

Simon Salem – Personal Targets – 2003/04

* red = Bonus Targets

3 Year Plan Critical Success Factors	
Improved Safety in particular when compared to benchmark for similar industries. 20% reduction in reportable accidents	Provide internal communication facilities and achieve targets
Implementation of results from organisation structure review	Achieve reorganisation by 1.9.03
Waterscape, ISIS and Watergrid ventures to perform in line with business plans	* Launch Waterscape and achieve agreed first year targets
Grow visitor numbers and satisfaction levels through continued investment in visitor facilities	Achieve 10% growth in visitor numbers
Achieve sustainable development priorities.	Achieve relevant sustainability target indicators
OTHERS	<p>* Achieve user endorsement of accountability consultation and create processes and protocols to enable BW to deal with greater accountability</p> <p>Attain User Group agreement to new licence indexing</p> <p>Create contacts and meetings to influence success of Cotswolds HLF bid</p> <p>* Restructure department to deliver BW vision</p>

DIRECTORS PERFORMANCE TARGETS 2004/5

SIMON SALEM

- Drive a programme of change in the way BW communicates internally to create an organisation that believes in and benefits from open dialogue across all groups within the workforce. Success to be assessed through staff attitude surveys to demonstrate the extent to which they have had the opportunity to contribute and whether they believe that contribution has been valued.

Staff survey measuring the extent to which they have had an opportunity to contribute and whether they believe that contribution has been valued.

- Deliver Business Units and National Mooring plans that will drive the mooring strategy for the period of the strategy plan.

National and local mooring plans available for publication by February 2005.

- Craft Licence

Deliver improved Craft Licence process.

Craft licensing processes and reports allow average 7 day turnaround of all applications. Plans to restructure Craft Licensing agreed and ready to implement by October 2004.

- Lead and facilitate an internal communication strategy that will ensure the business understands and accepts the vision, and is aligned in making progress towards it, especially with regard to self sufficiency.

Staff survey to show improved levels of understanding and participation in strategic objectives.

- Take responsibility for boats and boating experiences and:
 - achieve business plan EVC
 - reduce evasion to 4% by year end
 - meet customer satisfaction targets
 - introduce revised moorings code

EVC targets

Evasion rates

Customer satisfaction targets

Introduction and application of code.

- Raise BW's profile as an exemplar public organisation by enabling the Chairman to meet with senior civil servants and politicians and attend workshops particularly relating to governance and self-sufficiency.

Number of relevant meetings or seminars that Chairman participates in outside of BW.

- Champion the small scale leisure development (including catering and retail offers) that is part of our 10 Year Strategy.

Identify 5 priority sites for small scale development in 2004/5 by 1 June 2004 and deliver the improvements by 31.3.05. Identify 5 further sites by August 2004 to include in Business Plans for 2005/6.

- Develop the requisite level of knowledge, understanding and contact with stakeholder groups to ensure they do not hinder, and usually assist BW in achieving its 2004/5 targets.

Chief Executive view on whether stakeholder relations and contribution have helped BW.

- Assist the Legal Director in setting up the NCC. Own and manage the ICP in consultation with the Legal Director.

NCC established and first meetings held by 11/04.

ICP in place with regular reports to Board and improving performance of BUs providing satisfactory answers to complaints within 20 day rule.

- Waterscape

Deliver Waterscape business plan and ensure integration into business and improve marketing coordination throughout business to drive down overall marketing costs and achieve visitor growth projections.

Waterscape Business Plan.

Operating Director and General Manager views on usefulness and helpfulness of Waterscape in achieving strategic objectives locally.

- Mooring Pricing

Provide independent clarification of mooring pricing review process.

Results available by September 2004.

- Provide assistance in the form of market intelligence, research, etc. to Directors involved in bids to Lottery and other funding bodies.

Operating Director and General Manager view on helpfulness/usefulness of marketing department in formulating and achieving bids.

- Produce expanded independently verified customer satisfaction market research reports.

Customer satisfaction survey results delivered by 31.3.05.

- Act as champion of the Service Managers and drive the change to improved customer service.

Improvement in customer survey results.

- Devise and report on a measure to demonstrate progress towards achieving the vision of the waterway network being regarded as one of the nation's most important national assets.

Measure accepted by Chief Executive and regular reports received.

2005/6 TARGETS

SIMON SALEM

Waterscape

As Chairman of Waterscape to provide the leadership to guide the company to out perform its business plan whilst achieving all the outputs and synergies set out in the plan.

Financial results at 31 March 2005 to be 15% above Business Plan.

Relationship with Private Sector Operators

Through a programme of engagement, understanding and action, achieve a step change in the relationship with private sector operators on our waterways.

Confirmation from BMF executive that a step change in relationship has been achieved.

Customer Satisfaction

Through functional leadership of the Service Managers Group to drive improvements in service delivery that will deliver improved customer service ratings.

Increase in customers rating BW as excellent in national customer satisfaction surveys.

Priorities

Focus on the priorities set out in our 3 Year Business Plan for your areas of responsibility:-

Leisure (with James Froomberg)
Corporate Services

and assist fellow Directors to achieve their targets and their priorities.

