

15 Summary of recommendations

In this chapter we summarize our recommendations. Bold type indicates our key recommendations.

<i>Recommendation number</i>		<i>Paragraph no</i>
Strategy and planning		
1.	Under the IBS, amenity, leisure, environment and heritage ostensibly enjoy equal consideration with commercial and cruising use and maintenance of the track. However, the IBS was originally appraised, and has since been reappraised, using a methodology which is essentially an NPV analysis. Moreover, it has been compared exclusively with options for property disposal. BWB should reconsider the criteria by which it chooses its strategies. Whilst monetary value should be used where possible to balance the attainment of the various criteria, there should be recognition that not all BWB's responsibilities can be judged by a commercial return.	3.46
2.	By the time its 1995/96 Corporate Plan is published, BWB should have developed and agreed with the DoE a more explicit strategy. To this end, the 1994/95 Corporate Plan should set out the reconsidered criteria by which BWB should be judged, and its performance against each; and the 1995/96 Corporate Plan should indicate the relative importance given to each.	3.47
3.	The IBS called for unusual operating rules between the DoE and BWB. The present arrangements arising out of the IBS should be re-examined by the DoE and BWB and reconfirmed by March 1994.	3.48
4.	In 1993/94 in a pilot study one waterway in each region should, in conjunction with its regional management, be asked to produce imaginative alternative plans for consideration at corporate level, with a view to such arrangements being a more widespread part of the 1995/96 planning process at corporate level.	3.49
Financial framework and control		
5.	To avoid problems which may arise should BWB hold unutilized funds at the end of the financial year, most disposals of property take place in the first nine months of the year. BWB should seek revision of the rules with the DoE to remove confusion on the current rules.	4.65
6.	BWB should insist on strict enforcement of its payments in advance terms and take steps to ensure that current and future rental contractual arrangements permit effective penalties for failure to pay on time, unless under dispute.	4.67
7.	There should be regular monitoring of debtors to ensure that timely action is taken for recovery and that information on movements in doubtful debts and on write-offs should be submitted to the Board separately from the report on current debtors included with the financial reports.	4.69

8. **BWB should develop a costing system which identifies the costs of providing the basic public amenity services and separates the costs associated with the provision of chargeable user facilities. This would assist BWB in identifying the value of those of its activities for which there is no specific income stream.** 4.71
9. **Some of the most effective developments on the waterways are those either wholly carried out by local authorities and other funding bodies or carried out by those bodies with the involvement of BWB. BWB strategy should:** 4.73
- (a) **give at least equal funding priority to co-operation with other funding bodies as it gives to the funding of ventures in which the private sector is involved;**
- (b) **include as an annex to its Corporate Plan a statement setting out its plans for co-operative developments (other than those involving its statutory obligations) with other funding bodies. This should cover the four forward years of the Corporate Plan. It is suggested that it should not be incorporated in the budget/plan to ensure that the level of Grant is not affected but the DoE should monitor progress on its achievement; and**
- (c) **show separately any funding received from other funding bodies and which BWB currently includes in its accounts. Indirect funding from these bodies which is not included in BWB's accounts should be shown in notes to the accounts.**
10. The staffing levels of internal audit should take account of *ad hoc* projects and staff turnover. To assist this process, reasons for staff turnover should be recorded and analysed. 4.75
11. BWB should publish in its Annual Report and Accounts a series of indicators of performance covering the last five years. 4.77

Organization

12. A new basis for calculating bonuses for Departmental Directors and Regional Managers should be sought in conjunction with the establishment of a new staff appraisal scheme (see recommendation 20). That basis should preclude the possibility of those receiving the bonuses being in a position to set the parameters which determine them. BWB's bonuses are an anomaly in the whole of the public sector. If BWB finds it impossible to construct a new basis, bonuses for Departmental Directors and Regional Managers should be abandoned. 5.55
13. **There is a lack of clarity in the Board's minutes. The Board of BWB should ensure that approval for all significant projects, developments or changes is sought at meetings of the Board and that the Board's decisions are recorded in the minutes. Terminology within the minutes should be clear and consistent.** 5.57
14. BWB has relied heavily on outside consultants, not only for specialist advice in areas where it may have little expertise in-house but also for management policy and technical advice which its own staff could be expected to provide. BWB should place more reliance on its own management and professional staff and less on outside consultants. 5.60
15. **It is in principle unsatisfactory that the Chief Executive and Departmental Directors are not on the Board and so do not share directly in the Board's responsibilities. The Chief Executive, the Director of Finance, the Commercial Director and the Director of Engineering should all be on the Board. Any problems relating to salary should be addressed by BWB and the DoE.** 5.62
16. We consider that an organization such as BWB with diverse objectives and dispersed geographical locations requires the attention of a Chairman for a minimum of four days a week. At the first suitable opportunity the appointment of Chairman of BWB should be extended to a minimum of four days a week. 5.64

