There must be an identifiable benefit or benefits, and

2. Benefit must be to the public, or section of the public.

These can be taken at face value and used to simply achieve public benefit or interpreted, in the spirit of charitable endeavour, to maximise identifiable benefit and maximise benefit to the public.

In order to ensure public benefit is maximised by NWC a scrutiny committee should be established to oversee NWC's efforts to realise this. Part of this committee's remit should be the scrutiny of NWC's engagement with charitable, community and social enterprise partners on the basis that partnerships will be critical to the success of NWC in realising substantial new income and substantial new public benefit.

Establishment of a scrutiny committee to monitor and evaluate trading activities undertaken across the group would also be a favourable addition to the list of scrutiny committees. This would allow NWC to enquire as to the financial benefit of trading activities as well as the public benefit being delivered through trading activities. It should also have a remit to scrutinise the split between trading for charitable purpose and any trading undertaken within the CIC or other subsidiary (see question 23 below).

Question 23: Are there any other activities of British Waterways that would be best placed in the CIC?

Contrary to what the consultation commentary infers charities *are* able to undertake primary purpose trading. To ensure clear linkage between relevant trading activity and the vision and objects of the charity The Waterways Project strongly advocates for all primary purpose trading activity to be held within NWC rather than transferred to the new CIC. Commercial trading activity that is not of a primary purpose nature should be transferred over to a new body. This new body could be a CIC or it could equally be a company limited by guarantee (CLG) and established as a charity (in its articles) but not registered at the charity commission. Where equity financing is required subsidiary companies limited by share (CLS) may be established for this purpose. There may be benefits to this latter approach as a CLG could be incorporated to have no dividend distributed while the CLS would distribute dividends (capped or not) on an activity/investment by activity/investment basis.

The preserving of primary purpose trading within the charity would maximise tax benefits to NWC and ensure a clear divide between primary purpose and commercial purpose activity. If NWC also configured its objects to continually strive to expand and maximise primary purpose trading, by splitting trading activity between the charity and the CIC, it would establish a framework that aligned trading with its objects and therefore, over time, increased alignment between its practice and principles. The holding of primary purpose trading within NWC would also improve transparency and accountability of these activities within the new group structure.

The Waterways Project also notes the intention for some CIC directors to be remunerated. In the spirit of UK charity law we believe the separation of executive and non-executive function makes for stronger governance and

accountability arrangements and would suggest directors act as trustees within the CIC while appointing relevant commercial talent into executive positions.

Question 24: Government policy is to support the movement of freight on inland waterways, where it is economically sustainable. Do you agree the status quo is no longer an option? Which of the five options (in Annex C) do you prefer? What other options should we consider?

The Waterways Project welcomes Defra's intention to minimise any unnecessary financial burden being transferred to the NWC by way of out of date or over specified statutory requirements for non-existent freight transport movement.

Defra, BW and the NWC need to acknowledge that the vast majority of freight transport on the waterways is a thing of the past and the maintenance requirements and associated financial burden should reflect this. However, rather than this being portrayed as an admission of defeat the change in position outlined in Annex C has the potential to become a clear indicator of NWC's new direction of travel.

By stating strongly and in public that freight transport in general is not viable Defra and NWC can turn this to their advantage by equally stating that the waterways are a powerful conduit to the delivery of viable, efficient new forms of economic and social benefit. Just as freight traffic on the canals delivered the fruits of the emerging industrial revolution to villages, towns and cities across the country, so they have the potential to now lead the delivery of a new form of social-enterprise-led local sustainable development.

Question 25: What measure of the effectiveness of NWC's use of public funds (through the government funding contract) would be appropriate?

The Waterways Project sees the reduction of grant in aid levels as a once in a lifetime opportunity to empower NWC to build a significantly broader set of revenue streams that also deliver substantial public benefit.

On the basis that NWC is enabled to identify and secure additional revenues the existing measures of effectiveness should be maintained and added to, rather than reduced.

Additional measures of effectiveness that would reinforce NWC securing new revenue streams while delivering additional public benefit might include:

- External investment secured through leverage of public funds to deliver public benefit activities (including but in no way limited to the current proposed NWC objects). On this basis grant in aid could be used to take first loss or guarantee positions to secure significant additional funding, which could then be subject to the governments monitoring for effectiveness framework.
- Numbers of community groups and individuals meaningfully engaged in:

- Waterways management
- Waterways based or NWC asset based enterprise activity that delivers public benefit
- Financial contribution of activity to the local economy
- Cost savings to other parts of government
- Value of Ecosystem services delivered.

Question 26: Are there other areas where you think NWC could increase: Commercial income, Voluntary income, Third Party income?