Achievement of Milestones

Evasion remains 3% or below	Each quarter of each year to March 2008
Online licence renewals start via Waterscape	Sept. 2005
First prosecutions complete on continuous cruising	Dec. 2005
Lobbying of planners carried out (moorings)	June 2005
Moorings 'Prospectus' published	Sept. 2005
Preparation of a sponsorship plan for approval	June 2005
Disability Equality Scheme in place	April 2005
Customer satisfaction targets in place	

Simon Salem – Targets 2006/7

Achieve planned outputs in Leisure Business area with particular emphasis on:

- **Moorings**

Mooring Plans for all Business Units completed	Sept. 2006
80% of variable costs captured on mooring sites	March 2007
3 new marinas providing 600 berths with planning permission	March 2007
Mooring income increased by 9% in 2006/7	March 2007
Review of on-line moorings as per Efficiency Programme	Dec. 2006

- **Licensing**

Boat Growth 2%	March 2007
Licence Evasion 3%	March 2007
Licence income increased by 5% in 2006/7	March 2007

- **Angling**

Angling EVC of £152k in 2006/7	March 2007
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- **Attractions**

Attractions EVC of (£164k) in 2006/7	March 2007
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- **Retail**

Retail EVC of £11k in 2006/7	March 2007
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- **Waterscape**

On line licence renewals 20% of direct debit transactions	March 2007
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- **Customer Satisfaction**

Volume and value market research completed	Sept. 2006
Customer Service Transformation Milestones (SS to provide)	
Trade Operators survey completed and any resulting action plan agreed with Chief Executive	Dec. 2006
Mystery Shopper survey completed	Oct. 2006
Customer Satisfaction Targets	March 2007
Meet Corporate Customer Satisfaction Targets	March 2007

- **PR**

Full media plan for PR agreed and implemented	July 2006
Minimal adverse national media comment	March 2007

- **Department**

3% saving on budgeted costs	March 2007
Marketing Plan for customer growth endorsed by Board	Sept. 2006
Craft Licensing & Customer Services Review as per Efficiency Programme	Nov. 2006
Marketing & Communications Review as per Efficiency Programme	Sept. 2006

Simon Salem – Targets 2007/08

1. CUSTOMER SERVICES

<p>Through analysis of research and advice to BUs – improve the combined good and excellent customer satisfaction scores in the following categories:</p> <ul style="list-style-type: none"> • Overall upkeep, boat owners (2006 score 66) • Overall upkeep, holiday boaters (2006 score 74) • Overall enjoyment, destinations (2006 score 94) • Overall enjoyment, towpaths (2006 score 85) • Overall enjoyment, anglers (2006 score 70) 	March 2008
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<p>Demonstrate through a sample survey that BW's dealings and relationships with waterside businesses have improved since 2006.</p>	Dec. 2007
<p>Drive marketing strategy to achieve increase in visits to BW's waterways from 268m in 2007</p>	Dec. 2007

<p>Destinations</p>	<p>Prioritise destinations in line with the marketing strategy priorities and drive footfall through national marketing campaigns</p>	<p>100 destinations by the end of the plan (approx 3 per unit per year)</p>
<p>Deliver marketing strategy</p>	<p>Central marketing contract in place</p>	<p>Qtr 1 2007/08</p>
<p>Deliver customer satisfaction</p>	<ul style="list-style-type: none"> • Implement "moments of truth" physical standards at priority destinations. • Implement all non-physical "Moments of Truth" standards • Monitor customer satisfaction through mystery shoppers. • Complete communications skills training for staff • Complete account management training for BtoB staff • Begin implementation of recommended option for a customer contact centre 	<p>2007/08-09/10 All in place by April 2008 Ongoing March 2008 March 2008 Dec 2007</p>

2. LEISURE BUSINESS AREA

<p>Grow the leisure business CBIT in line with the plan</p>	<ul style="list-style-type: none"> • Implement national campaign to maintain growth in boat numbers despite price increases • Complete consultation with users on licence price increase • Trial auction bidding for mooring site • Implement preferred solution for management of moorings business • Reduce mooring costs from 40% to 37% over the four year plan • Reduce evasion to 3% 	<p>Start Apr 2007 review Mar 08 By Dec 2008 Start May 07 From Apr 08 Ongoing Annual target</p>
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	<ul style="list-style-type: none"> • Deliver new marinas in line with national target for 10,000 more berths by 2015 and 1,000 fewer online moorings. • Strategy agreed for the sale of Makins Fishery at the best achievable price. • Facilitate implementation of angling action plans already agreed as part of dialogue with NFA/NAFAC 	<p>Fit with NMU projections</p> <p>Sept 2007</p> <p>Ongoing</p>
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3. STAKEHOLDER RELATIONS

Continue programme of engagement with riparian MPs and opinion formers: Westminster. Provide advice and intelligence to Chief Executive and Board on political issues and relationships in Defra and Scottish Executive.	March 2008
Provide a programme of opinion formers, partners (actual and potential) to attend Board Dinners and other suitable events	July 2007 for Board Dinners and ongoing for other events