17. BWB should adopt a more transparent approach to those persons with whom it is in dispute, with a quicker response time, greater use of independent professionals and a less confrontational style in both oral and written communications. 5.65

Human resources

18. **The major restructuring of BWB has not resulted in the savings in staff costs that might have been expected from the reductions in numbers, because of a number of factors including an element of wage drift. Priority should now be given to monitoring future movements within the payroll to ensure that wage drift does not recur.** 6.95
19. **The new Director of Engineering, in association with the Human Resources Department, should make one of his first priorities the establishment of a standard work measurement system across the network and this should be in place by April 1994.** 6.97
20. BWB should review its present voluntary staff appraisal scheme and replace it with a performance management system to apply to all salaried staff. This should be in place by the end of 1994. A joint working party of management and trade union representatives should be established to develop a scheme acceptable to all parties, possibly assisted by an outside facilitator such as ACAS. 6.99
21. BWB's commitment to training is evident and initial results are encouraging although much of the programme is still at an early stage. Priority should now be given to evaluating both the cost and quality of training delivered. The Human Resources Department should be responsible for the preparation of annual education and training plans which should include information on costs, throughput and validation of all training delivered, both by external providers and internally. The first plan (part year) should be available for examination by the Board in April 1994. 6.10
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22. BWB should pursue vigorously its proposal that VHF marine band radio communication should be made compulsory for all commercial craft using BWB commercial waterways by the introduction of appropriate legislation. The proposal should be promoted through the District and National Marine Safety Committees of the DOT. Whilst recognizing the difficulties of implementing our recommendation, we consider that the DOT should address this matter. 6.10
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Financial and management information systems

23. BWB should undertake a full review of its management strategy and its management systems to ensure that they meet user needs at least cost. The views of users should figure prominently in the review, and adequate time should be allowed for its completion. We suggest a reporting date of 1 July 1994. 7.67
24. In 1995 BWB should review the costs and benefits to date of its systems and compare them with the forecasts made in 1988 (Table 7.1). 7.68
25. It is important to take on board the needs of users but working groups can be unduly expensive in staff time, particularly in an organization as geographically dispersed as BWB. BWB should investigate whether staff time and external consultant expenditure might be saved by the establishment of a management support group. 7.70

Management of the estate

26. Within the next five years BWB should aim to dispose of all its low-value sites which are unlikely to play a significant role in future developments and are not required for access, using local estate agents as necessary. 8.27

Investment and development projects

27. BWB should continue to plan for the development of its identified properties and, while exercising its usual care, the DoE should look on such plans sympathetically. 9.71
28. **BWB should be a statutory consultee in local authority planning applications for sites which are sufficiently near to the waterways to require further specific works to guarantee the safety of the site and/or restrictions on the site development to guarantee the safety of the waterway concerned.** 9.73
29. BWB should also be empowered to require that the developer bear the cost of the necessary works and maintenance identified by BWB. 9.73
30. BWB should avoid taking a significant share in development risk and hence in the funding of developments, restricting its role (as in the case of Stanley Ferry) mainly to acting as facilitator. 9.75
31. Our investigation of the Willow Grange project leads us to recommend that: 9.83
- (a) **both original projects and any substantial changes should be fully discussed and formally approved by the Board, and decisions should be fully recorded in Board minutes even when final authorization of the project rests with the DoE; and**
- (b) **financial controls on leases should be similar to those on other commitments of comparable size.**

Market testing and contracting out

32. BWB should ensure that in respect of non-major or routine maintenance work, contracts are truly competitive and core skills are retained both to control and monitor contracts and to carry out specialist tasks. **To assist this process BWB should:** 10.5
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- (a) **assess the overall cost-effectiveness of contracting out ongoing and non-major maintenance works more rigorously and on a comparative basis with in-house tenders;**
- (b) develop and install a procedure by which rapid comparative assessments of tenders may be made for direct use by all Waterway Managers;
- (c) investigate the wider use of penalty clauses instead of provision for liquidated damages in its contracts; and
- (d) carry out formal post-project audits on a random selection of smaller projects.
33. BWB should by 1 January 1994 implement, where appropriate, proper market testing procedures including full cost comparison of in-house bids against those obtained from external sources. Where there is difficulty in obtaining competitive external bids and BWB has not retained the internal capacity to carry out the work, BWB should calculate theoretical internal costs as a check on tender prices. 10.5
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Maintenance of waterways