The main focus of The Waterways Project has been to explore the potential for communities to realise new income and new public benefit concurrently through the development of new forms of activities on the waterways. Such new income might come in the form of commercial income earned by NWC establishing socially entrepreneurial activities or in third party income by partnering with existing or new social enterprises that would develop and manage new activity. A benefit from the latter approach would be the externalisation of financial and operational risk

Our research shows that new income in the tens of millions p.a. to NWC, alongside significant new public benefit, is realistic and achievable should the right conditions be established.

To achieve this NWC needs to enshrine at its very heart a commitment to engaging with communities to realise these opportunities. We believe this is best realised through explicit commitment in the Objects of the new charity:

- To a presumption in favour of community utilisation of NWC operational and non-operational assets. By this we mean inclusion of a mechanism that guarantees community groups with adequate capacity and experience to manage or utilise NWC assets (as well as run services) the first option to take on these assets and operations. This should be conditional upon them being able to deliver additional public benefit as well as a value for money service. This would give communities with realistic enterprise solutions the opportunity, prior to other usage or development, to develop new income and public benefit generating activities, and
- To particular sectors where new income and public benefit outcomes are high, in particular on-water housing, energy and community enterprise.

The Waterways Project has identified numerous new income sources for NWC. Defra should conduct a thorough and detailed exploration of new income streams immediately and as part of the process of transition to NWC.

The modelling of potential new income streams could be a game changer for the charity, opening up whole new areas of activity and kick starting a waterways renaissance through a fundamental repurposing of the waterways.

A summary of The Waterways Project research on energy and housing opportunities are presented below. Other sectors (education, enterprise, payment for ecosystem services and food production) are explored on the project website but housing and renewable energy are explored in depth below as they have been identified as having the greatest income generation and public benefit potential. Further information can be found at www.waterways-civa.org.uk.

Renewable Energy

The renewable energy sector in the UK is growing rapidly. The government's commitment to carbon reduction targets has created a space for new approaches to energy production to develop.

Almost 26,000 sites have been identified for small-scale hydro production within rivers in England and Wales. In reality the potential number of sites will be a fraction of this due to practical and environmental constraints, but the opportunities are still significant¹.

Hydro

A significant gap exists between what minimum size of hydroelectric scheme is financially viable to develop and what minimum size is commercially attractive for BW / NWC to develop. Hydroelectric schemes in the UK appear to become viable at around the 25kw size while BW in its existing partnership with Small Hydro intends to develop schemes above 100kw only².

The EA survey results show that the 25kw – 100kw range for potential installations could be more than 500 in number³. If just 100 sites were developed in partnership with local communities potential gross revenues could exceed £2 million p.a., to be split between NWC and the communities. The communities subsidise schemes through volunteering and providing a low cost of capital through community share issues. Risk to NWC is externalised through the transfer of responsibility for licensing, design, build, finance and operate. Income to NWC is maintained through a revenue participation or ground rent charged to the community organisation⁴.

The following provides examples of how community asset development and social enterprise has helped create income generating renewable energy projects on the UK's waterways.

Torrs Hydro Scheme (New Mills) – The Torrs Hydro project in New Mills uses a reverse Archimedes screw turbine to generate electricity from the water flowing in from the Rivers Sett and Goyt that meet in the town. With a

¹ <http://www.environment-agency.gov.uk/shell/hydropowerswf.html>

² A New Era for the Waterways Consultation, page 46.

³ Of the 26,000 sites identified circa 4,000 are not deemed environmentally sensitive. These are likely to be disproportionately located on BW waterways rather than EA waterways due to the nature of BW assets and to be of relatively small size, again due to the nature of BW assets.

⁴ www.communityshares.org.uk

3m head and a 3m/s flow, the force due to gravity 9.81ms^2 and the density of water 1000 kg/m^3 gives a maximum output of 63kWh after friction and generation losses⁵.

In total, the scheme cost around £330,000. A community share issue raised over £125,000, with grant funding providing another £165,000. The shareholders are mostly local people and businesses plus people from further afield who wish to support renewable energy schemes⁶.

Torrs Hydro was incorporated so the community could own the hydroelectric scheme. All profits or assets are used to the benefit of the community and cannot be paid or distributed to members.

Their target is an average annual output of 240,000 kWh. The majority of the electricity they produce is sold to the local Cooperative Food Superstore and any surplus is sold through the national grid⁷. A conservative estimate for the cost of electricity of 10p per kWh, suggests that the scheme could generate £24,000 of income p.a.

Settle Hydro Scheme – a similar scheme was conducted at Settle Weir in Yorkshire where a 50kw Archimedean screw was used to generate approximately 165,000 kWh of electricity per year – enough for around 50 average houses⁸. If this electricity were sold to the grid using the same conservative estimate it would generate £16,500 worth of income per year.

The scheme was established along the same lines as the Torrs Hydro project with a community share issue at £1 a share providing £135,000 of funding, and an Industrial and Provident Society set up to manage the hydro power and undertake the on-going management of the plant.

