

# SC(3)-22-09 Paper to note: Paper 12

## Sustainability Committee's inquiry into access to inland water in Wales Supplementary Evidence from British Waterways November 2009

### Question1.: "What changes in the legislation or the statutory framework governing waterways in Wales would you like to see to meet those challenges?"

- 1.1 As briefly set out in our evidence British Waterways is discussing a possible change in our status with Defra and our stakeholders.
- 1.2 Behind recent success there lies a long term strategic problem which we must all address. The short term improvement in waterway condition achieved to date is insufficient. The waterways still have great unfulfilled potential for delivering the diverse range of public benefit they are capable of generating. To unlock that potential requires a step change in both their resourcing and the extent to which that potential is, alongside their intrinsic worth, better recognised and valued by society at large.
- 1.3 Our canals in Wales are ageing, and as ageing occurs, things take longer and cost more to fix. Historic structures such as tunnels, embankments, bridges and aqueducts are no exception. With the pressures that government must face to help bring us out of current economic difficulties, we cannot realistically expect additional resources on the scale required in the foreseeable future. We do appreciate that everybody in the UK has got to make some contribution and we are no exception. We recognise that our Defra and Scottish Government grants will go down next year.
- 1.4. Nevertheless, the fact remains that the current lack of a sustainable maintenance regime cannot continue for much longer and it is British Waterways' duty to put forward a solution for the long term. Our suggested strategy is a short to medium term solution to tackle the long term problem. Although it may take up to 10 years to embed fully, the strategy is capable of early and swift implementation if conditions demand it. Accordingly we believe it is right to make a start now if we are to ensure that future generations can also benefit from the canals and rivers we all value. For British Waterways, we believe that is best achieved through a strategy that has as its ultimate goal a change to the ownership structure of British Waterways that broadens it beyond just central government and brings a true sense of belonging and responsibility for the canals and rivers to communities and individuals.
- 1.5. Neither private nor public sector solutions can provide all the waterways need to unlock their potential. Voluntary sector organisations have had much to offer to the waterways even in their most difficult times. So we are proposing a migration from the public sector to the social sector where we believe the passion and support that sector engenders can be fully realised for the benefit of all. We put this forward for discussion because we believe that it will be the basis for continued renaissance, will allow more public involvement in canals and rivers and most importantly provide the right framework for 200 more years of success.
- 1.6. We believe that eventual charitable status would offer the waterways many benefits, including:
  - protection of the waterways by means of charitable status
  - governance arrangements that allow greater participation by stakeholders
  - an unambiguous purpose to sustain the waterways and maximise the public benefit they create

- a more transparent and secure funding arrangement with government by means of a contract
  - the potential to make the most of support from individuals and communities, increasing volunteering and potentially fundraising
- 1.7. Under the new strategy, we expect the financial pressures on British Waterways will change but not disappear. Whether in the public or social sector, we will be required to be efficient, earn a good return from the waterways without disproportionate risk and spend all the money we receive wisely. Our strategy will focus on four key areas:
- Our property endowment is important to our future success. We will campaign to retain what we have and where sensible extend it, and seek the power to borrow prudently against our estate to create long term income streams for the waterways.
  - We expect to continue to receive government funding as we move towards and even once in the social sector but we believe that the rationale for the funding should be set out in a contract which would give the waterways added certainty and the government defined value for money.
  - As we move towards social sector status we intend to engage better with stakeholders in local government organisations and with communities and individuals. Over time, this will provide us with access to potential new funds, support and synergy with local activities and agendas.
- 1.8. We must always be more efficient which is why in April this year we began a programme of savings including a restructure of our organisation to achieve economies of scale, but also more responsiveness to local authorities and individual communities.
- 1.9. Our property endowment is understood to be again under consideration for inclusion in a sale of government assets announced by the prime minister last week. The property endowment has successfully underpinned the waterways renaissance over the past 20 years and is vitally important to the waterways' future success; whatever our status. Income from property has contributed half of our maintenance expenditure in recent years and the culture that activity has embedded has been the foundation for our improved service delivery and efficiency. Accordingly we would wish to retain our property endowment. Our proposal to set up a 'national trust' for the waterways to safeguard their future and lessen the call on the public purse, which has received widespread support, would only be possible with the income we generate from our property and with long-term government funding agreements.
- 1.10. As described during oral evidence our waterways deliver across all eight policy areas of the Welsh Assembly Government's vision for Wales. However the dominant identity of waterways as "for boating" can distract those implementing the government's policies from the contribution that waterways can make. Similarly as waterways can deliver across policy themes it is sometimes difficult to establish in which policy area they fit. Accordingly we would wish to see British Waterways consulted at an early stage, waterways explicitly mentioned where they have a contribution to make and continued collaboration between departments to ensure waterways can play their part in Wales' success as a nation.

**Question 2.: Can you briefly give us an example of how much money you collect in Wales and what you have spent it on in Wales?**

- 2.1. We regret that it is not possible to provide a meaningful split of income from unpowered boating in Wales, not least because the block licensing means those users from England and Scotland are included within that licence and have equal access to Welsh waters.
- 2.2. We do not split expenditure by user as an investment in, say, waterway walls or even dredging will benefit a range of users. Expenditure is also managed across waterway units which span England and Wales as the canals do.
- 2.3. However we did supply income and expenditure on Wales' waterways for analysis by Ecotec as part of their examination of the Economic Costs and Benefits of the Welsh Canal Network (Ecotec June 2007). They determined that the annual cost of managing and maintaining the waterways by the various authorities was £3.3m compared to an annual income of £1.4million. Of the expenditure £2.7 million was attributed to British Waterways as was all of the income. These figures take no account of major events such as the repairs to the breach on the Monmouthshire and Brecon Canal nor do they necessarily reflect the level of spend required to meet a steady state of maintenance i.e. repairs are routine and the long term decline of the network is prevented:

**Table 1. Income and Expenditure**

<b>Source</b>	<b>Expenditure £'000s</b>	<b>Source</b>	<b>Income £'000s</b>
General works programme (regular and routine maintenance)	1,269	Craft licensing	939
Major works	1,390	Moorings	43
		Water sales	209
		Utilities	113
		Property rental	77
<b>Total</b>	<b>2,659</b>	<b>Total</b>	<b>1381</b>