Notes from Questions for Canal & River Trust session held at Hatton on 10th April 2024

Les Etheridge opened the meeting by thanking Richard Parry, Chief Executive, and Susie Mather, Director of Communications and External Relations of Canal & River Trust for agreeing to participate in the session. Les added that FBW appreciated this and believed it would be helpful in supporting the common desire to see the waterways funded at a level which enables them to be properly maintained.

FBW member organisations had been asked to submit questions, of which many were in similar areas. The final list of questions submitted to CRT in advance of the meeting had brought together those submitted in terms of common themes and divided into three broad categories Value, Current Strategy and Future Plans.

Richard Parry welcomed attendees and promised an open and constructive session since everyone supported the objectives of increasing funding for the inland waterways. He said that he intended to answer the questions in as much detail as possible within the constraints of time, and he suggested not to let small differences of view distract from the big prize of securing better funding to benefit all. Les Etheridge reminded everyone that Fund Britain's Waterways aimed to improve funding for all navigation authorities, not just Canal & River Trust.

Value

Question 1

Outsourcing is clearly an important part of the CRT business. How is this managed and controlled in terms of

- a) The high level process for entering into contracts.
- b) The process for overseeing and signing off each piece of work.
- c) Timescales.
- d) Quality control process.
- e) Contract rewards or penalties relating to the quality of the work. Who is financially responsible for unsatisfactory work?
- f) How you track and report response times to reports of failure and completing repairs (this applies to outsourced and in house work).
- g) How much delays in dealing with failures add to the cost, and what strategy does CRT have in place to improve its reactive maintenance going forward?

CRT is a complex organisation with a mix of in-house and contracted out resources to support the breadth and scale of its work to care for and manage the waterways; it has a professional Procurement team, that has learned from experience of letting out contracts both within the Trust and externally where most have been recruited from, and it has robust tendering and contract management processes. There are detailed processes for how procurement is conducted, and a range of works of all shapes and sizes is delivered by external contractors; some are routine matters delivered in bulk, such as vegetation control and are prescribed for ongoing works to be carried out, while other contracts can be more project specific. This approach is broadly unchanged since CRT was formed in 2012. CRT now has a greater number/ range of contractors on framework contracts to widen the choice of contractor (two major contracts, with Kier and Bentley, and several smaller ones) for appropriate work. Contractors are asked for quotes for specific works or range of works, and this is reviewed against experience of what such works should cost, so that works can be negotiated for the best outcome. In some cases, work will include design, and other cases design will exist already.

The project development process is generally professional and carefully planned, but CRT must often react to unplanned demands when asset failures or arising works need to be prioritised at short notice, and this can require work to be undertaken on a 'costplus' basis, but the aim is always to move to a fixed price contract as soon as possible. For operational contracts, quality control is reviewed by a Contracts Supervisor in each region, who works with contractors to make sure requirements are met. Costs arising during project works are reviewed to see whether they could have been foreseen, but there will be some unforeseen variations (or 'compensation events'), the costs for which must be negotiated with contractors through a robust process. Relationships with contractors are long-term so it's important that both parties agree outcomes to be fair. Where contractors have fallen short, they will directed back to fix issues; this is straight forward for simple maintenance or operational contract works, but it can be more difficult for large capital projects. There are tensions in choosing between different priorities as to what works can be done within available funds; volunteers are increasingly providing additional capacity where they have the capability, for example in clearing offside vegetation.

There is a long list of works outstanding from the regular inspections that the Trust carries out across the waterways; CRT tries to instil stability in plans that works undertaken are, so far as possible, planned well in advance but there is a separate reactive team in the three largest regions to deal with the unexpected urgent works, and sometimes there are major emergencies that require plans to be reviewed and revised. There is a constant process of reviewing priorities, and the objective is always to keep waterways open to navigation. Ideally, CRT would wish to attend to emergencies as soon as they arise, but that is not always possible given other demands. Safety for staff and visitors is always the top priority. There are programmes of preventative maintenance carried out by Trust staff and volunteers, this work is measured against likely outcomes so that such routine preventative works are undertaken where they are cost effective in reducing asset failure or improving service to keep the waterways open. There is a constant process of review, checking outcomes and performance.