Other funding was raised through a mixture of bank loans with low rates of interest, and grants.

Water Power Enterprises – Both of the above schemes were installed by h2oPE (Water Power Enterprises), a Community Interest Company (CIC). They develop 'low head' hydro sites using the Archimedean screw in partnership with local community groups.

Their objective is to remove the two biggest barriers to the involvement of the local community in renewable energy by providing both the finance and capacity to develop and install small-scale hydroelectric schemes.

CIC's are subject to community interest tests as well as an asset lock. These ensure that the company is established for community purposes and the assets and profits are dedicated to these purposes. As a result h2oPE provides blended financial returns to its stakeholders, which means that

⁵ <http://www.torrshydro.org/TheProject/Technology.html>

⁶ <http://www.torrshydro.org/TheProject/Community-Ownership.html>

⁷ <http://www.torrshydro.org/TheProject/Technology.html>

⁸ <http://www.yorkshire-forward.com/improving-places/where-we-live/rural-market-towns/settle/case-study>

bigger social returns are achieved by accepting more modest financial returns; they have both a business and a community focus.

These examples demonstrate the capacity of community based schemes to generate both funding and revenue for communities and for NWC. The revenues generated by these projects are reinvested back into the community. Were the new body to form similar partnerships with user organisations on its network, a percentage of these revenues would go back into maintaining the waterways.

Heat exchange

The Renewables Heat Incentive (RHI) will be launched in 2011. It was designed to reach the government's goal to produce 12% of the energy used for heating from renewable sources.

RHI is of particular relevance to buildings adjacent or near to waterways and the heat differential between water and air is generally sufficient to power heat exchanges. Waterways based heat exchange installations also potentially have lower installations costs than land based ones, thereby may provide a competitive advantage in what is set to be a growth market.

Assuming, as is the case in the hydro section above, that communities can provide subsidised labour, a lower cost of capital and risk mitigation for NWC it logically follows that community managed heat exchange systems using NWC waterways should be explored as a potential significant new income stream for NWC, equivalent or in excess of the estimate for hydro.

Photovoltaic and wind

With solar PV feed-in tariffs as high as £0.413/kWh paid over 25 years and Government incentives set to yield immediate installed solar PV system *Internal Rates of Return* between 8% and 11% over the next 12 months, it is predicted that the foundations are in place for solar PV market growth in 2011.

On shore wind resources also have a great deal of theoretical capacity and is an area that BW are currently engaged in developing at large scale.

Once again assuming that communities can provide subsidised labour, a lower cost of capital and risk mitigation for NWC it logically follows that community managed photovoltaic and wind scheme based on NWC assets should be explored as a potential significant new income stream for NWC.

Housing

In September 2010 the Association of Inland Navigation Authorities (AINA) released a report on the residential use of waterways, highlighting the recent increase in demand for on water housing and the issues this raises for navigation authorities⁹.

⁹ <http://www.aina.org.uk/docs/ResidentialUseWaterwaysSept2010.pdf>

In Defra's 2000 investigation into the future of Britain's waterways (Waterways for Tomorrow), residential use of floating vessels or structures was identified as 'a relatively minor use of our inland navigations'¹⁰. But since 2000 demand for on water living has increased, particularly in urban locations, partially due to the relative cost of living and a growing perception that houseboats are a sustainable and desirable form of accommodation¹¹.

In 2008 British Waterways conducted a survey showing that 18% of the 30,000 privately licensed boats on their network were used as primary residences, meaning that around 5,400 boats are used for residential purposes¹².

Defra's assessment of residential boating as a 'relatively minor use of our inland navigations' is no longer relevant. People from all walks of life see living on their rivers and canals as a legitimate, affordable and environmentally friendly alternative to the urban property market.

But neither the government's attitude nor the legislative environment has kept pace with this changing reality. The complexity of gaining planning permission for the residential use of moorings, as identified in the AINA report would make it extremely difficult for BW to formulate or implement policy.

This reflects a lack of legislative recognition for the residential use of houseboats, at local and national levels. Local Authorities, handicapped by out of date legislation, are unable and often unwilling to facilitate the growth of on-water residency.

A cultural bias within BW also makes changes in organisational approach difficult to implement. They see their core responsibility as the maintenance and preservation of the waterways, primarily for leisure use, whilst housing is viewed as the responsibility of Local Authorities and Housing Associations. BW themselves currently have in place a range of policies which mitigate against the creation of new residential moorings and have made frequent assertions that they are not a housing organisation..

But times are changing. BW cannot afford to view itself as an organisation with a single purpose. The current and future reductions in grant funding mean that the new organisation will struggle to maintain the waterways at existing levels unless they find radical new sources of revenue and reduce their costs.

Housing can play an integral role in this process, not only in the encouragement of a vibrant and engaged network of waterways communities, but also in the creation of new and significant revenue streams for the new waterways charity.