Simon Salem – Targets 2008/09

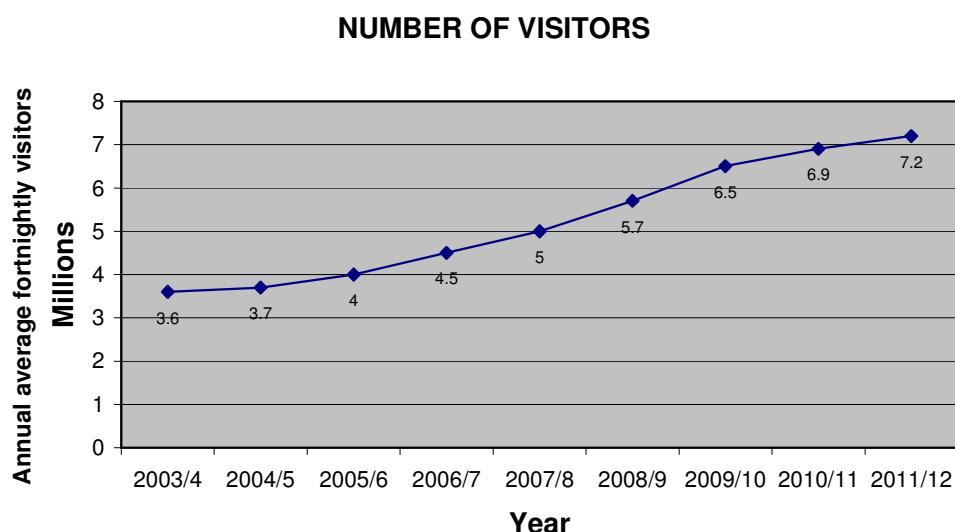
LEISURE PERFORMANCE
CBIT £18.6M (excluding attractions)
Licence Evasion 6.7%
CUSTOMER SATISFACTION
Visitors 3.3 million
Valued by Nation
Satisfactory conclusion to moorings tender consultation
Satisfactory conclusion to licence fee increase proposals
Achievement of Customer Service score
HEADQUARTERS
CBIT £10.2m
Complete Leisure Process review
Help complete Strategy Review
RELATIONSHIPS
Build and maintain relationships with Riparian MP's
Provide Corporate Affairs information and advice
Successfully complete the consultation on strategy successfully

ROBIN EVANS - Personal Targets – 2003/04

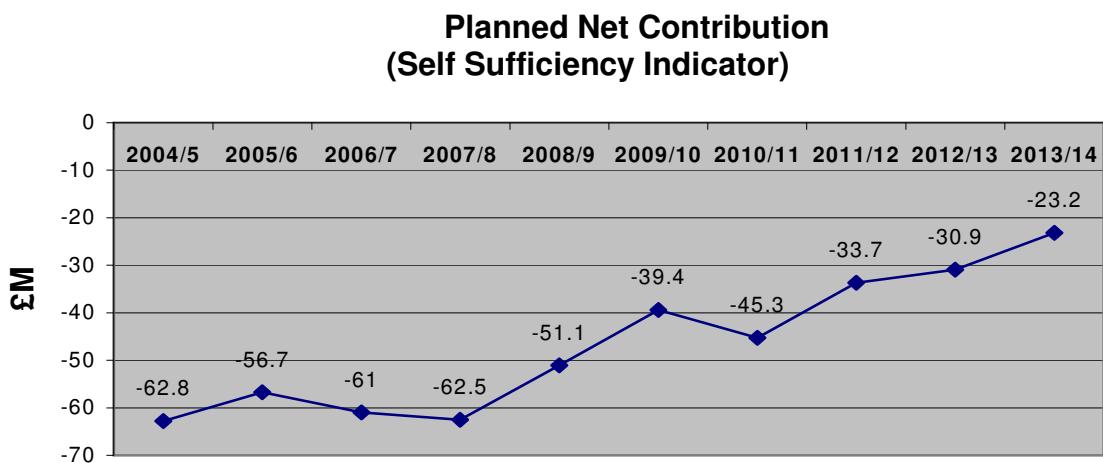
1.	Backlog eliminated by March 2004 and Statutory Arrears balance £127.7m by March 2006	Achieve PPP spend on backlog and arrears
2.	Improved Safety in particular when compared to benchmark for similar industries	Achieve targeted Safety improvements
3.	Implementation of results from organisation structure review	Achieve reorganisation by 1.9.03
4.	Achieve sustainable development priorities.	Achieve relevant sustainability target indicators
5.	OTHERS	Manage TWT relationship

CHIEF EXECUTIVE PERSONAL TARGETS 2004/5

1. Demonstrate inspirational leadership through the development of the top team to drive the business change to give confidence that the organisation and its key partners are on track to achieve the Strategic Plan including the enhancement of BW's reputation with key stakeholders and taking fully into account the outputs from the Board Assessment Programme.
2. Achieve increased visitors to ensure target of doubling numbers by March 2012 is achieved. The indication of success will be annual progress compared with the targets identified in the graph below using data from improved visitor surveys.



3. Embed Economic Value Creation as the driver for business change and progress towards self sufficiency measured by annual net contribution against plan.