There was concern from users that lack of preventative maintenance was leading to things breaking and higher costs to repair. The ideal is to get to and fix assets just before they are about to fail, but it is impossible to get the timing of the intervention right every time, especially when the effect of financial pressures leads to some such works not being as timely as we would have wished. The Trust doesn't leave things to fail but some failures will have no precursor warning or have any mitigation (e.g. culvert failures). Diversion of significant financial resources to reservoirs – to meet statutory safety obligations - has strained available resources, and there is concern that this situation could deteriorate as financial pressures grow and the maintenance backlog grows.

Question 2

Does the CRT consider the expenditure on wellbeing (new signage, advertising, new logo etc.) has been worthwhile and how has the assessment been made? How much has been spent since 2012 in this area and what are the plans for expenditure in this area going forward?

Answer

Everything CRT does is arguably to do with wellbeing, the definition of wellbeing is wide and can include economic benefits such as employment, and a wide range of users enjoying the waterways for different reasons. The first leisure boaters sixty years ago would have been re-discovering the canals as a source of wellbeing. Regarding the Trust's re-branding and re-positioning in 2018, such a change can be helpful in changing perceptions and reaching different audiences. CRT believes that the rebranding undertaken has been beneficial in unlocking support and raising awareness and funding from third parties. Much of the non-structure works, such as towpath improvements, are funded by external funding and the wider objectives of wellbeing have made CRT's works more attractive to funders who might not otherwise have put funding into the waterways. Total costs of branding and public relations are a very small part of CRT's total costs, and such work is based on bringing in more support, and thus cash for the waterways, even if not directly. Question raised that some of the blue signs give a frivolous impression. Such signs were to get CRT's name and image embedded in the public mind as custodians of the waterways. Even now, a substantial proportion of people using towpaths do not know about the Trust; to secure their support we need to introduce ourselves to them.

Question asked as whether this work is complete, and costs could be saved. The work is on-going, and the costs are minimal so there was little room for saving costs. Much of the promotional work was through digital media or free press activity and often supported by celebrities at little or no cost. In future, there would be a need for greater fundraising to attract funding from new sources to meet shortfall from Government cutbacks and this may require increased activity in this area.

Question raised that investment was in staff time as well as other costs, and that influencing politicians and decision makers was time consuming. Politicians react most to voter concerns, so it is important that waterway users are vocal to political leaders. It has been hard to gauge how successful existing influencing work has been to date, but it is recognised that more work in this area is needed. The heavy and growing use of the towpaths has been an important influence for Defra in reaching a funding settlement.

Current Strategy

Question 3

Generating additional funds is obviously a high priority going forward. Previous efforts to raise funds from the general public have not been perceived as successful. What plans are in place to achieve success? In particular

- a) What are the targets for future years?
- b) What are the Key Performance Indicators that will be used to assess progress?
- c) Do the plans include the selling of significant heritage assets?
- d) What further potential is there to increase income from current commercial arrangements (water transfer, telecom cables etc.)?
- e) Has consideration been given to using similar approaches to other large charities such as lotteries, credit cards, charity shops and what other steps is CRT taking to identify new options to maximise its income going forward?
- f) Sponsorship
- g) Has CRT had any discussions with government (local and /or central) in regard to potentially securing Section 106 funds from developers and if not, would it consider doing so?

- h) How much additional income is expected from the boat licence increases and what reduction in the number of boats has been allowed for in arriving at this figure?
- i) Have these plans changed significantly over the last two years and how has government reacted to your revised plans to generate additional income?
- j) What help or advice has government provided on generating additional income?

Richard Parry outlined the wide range of funding sources. The intent is to grow all sources of income possible, but a key focus is to increase charitable fundraising, and to look at new sources of income. A director of fundraising has recently joined CRT, and a team is being built with ambitious fundraising targets. Current fundraising generates £5m per annum but CRT intends that to grow to tens of millions. Donations from public, mostly Friends of the Waterways, is about £2 million p.a. Future targets to grow this are being discussed with trustees.