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<http://www.defra.gov.uk/rural/documents/countryside/waterways/waterways-for-tomorrow.pdf>

¹¹ <http://www.independent.co.uk/news/uk/this-britain/its-not-a-houseboat-its-a-floating-apartment-579876.html>

¹² <http://www.aina.org.uk/docs/ResidentialUseWaterwaysSept2010.pdf>

Partnering with progressive housing associations, experienced in all areas of housing development, could minimise the risk faced when working with communities and planning authorities, whilst limiting the legal, practical and financial responsibility placed on BW through opening up significant routes to finance on a partnership basis.

It will also emphasise the new organisation's willingness to innovate in the face of change, embracing the principles of localism on which funding decisions are increasingly being made.

By engaging communities, housing associations and Local Authorities in the identification of sections of canal for residential purposes, the new waterways charity will generate income, provide a social good in line with its charitable status, and contribute to the sustainable development of housing stock.

The new waterways charity should not sacrifice the structural integrity of the waterways network by over stretching its natural capacity. But if it is to maintain its relevance, the new waterways charity must be willing and able to diversify. Where it doesn't jeopardise the stability of the waterways, increasing the numbers living on the water should be seen as a realistic and desirable possibility.

The opportunity to take such a stance is now. The changes to local planning laws mean that projects encouraging sustainable development and community engagement will get an easier ride, whilst the new Community Rights will potentially give housing providers and residents the chance to take on more responsibility. Conversely increased powers for communities to develop local plans mean that a failure to promote the value of on water living to existing local residents now will mean that such provision is unlikely to make it into Local Plans thus reducing future opportunities.

Income potential from on-water housing is enormous, once the cultural and regulatory challenges are addressed. While these challenges are undoubtedly significant they should not form a barrier to action when they may form the basis of the tens of millions of new income p.a. required to maintain and improve Britain's waterways.

For each additional 1,000 residential boats on the waterways NWC could add circa £2.4 million gross per annum in mooring fees and £600,000 - £800,000 gross in license fees.

We are not aware of any assessment of residential "carrying capacity" that has been undertaken but it seems reasonable to assume a minimum of 5,000 new residential boats could be placed onto the waterways.

The difficulties identified in the AINA report need not paralyse the development of housing on the waterways network any longer, and the protection of the network need not be compromised.

The Waterways Project recommends that Defra should undertake a comprehensive assessment of the financial and public benefits of on-water housing. This should feed into an updated Impact Assessment.

Question 27: Are there other areas where you think NWC could save more money/make greater efficiencies?

The Waterways Project welcomes Defra's focus on increasing volunteering and improving efficiencies to reduce required expenditure levels.

However we are concerned that an undue focus on this will distract BW, NWC, Defra and communities from the real prize on offer here: the transformation of the waterways into a thriving, entrepreneurial network realising significant new income and public benefit both by and for communities.

A detailed exploration of the potential for social enterprise to utilise NWC assets should commence immediately. Part of this work should be to explore the potential for cost savings and efficiencies for NWC of such approaches. However the majority of efforts should be deployed to explore new income streams rather than new cost savings as the vast majority of opportunities reside here.

Question 28: 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.

The Waterways Project believes the scale of public benefit realisable by introducing new social enterprise and community asset development activities on the waterways as so significant to be worthy of consideration:

- At the highest levels of BW and the government,
- Within the Objects and Memorandum and Articles of Association of NWC

On this basis, as detailed in our answer to question 26, we recommend the Impact Assessment is reworked to include scenarios with low, medium and high levels of community enterprise in at least the following areas:

- Housing:
 - Additional future potential for on-water affordable housing at scale; and
- Community Energy:
 - Micro-hydro;
 - Heat Exchange; and
 - Photovoltaic.

Initial assessments by The Waterways Project put the potential new income streams realisable by reforming NWCs approach to housing in the tens of millions p.a. Projections for energy are less clear and require further analysis but on the basis of case studies identified may be substantial.

Further information on The Waterways Projects' sector analyses can be found at www.waterways-civa.org.uk.

Question 29: New Waterways Charity 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?

The Waterways Project believes that achieving the new vision for Britain's waterways requires not just a new name, but a new kind of organisation; an organisational structure and culture that supports community asset development, social enterprise and engages our communities as partners in the creation of a thriving and sustainable waterways network.

To achieve its long term vision the new organisation must be willing to fully engage communities in the management of their waterways, encouraging them to take a real stake in their preservation and their sustainable development. It must not see community groups as objects of charity, peripheral and 'nice to have', but as partners in the realisation of its vision.

Names can be game changing. The name of the new organisation should reflect a change in attitude and culture. It should not reflect the kind of organisation we have at the moment or hark back to a comfortable but unrealisable past, but rather the kind of organisation we would like to see in the future.