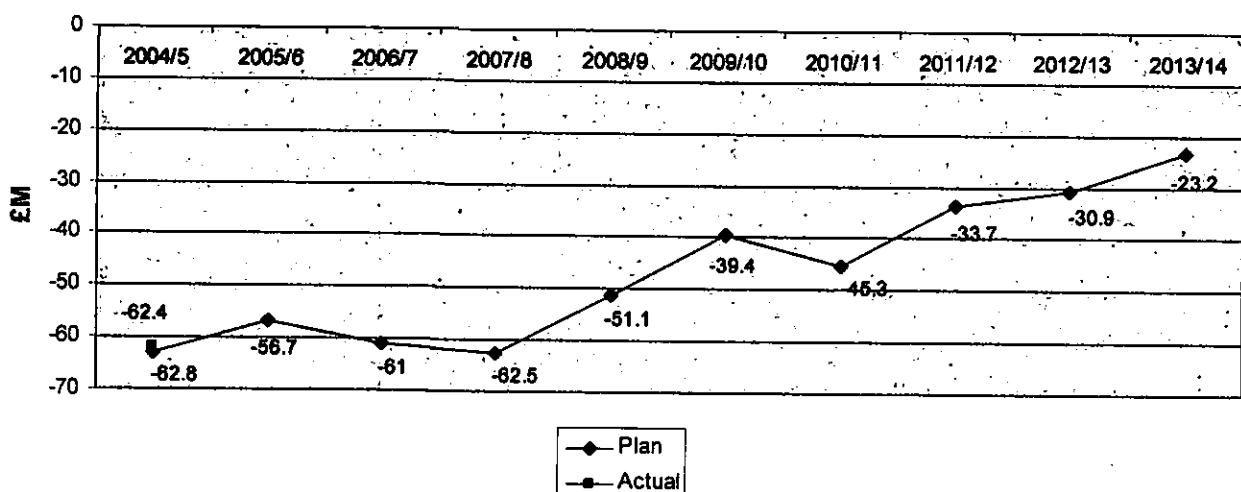


CHIEF EXECUTIVE PERSONAL TARGETS 2005/6

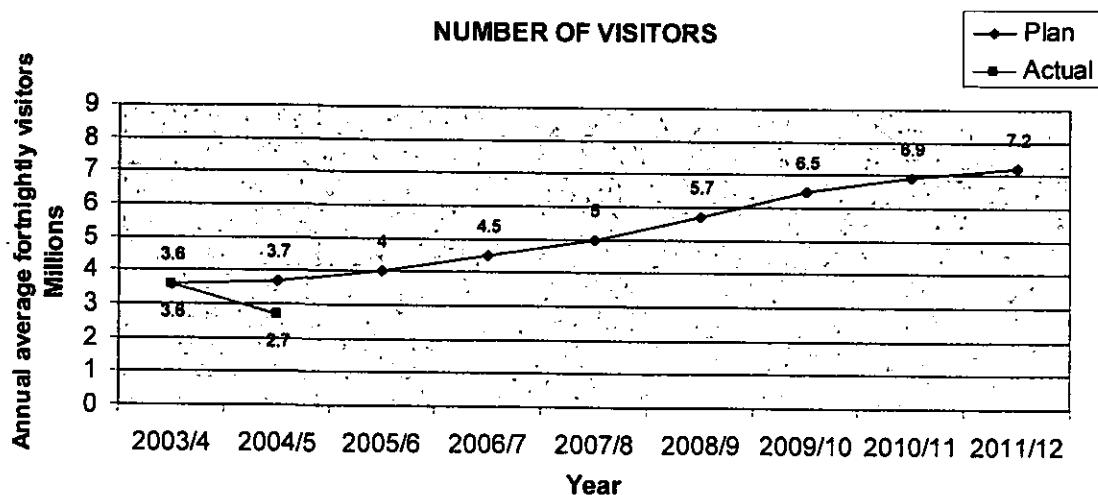
1. Demonstrate inspirational leadership to achieve the business benefits from the change programme implemented with particular emphasis on increased efficiency and people development whilst continuing to build BW's reputation with stakeholders. Measures of success will include development of clear efficiency targets and progress towards implementation and progress on succession planning and employee satisfaction. Measure of building stakeholder reputation will include feedback from key groups.