Suggestion that 'tap and pay' at historic venues could be tried. The Trust is doing this at events etc where it has a presence but there are concerns of vandalism and the cost of managing unattended infrastructure. Corporate partnerships are being developed. There is a balance to be struck in public appeals from 'not presenting a downbeat negative impression whilst also drawing attention to the genuine 'jeopardy' that the canal network faces if the proposed funding settlement isn't improved, but CRT needs to be 'straight' and realistic in its messages. Emergency appeals for specific needs can generate funds, but this can exhaust support so needs to be used sparingly.

Suggestion that the offer from CRT is not as attractive as, for example, The National Trust – so question as to whether the benefits for 'members' could be improved. There is a requirement to maintain free access to the towpaths, and a need to be careful that benefits don't impact on Gift Aid income, which enhances qualifying donations by 25%. This restricts what we can offer but there are active discussions about how the offer could be enhanced.

Question of possibility of bespoke lottery. Gambling licensing restrictions do not make this easy but willing in principle to give thought to any idea that might generate income.

Question of sale of heritage assets. This has been much rehearsed over a long time, but all sales are carefully assessed and where possible sales are to parties who can take better care of the assets that are non-core and less historic value. The Trust cannot sell on an y of the core network, it is only non-operational property within its endowment portfolio that can be sold. All proceeds are used for re-investment to generate future income not expended on day-to-day operation. Section 106 funding is always looked for and the Trust's role as a statutory planning consultee means we are active in engaging in all opportunities to secure this – but it is getting more difficult to obtain with a move towards wider CIL funding across a wider area rather than specific S106 obligations. Biodiversity Net Gain may be a future opportunity to secure investment from canalside development.

Boat licence increases considered to be a necessity; a small reduction in boat numbers as fees rise by more than inflation has been factored in, but this is an estimate and CRT will be carefully monitoring the response ('elasticity' of demand). Growing boat licence and associated income (moorings etc) to rise from £30m to £45m is planned over next few years, but this is only a partial solution to funding shortfalls with more raised from other sources, albeit one that Defra has made clear is necessary. Despite its statement that it is willing to offer assistance in identifying new sources of income Defra is not geared up to providing solutions for increasing funding.

Some concern that 'floating lodges' could take up water space in marinas, and not provide income to CRT because they would not need boat licences. The Trust will review with its business boating team.

Question that fundraising strategy delay in being published. The strategy is being considered by CRT's board, but some aspects may be commercially sensitive. Optimism is growing that legacy income could increase in future years. CRT is trying to grow all sources of income, but fundraising is expected to be the area of greatest growth proportionately. Some information about our plans will be shared during the year.

Question 4

The detailed Asset Management Strategy published on CRT's website covers the period 2017 to 2021 and states it was last updated in June 2018. Is there an Asset Management Strategy for the period since then that sets out the equivalent data on asset condition, including the consequence of failure grade for each principal asset and how expenditure is currently being prioritised (as was made available in the strategy for the period 2017-2021) and, if not, why not? Please can CRT make available whatever current asset management strategy it is working to?

What are the specific pressures on expenditure and the consequential environmental impact and what ability or need is there to reduce or increase expenditure in the following areas:

- a) Reservoirs
- b) Dredging
- c) Major infrastructure works
- d) General operational costs management costs etc?

Asset Management Strategy is ongoing; the date of 2021 on CRT's website needs to be refreshed. The strategy document will have some minor improvements but will be very similar to existing document which describes the ongoing approach (i.e. it did not 'stop' in 2021). Overall, asset condition across the network is largely static, maybe very slightly worse than 2-3 years ago because of funding constraints, whereas they had been improving over a period of years prior to that. Reservoirs are having to be a greater focus at present, given statutory requirements and this is influencing expenditure and hence outcomes in other areas.

