



## Trustee Update

24 July 2012

### Vesting of the Canal & River Trust

As everyone probably now knows, the Canal & River Trust formally took over responsibility for BW's canals and rivers in England and Wales on the 2 July. The British Waterways (Transfer of Functions) Order 2012 obtained unanimous approvals from scrutiny committees in both the House of Commons and House of Lords which were then followed by an uncontested approval from the whole of the House of Commons. This excellent result demonstrated the level of support for the creation of the Trust within Parliament. We very much appreciate the assistance of many Parliamentarians who have supported us throughout the whole process.

The Order and other documents relating to the transfer can be viewed at:  
[http://www.legislation.gov.uk/ukxi/2012/1659/pdfs/ukxi\\_20121659\\_en.pdf](http://www.legislation.gov.uk/ukxi/2012/1659/pdfs/ukxi_20121659_en.pdf)

### Official Launch

We launched the Trust on the 12 July with press and stakeholder events in all of the 12 Waterway Partnerships around the country. We had excellent support on the day and some great national and local media coverage with the lighting up of the Pontcysyllte Aqueduct getting particular attention.

Our main focus now is to get our fundraising activities off to a great start. David Suchet, John Craven, Timothy West and Miranda Krestovnikoff have already signed up as our first Friends and we hope and expect many more to do so by the end of the summer. We have been very heartened by the first few weeks of our campaign with both numerous donations to our appeals and a steady flow of Friends enrolment.

Although fundraising will not deliver significant additional income for another few years under our 15 year Funding Agreement every penny we earn will stay with us and will not result in grant reductions as in the past.

If you want to see more about the launch, the media coverage, the launch appeals or the Friends scheme, please visit our website [www.canalrivertrust.org.uk](http://www.canalrivertrust.org.uk)

We are very pleased with the new website and we have received many plaudits about the fresh look, the information and the ease with which you can make a donation or become one of our founding Friends.

### Council Meeting – 4 July

We held a second successful Council Meeting on the 4 July at the Hub in Birmingham. Council received a presentation on Water Resource Management from Adam Comerford, the Trust's Head of Water Resource Management. Council then discussed and commented on key issues that would influence the forthcoming revision of the Trust's Water Resource Strategy.

Council also discussed and agreed various matters relating to its future conduct of meetings. A note of the meeting can be viewed at: <http://canalrivertrust.org.uk/media/library/1366.pdf>.

## **Waterway Partnerships**

All the Partnerships are now up and running. Many members have attended one of a series of national briefing days where senior managers have explained the Trust's policies and programmes across a very wide range of activities. These briefings have been very well received and opened many eyes to the breadth of the Trust's work and the commitment and expertise of the staff.

A good example of how the Partnerships are adding value is in the North West. Steve Rumbelow is Chief Executive of Burnley Borough Council and a Waterway Partnership member. He has invited our senior town planner, Heather Clarke, to address the Pennine Lancashire Chief Executive's Strategy Unit on the draft East Lancashire Strategic Waterway Plan. This is excellent exposure for our local waterways and an exceptional opportunity to engage important local opinion formers. Each Waterway Partnership is now fully engaged in preparing their own 10 year strategic plan to guide activity in their area.

## **Advisory Committees**

We are making excellent progress in appointing experts to our group of Advisory Committees. Further details can be found at: <http://canalrivertrust.org.uk/about-us/meet-the-team/national-advisory-groups>.

## **Executive Pay**

We have not rushed into making decisions on this matter because we wanted to ensure we took the time to take soundings from inside and outside the organisation. We needed to ensure a proper balance of market comparators not just in the social sector but also in the commercial sector where practices are changing.

We took advice from Odgers Berndtson and TCK Consulting, two recognised remuneration and recruitment consultants in their respective fields. They took account of the fact that the Trust will be one of the largest charities in the UK and other factors including that it:

- is also one of the more complex charities because it manages an estate with considerable risks,
- has a very substantial commercial business,
- has a relatively large and dispersed staff
- has onerous statutory and legal obligations.

Our job is to ensure we retain and recruit a high calibre top team that will fulfil all our ambitions for the Trust.

Having considered all the evidence, advice and most importantly the needs of the Trust, we have decided to put in place a number of changes that will see the cost (salary and performance pay) of the executive team fall by well over 30% by the end of 2014. The main changes are:

- We have decided to reduce the size of the executive team by amalgamating the Technical and Operational roles. As a consequence, the current Technical Director, Jim Stirling, has agreed to accept voluntary redundancy and Vince Moran will assume the role of Technical & Operations Director with effect from October 2012
- Nigel Johnson, the Legal and Corporate Services Director, will be retiring in late 2014. We have decided that in the longer term the Trust does not require the

expertise of a full time Legal Director of Nigel's calibre. So the role of Legal Director will not be replaced in 2014.