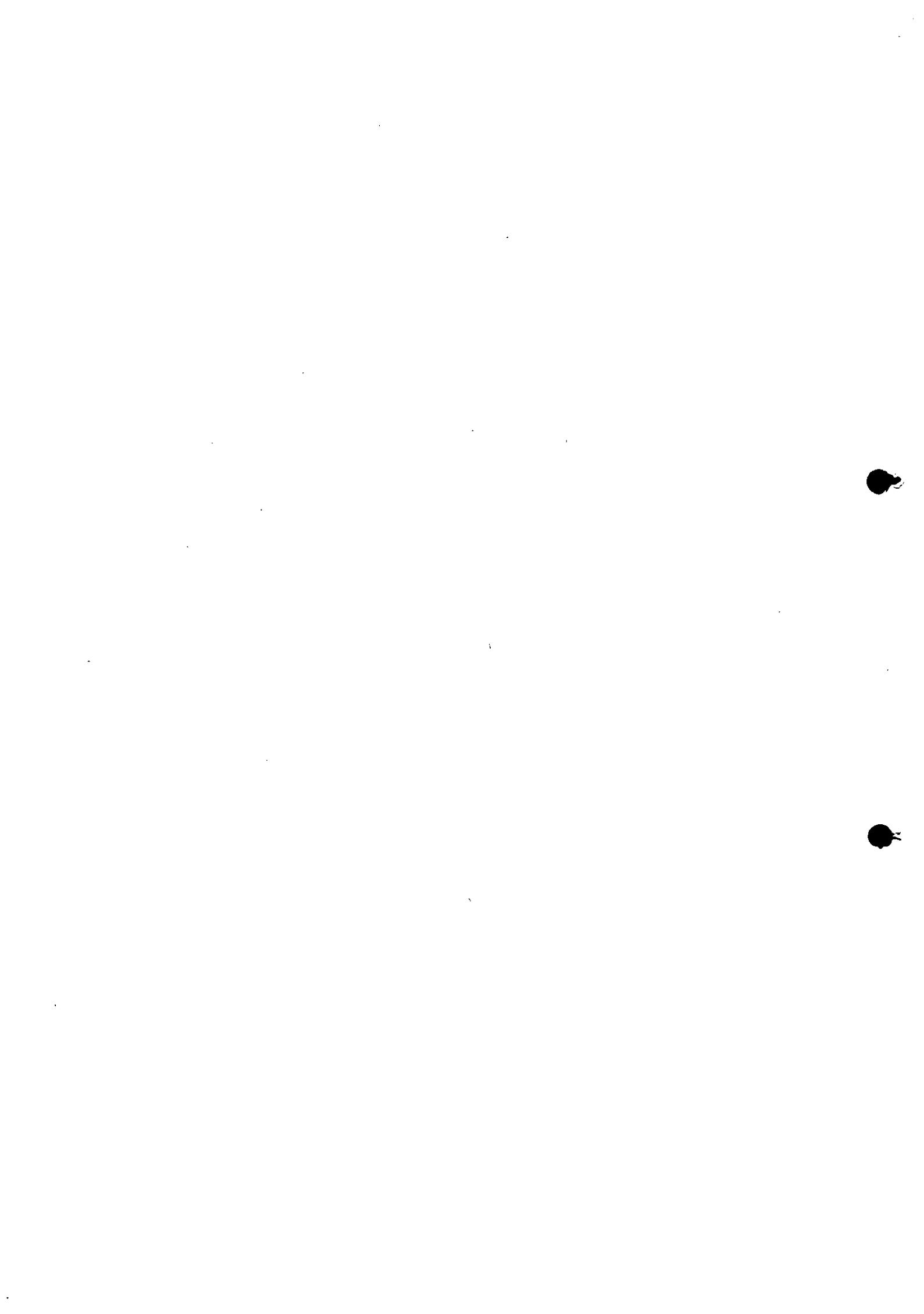
2. Embed Economic Value Creation as the driver for business change and progress towards self sufficiency measured by annual net contribution against plan.

**Planned Net Contribution
(Self Sufficiency Indicator)**



3. Achieve increased visitors to ensure target of doubling numbers by March 2012 is achieved. The indication of success will be annual progress compared with the targets identified in the graph below using data from improved visitor surveys.





Robin Evans – Targets 2006/7

- Efficiency

Set out a clear programme to review and achieve greater efficiency within the organisation including milestones and targets. Achieve Board approval to the plan by July 2006 and deliver initial targets by March 2007.

- Marine Trade Relations

Demonstrate through valid surveys that the trade recognise a change in the level of customer service from BW nationally and locally. Survey results to be available by January 2007 to include with customer market research findings.

- Contract with Defra

By September 2006 achieve Board agreement to draft contract terms including a grant reduction profile. By March 2007 achieve Defra agreement to a contract including grant reduction profile.

- Top Team Development

Put in place by September 2006 personal development plans for all Directors and the most promising Senior Managers (circa10-15). Demonstrate by March 2007 that the development plans are being actively implemented.

ROBIN EVANS – PERSONAL TARGETS 2007/08

1. EFFICIENCY

- 1.1 Deliver efficiencies within 2007/08 business plan
- 1.2 Demonstrate that Directors and General Managers are continually seeking and achieving ways to deliver outputs at lower cost.
- 1.3 By December 2007 set out a revised Asset Management Policy that will not only achieve infrastructure improvement but will deliver reducing steady state costs. This should include a full assessment of the efficiency outturns from asset investment compared to income returns from commercial investment.

2. CUSTOMERS

- Demonstrate that BW has in place active and effective account management processes to help small waterside businesses achieve greater commercial success. An important measure will be the improvement in the assessments given in the annual waterside business survey.

3. STATUS REVIEW

Lead a review to ascertain whether a change in BW's status or powers would deliver, through for example improved commercial performance, a more secure and successful future for BW's waterways.

4. TOP TEAM DEVELOPMENT

Continue to develop the capability of the Directors individually and collectively. This is to be achieved through excellent leadership and a structured development programme devised and delivered with the assistance of external consultants.

5. ENVIRONMENTAL SUSTAINABILITY

- Demonstrate that BW is taking all reasonable steps to minimise its carbon footprint through control of its activities and those of its supply chain.
- Achieve greater external recognition of BW's commitment to and delivery of environmental sustainability.