To gain the clearest perspective, measurements need to be based on good data - the 'stewardship score' does not achieve that as it is a combination of subjective survey data and asset condition but is required as part of the publication agreement originating with the Government contract in 2012. Much current spend is driven by reservoir works that are non-negotiable. The Toddbrook Reservoir situation has led to greater safety scrutiny and hence to more costs. Robust views are taken on those other critical structures in urban areas where failure could be serious (e.g. high embankments). Expenditure on dredging has slightly reduced because, whilst essential, it does not have the same safety factor. Taking dredgings off site to landfill or other treatment is very expensive. There are a certain amount of CRT's running costs that are irreducible, but all costs are scrutinised with a review to minimising costs that do not provide priority outcomes. Reservoir costs are expected to reduce once the backlog of safety works is caught up, but the fear is that increasing standards from reservoir inspectors may mean costs continue to remain high into an indefinite future. CRT currently expects the peak of spend on reservoirs, about £25 million per annum, which represents 50% of infrastructure spend, to reduce to below 20% of annual spend by about 2028, but it is unlikely to go much lower. This has clear implications for the funds available for maintaining waterways. Pleas to Government for special funding for reservoir costs have not produced any result, and they are not expected to, given the Government position to date, rather the focus will be on improving the overall settlement.

Question 5

The use of the inland waterways appears to be changing significantly. The lock movements report for 2023 shows a reduction overall of nearly 22% compared to 2017, with double digit reductions in all regions and nearly 35% in London & South East.

Does CRT consider there is a change in use and if so

a) What do you believe is the cause?

- b) How does this affect the future particularly in terms of the financial position?
- c) What plans and discussions are CRT having or planning to have with stakeholders in developing plans for the future allowing for the change of use?

CRT recognise that there has been a decline of about 20% in lockages since about 2010, but not all the figures quoted in the question were recognised. Across the top 10 locations usage has been pretty flat since 2018. A small factor in the data might be better sharing of locks, which improved efficiency of water use, with more volunteer lock-keepers facilitating this. The number of relatively static boats, especially in the London area, is a factor. Overall, the number of boats on CRT's waterways has continued to grow slowly over recent years. The reduced lock usage may not matter in the short term, but there is a risk that it could have longer term implications.

British Marine member reported that diesel sales had declined in proportion to lock usage, and it was felt that the lock counts data was not sufficiently accurate to draw definite conclusions. There was a general view that boating use of the waterways was declining, and that diesel sales were possibly the most realistic measure (until electric boats take over). A request for statistics on lock closures was made.

Question 6

Customer satisfaction levels have shown decreasing levels in recent years at a time of

- a) Significantly increased costs for users
- b) Reducing availability of the system (e.g. longer stoppages, delays in repairs being made). This is borne out by usage figures (e.g. based on an analysis by an FBW member - Leeds Liverpool Canal only open throughout for 118 days in 2023 against 220 days in 2016 and the number of unplanned stoppages being 26 in 2023 against 4 in 2016 – This was based on research using CRT data. Could you confirm or otherwise the accuracy of this analysis?)
- c) Reduction in facilities.
- d) Increasing financial pressure on CRT.

What action is CRT taking in these challenging times to improve satisfaction levels and thus protect income from customers and the environment.

Answer

The generality of the statistics quoted in the question was accepted but CRT's comparative data was not to hand. The combination of fragile assets and adverse weather has contributed. The number of fallen trees has been a factor, and reservoir issues have also been a factor in closures on northern waterways with less resilience of water supply during major works. The problems are recognised, and analysis is ongoing; there is no specific cause identified. For example, there has been a series of lock gate heel post failures that are a matter of concern, and the trend of this and possible mitigation is being investigated. Similar failures on similar assets are reviewed as they occur to identify causes to see what preventative works could be promoted against other asset management demands. The concerns expressed in the question were shared. Missing a Reservoir Act measure to address safety following a formal 'Section 10' inspection is a criminal offence, and failure of reservoirs was the highest level of risk and so these would remain priorities. CRT is open to trying to improve user engagement to help explain its actions, and to be more open in sharing underlying information with users.

Question that there has been a lot of change to management, and concern whether changes of practice have led to some of the current issues. Change has been evolutionary, rather than old British Waterways' practices being thrown out. Many longserving staff remain with the Trust from BW days. CRT is keen to look outwards to other relevant industries, such as the railways, for any learning or innovation. CRT believes its data is showing some positive indication that the duration of unplanned stoppages for similar works are reducing even if stoppage frequency remains a concern.

Future Plans

Question 7

In terms of political work

- a) What work has been and is being done with UK's political parties, including individual parliamentarians, to convey the seriousness of the position facing Britain's inland waterways to justify additional public funding?
- b) Closing waterways does not mean that all costs cease to be incurred. Has the irreducible cost of preserving public safety been calculated and explained to government and other parliamentarians?
- c) Does Defra understand that closing waterways would be more expensive than keeping them open? (A lesson that government learnt in the 1960s but may not understand now).