- The performance related pay scheme will change from the current potential to earn 30% (40% for the Chief Executive) to a maximum of 15% for all directors (with the exception below). Furthermore these payments will be awarded only when there has been exceptional performance and payments to all directors will no longer be the norm. The exception is the Property Director who will have the potential to earn up to 30% of salary if he achieves exceptional outperformance against market comparators or business plan targets.
- All directors pay will fall within the band of £120,000-£160,000 per annum. The Chief Executive's pay will fall between £175,000-£200,000 per annum. The immediate consequence of this decision is that the Chief Executive's pay in the Trust will be £195,000 and the Finance Director's pay will be £160,000. At the same time we have increased the pay of the Technical & Operations Director from £147,000 to £155,000 as recognition of the very considerable increase in the scope and responsibility of this role. The Property Director's salary also increases from £140,000 to £155,000 as a reflection of market comparators. His salary and the performance related pay are still below open market practice but are, we believe, appropriate for the Trust.
- For the fourth year running Directors will not receive a standard pay increase, including the 3% standard pay increase which is being awarded elsewhere in the Trust in 2012.
- Only one Director will receive a performance related pay award this year. The Property Director is the exception because we feel the financial outcome of the sale of Wood Wharf was truly exceptional and performance pay is the market norm in this sector.

We believe we have a very high calibre executive team who deserve great credit for bringing the Trust from concept to reality. We are keen to retain their considerable experience to get us off to a strong start leading the change from a Westminster controlled Public Corporation to a charity with strong local roots.

We believe that we now have an approach to executive pay that delivers value for money and will allow us to retain and in future recruit the people we need at competitive and appropriate cost.

We would like to thank the directors for their cooperation and collaboration in agreeing these changes to their contractual terms of employment especially at a time when they were so fully engaged in achieving such exceptional outcomes in the business and the transition process.

We particularly want to thank Jim Stirling for his outstanding contribution to British Waterways and more recently to the process of forming the Canal & River Trust. His legacy is the new Trust that will inherit a network in much better condition together with a highly regarded asset management system and a strong cadre of specialists.

Further details of the changes are set out in [Appendix A](#) and the two research reports can also be seen on our website by clicking on the links below.

[Odgers Berndtson British Waterways Survey Executive Summary](#)

[TCK Report for publication](#)

**Current Water Resources**

We do not need to tell you how extraordinary the weather has been this year. From drought conditions in March we now have widespread flooding and all our reservoirs are now replenished and at or above normal levels. The work we undertook in the spring to help increase water availability will be useful in future years. More recently our staff have had to work all hours to mitigate the effects of flooding and ensure no major damage occurred to the main infrastructure. The Rochdale Canal has been one of the worst affected areas.

## **Milton Keynes**

The head office move from Watford to Milton Keynes will happen on the 3 August. The South East Waterway Unit is already in place and report that the new space all works very well. The entrance to the office is right next door to the main entrance to Milton Keynes Railway Station so we have put up some eye catching photographs to grow awareness of the Trust.

Our London office also moves to smaller premises later this year and these moves will save us around £1m pa in rent, rates and service costs.

## **Royal visits**

We have been privileged to receive a number of royal visits this summer as part of the Jubilee tour.

The Queen, Prince Philip and Prince Charles all visited Burnley in May and had a trip on the Leeds & Liverpool Canal. In June Prince Charles and the Duchess of Cornwall visited the Bow Back Rivers as part of their tour of the Olympic Park and this month the Queen and Prince Philip visited the Tees Barrage and officially opened our recently refurbished White Water Course.

We were delighted to have played a part in these visits and to be able to show our royal Patron at first hand some of the work we do.

On the 6 July the Falkirk wheel celebrated its 10<sup>th</sup> Anniversary and H.R.H. Princess Anne marked the occasion by visiting the Wheel and naming a new boat recently refurbished by the Seagull Trust. It was an opportune time to mark the start of Scottish Canals and to wish them well. The Scottish Minister, Head of Transport for Scotland and the Chair of Scottish Waterways took the opportunity to speak publicly about the excellent cooperation and goodwill between all parties in effecting the separation of England and Wales from BW.

## **Olympics**

With the Olympics almost upon us we are gearing up for one of our busiest times on the London waterways. Although navigation has been restricted, the Trust's staff have been working all hours for the past few weeks getting the waterways to look their best.

The event presents us with quite a logistical challenge and we are grateful for the support and cooperation from IWA volunteers and London boaters in the mammoth task of managing the demand for moorings during the Games. The financial costs have been helped by the income we are receiving from the spectacular collection of yachts that will be mooring in the docks around Canary Wharf.

Do keep an eye open for our waterways in and around the Olympic Park amongst the wall to wall television coverage.

In the longer term we are delighted with the work that has been undertaken in and around the Olympic waterways which will create a major boating and visitor destination long into the future.