ROBIN EVANS – TARGETS 2008-09

		Maximum Points Available
Strategy Review		
1.	Lead the strategic review and submit to the Board a menu of options to reduce costs by £10m per annum. An outline paper to be presented at September 2008 Board, will full recommendations (which may be for a lesser amount) to November 2008 Board.	10
2.	To submit detailed implementation plan and communications plan for agreed strategy, including any status options, to the January Board and meet milestones within it for the remainder of year.	10
3.	To lead the consultation with Governments and stakeholders on the proposed strategy, involving the Chairman and the Board. To engage constructively with all interested parties, seek out innovative solutions and achieve a general consensus that a range of cost reduction and income producing solutions is required to ensure a sustainable future for the waterways (i.e. not just demand more from Governments).	10
4.	To develop a blue print service level agreement for use with local authorities and to sign up £100,000 p.a. of new commitments in the year, to give us confidence in seeking significant income from this source in the next five years. 5 points for SLA and 1 point for every £20k raised.	10
5a.	Complete 90% of authorised major works (i.e. AR approved) within budget 81% achieved 1 point Then 1 point for every 2% improvement to 90%.	5
5b.	Complete Liverpool Link, MB&B and Olympic Lock projects to within 5% of Board approved project cost. Within 5% 1 point Within 4% 2 points Within 3% 3 points Within 2% 4 points Within 1% 5 points.	10

2005/6 TARGETS

JAMES FROOMBERG

1. Exceptional performance in ISIS, WP5, BWML and Wood Wharf.
2. Sponsorship, establish business plan and set up initial deals – integrate into BW – generate £x in 2006/7.
3. Marina Prospectus – publish and ensure engagement – find new financial investors into marinas on our network.

SIMON SALEM

1. Waterscape – out perform business plan
2. Achieve step change in waterway business relationship (e.g. marina, hireboat operators)
3. Improvement in Customer Satisfaction rating.

VINCE MORAN

1. Drive reduction in overheads – reduce actual 05/6 and reduce current 06/7 in next business planning round.
2. Staff Survey – outstanding improvement
3. Selection of outstanding Finance Director and Technical Director.

MARK SMITH

Targets to be established on appointment of new Finance Director and likely to focus on Defra contract negotiations and driving efficiency.

STEWART SIM

Targets to be established for replacement Technical Director expected to be in place late Summer/Autumn. Focus will be on improving asset and project management to deliver significant efficiency gains as well as continuation of safety transformation.

NIGEL JOHNSON

1. Reclassification of waterways – make significant progress
2. Ensure End to End outcomes are documented in legal form giving BW maximum advantage.

ALL OPERATING DIRECTORS

1. Exceptional performance on Safety in area
2. Exceptional performance on Customer Satisfaction.

MARK BENSTED

3. Moorings – as per 04/5 target.

JIM STIRLING

3. As Chair of Core Waterway Review – deliver significant progress on steady state and segmentation of expenditure in core waterway.

DEREK COCHRANE

3. Deliver agreements in Bridgewater management/transfer and Coal Authority dowry.

JOHN LANCASTER

3. As Chair of SAP Programme Board deliver product/s and training and achieve a step change in use and user satisfaction with BW.

James Froomberg – Targets 2006/7

Deliver targeted outputs in Property, Ventures and Utilities business areas as set out below:

- **Financial performance**

Achieve Property CBT of £21.7m	March 2007
Achieve Property EVC of £17.8m	March 2007
Achieve Operational Rents, Wayleaves and premiums income of £8.8m	March 2007
Achieve Ventures CBIT of £2.8m (dividend basis)	March 2007
Achieve Ventures EVC of breakeven (dividend basis)	March 2007
Achieve utilities and water sales CBIT of £16.0m	March 2007

- **Ventures**

Achieve ISIS Business Plan including the incorporation of at least 2 new sites	March 2007
Achieve Wood Wharf Business Plan	March 2007
Achieve Pub Partnership Business Plan particularly for at least 10 acquisitions, new builds and major refurbishments	March 2007
Achieve BWML Business Plan including identifying 2 sites for future acquisition or development	March 2007
If planning granted establish JV at Gloucester	March 2007
Achieve business plans for Edinburgh Quay, Timber Basin, City Road and H2O	March 2007
Deliver Sponsorship business plan including additional net income of £240k, from the new advertising contract, soft drinks contract and ATM machines	March 2007
Prepare outline business case for an investment JV and if approved by Executive prepare detailed 'in principle' Business Case for Board and Defra approval	March 2007

- **Property**

Achieve disposal receipts of £40m	March 2007
Achieve investment of £35m	March 2007
Achieve disposals of 75 property with BAV of less than £200k	March 2007
Establish clear target locations for development and investment acquisitions in prospective priority regeneration areas together with plan for achieving the investments	March 2007
Achieve 50% of estate having registered title	March 2007
Resolve the remaining 25 long term disputes with boating clients	March 2007
Successful transfer of 54 investment properties to the PD South and North teams, together with plans for additional contribution and EVC growth	March 2007
Controllable costs in property Business Area 19% of income	March 2007
Achieve net simple return on investment estate of [] % and total returns of [] %	March 2007
Total returns on development estate of 12%	March 2007

- **Core Waterway**

Prepare Business Plan for increasing Wayleaves and premiums income, to include existing net contributions, potential upside and costs to achieve	Oct. 2006
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- **Utilities and Water sales**

Plan for growth of the water sales business	March 2007
Secure upsides on utilities plan e.g. from National Grid, Scottish Electricity, masts	March 2007
Investigation and plan for Highway discharges	March 2007

- **Efficiency**

Residential portfolio business plan, with associated contribution improvement	March 2007
Jointly with Customer Ops Director: plans for substantive efficiency in our operational property holdings	March 2007

Jim Stirling – Targets 2006/7

Achieve planned outputs in Core Waterway business area and Technical Department business plans with particular emphasis on:

- Contract

Draft contract including revised waterway standards and cost assessments approved by Board	Sept. 2006
Contract agreed with Defra	March 2007

- Major Works Programme

Major works repair and replacement programme (including arrears) costed and prioritised using BBPI by Executive	July 2006
Replacement Omnibus contract agreed in principle and undergoing competitive tendering	Dec. 2006
Outstanding statutory arrears £94m	March 2007
Introduce revised project approval and peer review procedures which are fully auditable and can demonstrate value for money performance	Oct. 2006

- Safety

50% reduction in reportable incidents	March 2007
400 work site safety inspections by Senior Managers	March 2007
25% reduction in manual handling, slips, trips and falls incidents	March 2007
Ensure management of contractors instruction achieves 100% compliance within BW	March 2007
Ensure full reporting of all accidents by contractors	March 2007

- Heritage

All Business Units to achieve upper satisfactory or better heritage assessments by Heritage Advisor	March 2007
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- Efficiency

All ARs for major works to be in process	May 2006
Achieve a reduction in Department costs of £75K per annum	March 2007
Establish internal and external benchmarks for major works and GWP	Dec. 2006

- Business Plan

Meet Workshops Business Plan to cost an output	March 2007
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Mark Bensted - Targets 2006/7

Achieve targeted outputs in London Business Unit Business Plan with particular emphasis on:

- Health & Safety

Improve Health & Safety performance delivering 50% reduction.	March 2007
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- Wood Wharf

Deliver planned outputs for Wood Wharf development programme in line with milestones agreed with partners Canary Wharf and Ballymore. Specifically submission of outline planning permission for whole site, detailed application for phase one, progress with site assembly, etc.	March 2007
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- JV

Deliver planned outputs from JV Co. activity (including CRBL, 259 City Road, H20 Urban).	March 2007
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- Olympics

Continue to grow BW's reputation as key strategic player by building relationships with the Mayor, the LDA, ODPM, TfL and other agencies, e.g. Olympic Delivery Authority.	March 2007
Assuming BWL plans adopted by ODA, achieve funding and planning permission for lock and associated works.	March 2007

- Priority destinations

Refocus management/maintenance structure and activity to ensure appropriate balance between core operations and service. Demonstrate that expenditure has been targeted to priority destinations	March 2007
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- Mooring Evasion

Reduce mooring evasion rate by 3% in year.	March 2007
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- Licence Evasion

Reduce licence evasion rate by 4% in year.	March 2007
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- 7 Day Working

Implement plans for 7 day working at key locations to suit the Business.	March 2007
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- On-line moorings

Prepare business case to auction/tender on-line moorings in London to establish market value and agree terms to enable security of tenure to be given to residential boaters.	March 2007
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- Efficiency

Implement New Ways of Working in Paddington office to increase efficiency and enable space to be created for some HQ functions	March 2007
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Nigel Johnson – Targets 2006/7

Provide excellent legal service and advice to BW and progress the following projects:

- Government Contract

Provide all the legal back up and drafting to enable a contract to be agreed in principle by Board in September 2006 and be in place by March 2007.	March 2007
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- Inland Waterways RRO

Achieve formal Government approval (i.e. it will form part of their legislative programme) to an Inland Waterways RRO that provides, amongst other things, 'wider powers' to BW.	March 2007
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- []

[]	March 2007
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- Non-paying Marinas

Work with New Marinas Unit and Business Units to reduce by 75% the number of marinas not paying a connection charge.	March 2007
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Philip Ridal – Targets 2006/7

Ensure proper financial control and provide financial information and guidance to enable Business Plan targets to be met. To work with co-directors to drive change for greater effectiveness and efficiency with particular reference to:

- Efficiency

Create an efficiency programme for BW and with CEO oversee and deliver agreed target reviews and savings	March 2007
Reduce costs in Finance Department by 3%	March 2007
Consider appropriate split of finance people between Leeds and Headquarters	Sept. 2006

- Contract

Oversee contract negotiation with Defra and agree draft contract terms with Board (September 2007) and agree shadow contract with Defra (March 2007)	March 2007
Ensure all processes and mechanisms in place to collect, monitor and report on data necessary to fulfil contract	March 2007

- Department

Prepare Comprehensive Spending Review submission for Defra and Scottish Executive	Sept. 2006
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- IT

Prepare business case for SAP upgrade or case for do nothing	Dec. 2006
Progress planned SAP or IT developments	March 2007

- Reporting

Continue to improve Business Reporting including KPIs	Sept. 2006
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- Pension

Develop new Statement of Investment Principles and oversee implementation	Nov. 2006
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- Scotland

Develop devolved accounting for Scotland to show full transfers in accordance with agreement with Scottish Executive	Nov. 2006
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- Procurement

New organisation and delivering structure	July 2006
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Simon Salem – Targets 2006/7

Achieve planned outputs in Leisure Business area with particular emphasis on:

- Moorings

Mooring Plans for all Business Units completed	Sept. 2006
80% of variable costs captured on mooring sites	March 2007
3 new marinas providing 600 berths with planning permission	March 2007
Mooring income increased by 9% in 2006/7	March 2007
Review of on-line moorings as per Efficiency Programme	Dec. 2006

- Licensing

Boat Growth 2%	March 2007
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- Angling

Angling EVC of £152k in 2006/7	March 2007
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- Attractions