Answer

As a charity, CRT needs to be politically neutral, but lots of work is undertaken with individual politicians. A campaign for better funding was launched within days of Defra's announcement on funding. A settlement for 10 years forward from 2027 was still felt to be an achievement even if the amounts committed fell short. Riparian MPs are focussed on, and many of them, from all parties, are very supportive. Ministers in relevant departments also the subject of focus, but often change rapidly. CRT was now working with prospective parliamentary candidates considering the forthcoming General Election. There is expected to be big change of MPs at the next election. Waterway supporters had written to over 600 MPs during the past year, and there had been follow up with supportive MPs wherever possible. CRT host as many visits from MPs as can be sustained without interrupting works. Jeopardy resulting from funding decisions was highlighted to MPs, as were successes in gaining income from other sources of funding.

CRT tries to promote its activities and successes that contribute towards Government or Opposition party objectives. Water transfer, climate challenges and wellbeing of constituents are top areas of discussion, as well as funding risks. CRT agreed there were opportunities for more collaborative working with user groups. CRT have put a lot of effort into ensuring that impact report figures were justifiable and accurate. A lot of effort has gone into providing the right information to Defra officials, including the key point that costs of ongoing oversight and maintenance does not go away when canals are closed.

Users suggested that there was scope for publishing more information that set out the financial consequences of insufficient investment in the waterways, particularly the ongoing costs of any closed canals. Suggestion that support should be sought from universities for economic rigour in studies. There has been a lot of past work with universities, but not for this recent work which had used specialist consultants. CRT believes it has well-constructed arguments, but they have not been successful in fully convincing Defra, which largely accepts all the arguments put by the Trust but maintains that CRT must find the additional money it needs from elsewhere.

Users are often asked 'how much more money is needed'. 'The ask', for all navigation authorities, needs to be quantified to gain more traction. It was agreed that the subject needed further discussion outside this meeting. The main point is that the funding gap arising from the proposed future settlement is just too large to be sustainable, rising to around £50m per year by the mid-2030s. CRT doesn't believe the settlement safeguards the future of the waterways, and it needs to reopen the discussion with a prospective new Government. Defra officials are likely to be resistant to reopening discussions on funding without direction from ministers.

Question 8

Is there a Plan for 2027 onwards and which of the following options are being considered. How detailed is it?

- a) Returning the CRT waterways to government control.
- b) Closures of waterways.
- c) Alternative sources of funding.
- d) Other please detail.
- e) How much additional funding do you believe is required?

Answer

There is no mechanism or any intention to return the waterways to Government.

(There may be a communication needed since some users think it is a realistic option.)

There are no plans for closure of waterways; it is considered the last resort option, in extremis, and not something that is seriously being looked at, albeit that at some distant future it could become a possibility if all else fails. There is a public relations issue here, on one hand to promote the jeopardy that canals face, and to get politicians to understand the risks to public safety of reservoirs and other critical assets, but on the other hand not to encourage over-hyped unhelpful social media or put off people wanting to use canals in future. CRT has an education programme, but there are limitations of budgets given other priorities.

CRT is trying to be as efficient and innovative as it can across its work and has made savings in many budgets in balancing its plans in the past 2 years. The amount of additional funding that would be needed is not straightforward to identify given all the other factors at work which create uncertainty – the line for now is that the funding gap planned is simply too great to be sustained. The notion that the gap can be filled entirely from other available sources is simply implausible.

CRT always knew and accepted there was a need to grow other sources of funding, and is committed to a continuing reduction in its dependency on government funding as measured by the share of total income that comes from grant funding, but the scale of the funding cut that Defra has announced from 2027 goes beyond that, and doesn't take account of the current position the Trust faces 12 years after its launch CRT has worked to grow funding as best it can, but it has also had to deal with costs that were never envisaged in 2012, including the impact of climate change and much greater reservoir costs, and these changed circumstances were not fully considered in the Defra review. The campaign has built key alliances; for example joint lobbying for CRT funding by seven London councils.