34. The programme for elimination of critical arrears of maintenance and its specific budget ends in year 1996/97. Once the critical arrears programme has been completed the maintenance budget should accommodate all works required to maintain the system without incurring further critical arrears. Maintenance should be categorized as:
- (a) major or project works;
 - (b) routine or non-project works; and
 - (c) emergency works provision.
35. The level of complaints indicates that BWB has not been successful in publicizing and explaining its dredging programmes and achievements. 11.5
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- (a) BWB should, by 1 October 1994:
- (i) publish a national dredging plan, showing activities and costs;
 - (ii) discuss the national plan with user representatives and associations nationally or regionally; and
 - (iii) discuss each waterway profile with users both nationally and locally; and
- (b) in addition to discussion at local staff level, the Chairman and/or a senior executive from headquarters nominated as responsible for dredging matters should attend local presentations at least once every three years.
36. BWB should retain a sufficient dredging capacity to enable a fast response to emergencies such as a blocked waterway, but should contract out all planned dredging operations in all regions with effect from 1 October 1994, unless such contracts are shown to be less cost-effective than in-house operation. 11.6
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37. There is a potential shortage of dredging tips. BWB should approach the DoE for help in dealing with the various authorities in order to speed up the licensing process of their own tips and those of contractors they propose to employ. 11.6
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38. BWB should approach the NRA with a view to collaboration on their requirements for steel lock gates. 11.6
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Charging

39. There is considerable scope for BWB to expand its shares of the water-related leisure markets. **BWB should:** 12.6
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- (a) **devise a more active and aggressive marketing strategy for water-related leisure activities for implementation from 1994 onward;**
 - (b) **ensure the spread of good marketing practice throughout the BWB system as a whole and the adoption, as appropriate, by all regions of marketing ideas or schemes that have proved successful in a single or a limited number of regions;**
 - (c) prepare a central database for its reservoirs and devise a strategy for maximizing leisure activity income from them;

- (d) identify income-sharing and income-generating schemes designed to increase returns from expenditure by visitors to waterways and waterway leisure sites;
- (e) review the potential for joint development of car parks and caravan sites adjacent to the waterways and locks; and
- (f) allocate responsibility for the development of BWB's leisure and tourism business to a single manager within the Commercial Department.
40. There is a lack of key information about the responsiveness of demand to price change in the case of both boat licence fees and angling charges. BWB should: 12.6
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- (a) study systematically the responsiveness of demand to price changes for its services and estimate demand elasticities;
- (b) by 1 March 1994 review its charging policy for leisure amenities and activities and prepare and introduce a pricing strategy;
- (c) within the pricing strategy take account *inter alia* of quality changes; and
- (d) carefully prepare the ground for any changes in charges, explain and announce the basis in advance, and handle their introduction sympathetically.
41. BWB should consider the feasibility of a membership or 'friends' scheme, which would harness the public's enthusiasm for the waterway system to specific ends. 12.6
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42. BWB has unduly emphasized short-term gain at the expense of longer-term market development and revenue growth and boat licence fees have been out of line with the market. In setting boat licence fees BWB should put less emphasis on purely short-term gain at the expense of longer-term expansion. 12.6
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43. In certain cases (eg the supply of moorings) BWB is in a position to manipulate the market to its own advantage in 'charging what the market will bear'. The 'mooring matrix' provides a sound and transparent basis from which to negotiate charges for mooring permits and should be introduced by 1 January 1994. 12.6
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44. Angling charges, however measured, are well below their potential. In the review of charges recommended above BWB should give special attention to ways and means of significantly increasing the contribution of angling to total revenue. 12.7
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45. The opportunities for increasing income from wayleaves and easements are difficult to assess because the position regarding BWB's and the utilities' legal rights is unclear. BWB should review progress with the DoE at the end of 1994. 12.7
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46. BWB should, in conjunction with the DoE, consider how the environmental advantages of waterway transport might be valued, so that in appropriate cases the information may be taken into account in the consideration of planning applications for the exploitation of quarries and the like. 12.7
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Conservation of the heritage and environment

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| 47. | The cost of maintenance and other works should show separately those costs attributable to works carried out in SSSIs and areas of outstanding natural beauty, and on buildings and structures, whether listed or not, which require more costly treatment in order to meet environmental, conservation and heritage requirements. | 13.1
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| 48. | BWB should more actively manage environmental and heritage preservation and maintenance and specifically the various environmental, conservation and heritage responsibilities should be brought together in a single unit reporting to the Director of Engineering. | 13.2
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7 September 1993