Question 9

It is important to appreciate that businesses need to make long term decisions. What basis would be used to determine waterways that might be closed?

- a) Current use
- b) Running costs
- c) Inability to meet repair costs (e.g. serious breach)
- d) Cost of closure
- e) What consultations would take place
- f) Whether there would be liabilities to repay (e.g. lottery funding)
- g) Environmental impact

Answer

These points had been answered by the earlier statement that closure is CRT's last option, so these aspects were not planned for.

Question 10

Restoration societies would be severely hit by closures and they need to understand what closure means. Using the Chesterfield Canal as an example

- a) Could you give a picture of what closure would involve?
- b) Would the decision be subject to an annual review?
- c) Would all the boats have to go?
- d) Might it be a partial closure, such as keeping the 16 locks open to Shireoaks Marina but locking off the 23 locks to the summit pound?
- e) Would there be any monitoring of the infrastructure, or would it just be left to rot?
- f) Would any of the towpaths be closed?

What future support does CRT intend to provide for restoration?

Answer

Again, with closure with being last possible option, some of these questions should fall away. However, it was important that restoration promoters understood the realities of the current situation. CRT considers it is important that restoration societies support the FBW campaign to keep the existing navigable system fully operational. It is fantastic that restoration groups continue to freshly promote (and deliver) the benefits of restoration, because that reflects favourably on the rest of the system and carries the message into more places. IWA's *Waterways for Today* report, which explains the benefits of the inland waterways generally, was originally written for restoration groups. CRT actively supports restoration, but it was not in a financial situation to be able to divert existing funding to restoring waterways or to fund the maintenance of newly re-opened waterways, albeit that it will continue to support in other ways. However, it is CRT's ambition as expressed by its Chair, David Orr CBE, to not only maintain the current network but to work with others to grow it.

In Conclusion

Richard Parry thanked FBW steering group members for the range of their questions and for their active support, and Les Etheridge echoed the thanks to those who had arranged the meeting and attended. CRT would continue to work with user groups to supply supporting information.

Appendices (documents supplied by CRT)

- Canal & River Trust Standard Tender Process
- Average Recorded Annual Lockage

Pre-Tender Preparation	Supplier Selection & ITT	Launch Tender	Tender Receipt & Initial Evaluation	Clarification & Negotiation	Final Evaluation	Board Approval/ Award of Contract	Supply Development
 Authonisation to Tender Determine Business/Stakeholder Requirements and timeline for delivery Understand the market 	 Define a list of relevant suppliers Complete ITT documents ready for launch 	 A consistent approach to Launching of Tender 	received and dealt with	Clarification of Supplier's tender Negotiate/drive the best value for money	 Final Evaluation is transparent and delivers best value for money 	 Gain Approval to Award Contract at the correct authority level according to the Financial Regs/ contract spend. Award contract 	 Monitor market and supplier performance
 ks < Ensure Approval/Justification for Expenditure has been authorised Form Tender Project Team with key stakeholders Understand Current & Future requirements Volumes Which locations Pricing Specifications Forecasts Current Supplier performance Conduct Market Analysis Complete Tender Initiation Document Agree Timeline for Tender Process with Stakeholder and agree 	 Identify suppliers If number of suppliers >6, run a Pre-Qualification Questionnaire Develop Tender Document (ITT) Specification - Stakeholder Selection/ Award Criteria - Tender Team 	 Launch Tender Respond to Tenderer queries in a fair and consistent manner 	 financial accounts and/or D&B report Tender Project Team to carry out Initial Evaluation against agreed Award Criteria 	clarification/negotia ton meetings, (there may be several rounds). A further short-listing of Suppliers may occur during this process. Conduct supplier visits if required	 Tender Project Team to carry out final assessment against Award Criteria ess timeframe 15-26 weeks luding Step 8) 	 Write detailed Procurement Sub- Executive Committee Paper for approval After approval of Award of Contract Confirm outcome to successful and unsuccessful suppliers (offering further feedback opportunities) Finalise Contract T&C's Gain contract signature 	 Use KPIs to monitor supplier performance and hold quarterly review meetings Monitor Industry Indices where appropriate Progress any Supply Development initiatives/cost saving projects