Attractions EVC of (£164k) in 2006/7	March 2007
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- Retail

Retail EVC of £11k in 2006/7	March 2007
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- Waterscape

On line licence renewals 20% of direct debit transactions	March 2007
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- Customer Satisfaction

Volume and value market research completed	Sept. 2006
Customer Service Transformation Milestones (SS to provide)	
Trade Operators survey completed and any resulting action plan agreed with Chief Executive	Dec. 2006
Mystery Shopper survey completed	Oct. 2006
Customer Satisfaction Targets	March 2007
Meet Corporate Customer Satisfaction Targets	March 2007

- PR

Full media plan for PR agreed and implemented	July 2006
Minimal adverse national media comment	March 2007

- Department

3% saving on budgeted costs	March 2007
Marketing Plan for customer growth endorsed by Board	Sept. 2006
Craft Licensing & Customer Services Review as per Efficiency Programme	Nov. 2006
Marketing & Communications Review as per Efficiency Programme	Sept. 2006

Steve Dunlop – Targets 2006/7

Deliver planned outputs in Business Plan with particular emphasis on:

- Safety

Achieve whole financial year without RIDDOR accident	March 2006
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- Customer Service

Achieve targeted improvements to excellence scores as agreed with Marketing & Customer Services Director	March 2006
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- EVC

Achieve targeted EVC of £1.5m	March 2007
Achieve CBT of £470K	March 2007

- Property

Ensure all properties have registered title	Sept. 2006
Reduce low value (less than £100K) properties by 50%	March 2007
Agree terms for WP5 Pub at Falkirk	Sept. 2006
Identify 3 further sites for WP5 in Scotland	March 2007
Achieve JV with Falkirk Council to include Tamfourhill Industrial Estate	March 2007

- SAP

Achieve a step change in usage of SAP within Scotland	March 2007
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- Leisure

Fully review manning of locks to extend user operation and achieve cost savings. Report to Chief Executive	Dec. 2006
Produce and achieve Executive approval to the Falkirk Wheel Masterplan	March 2007
Achieve full compliance with commercial trading licence regime (i.e. no non-payers)	March 2007
Achieve Falkirk financial Business Plan outputs	March 2007
Increase moorings and licence income by 5%	March 2007

- Regeneration/Restoration

To establish an organisational structure that will effectively deliver regeneration and restoration in Scotland	Sept. 2006
To deliver various master plans that will deliver regeneration to occur in the following areas: Falkirk (Tamfourhill) Ardrishaig Fort Augustus Bowling	Dec. 2006 March 2007 March 2007 March 2007
To deliver a heritage plan for Scotland	March 2007

- Corporate Services

Identify site for new Scotland Office	March 2007
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- People

Achieve average 7 days absence per employee	March 2007
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- ISIS

To review and re-establish the business case that will deliver regeneration in North Glasgow	Dec. 2006
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To establish a partnership project development team to take forward this scheme	Dec. 2006
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Vince Moran – Targets 2006/7

Assist Business Units achieve Business Plan targets and drive cultural and organisational change with particular emphasis on:

- Safety

Achieve 50% reduction in reportable accidents	March 2007
Achieve 400 worksite safety inspections by Senior Management team	March 2007

- Customer Service

Achieve Corporate Customer Service Targets	March 2007
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- Business Plan

Achieve CBIT budget for 8 Business Units as per Business Plan	March 2007
Achieve EVC budget for 8 Business Units as per Business Plan	March 2007

- Human Resources

Establish external contract for delivery of development programme for Directors and very top managers	Oct. 2006
Relocate H.R. team out of Willow Grange	Sept. 2006
Deliver new Pension Trustee structure	Oct. 2006

- Efficiency

Have agreed plans to relocate offices in Willow Grange, West Midlands and South East to meet New Ways of Working standards	March 2007
Achieve average absence of 7 days per annum	March 2007
Demonstrate strict Business Unit structure standardisation	March 2007
Business Plans for 2008/9 for all Business Units to demonstrate a 10% cost saving.	March 2007
Project Minestrone OBC	March 2007

James Froomberg – Targets 2007/8

1. PROPERTY

Deliver commercial investment strategy; including acquisitions, disposals, portfolio mix and target returns	<ul style="list-style-type: none"> Disposal receipt of £35m pa (£150m over 4 year plan) Investment target (including JV equity) of £30m pa (£130m over the 4 year plan) of which investments in priority areas of £8m pa 	2007/08-10/11 2007/08-10/11
Ensure all properties have registered title	Voluntary registration achieved for entire property estate	March 2008
Accelerate disposal of low value and poorly performing assets	Disposal of at least 50 low value (less than £200k proceeds) or operational properties per annum	2007/08
Proactive management of investment estate	<ul style="list-style-type: none"> National property business operational and deliver agreed plan. Achieve total returns on major investment estate in line with IPD Waterway assets to achieve gross returns of 7.0% and net returns of 5.0% Achieve £xxxm premium at [xxx], [Information omitted on grounds of commercial confidentiality] 	June 2007 2007/08 2007/08 March 2008
Efficiently manage the property cost base	Controllable costs 28% of total income for waterways and 7% for NPB (8.6% year 1)	2007/08
Enhance the value of sites by reaching agreed development milestones	Achieve total returns on development estate of at least [Information omitted on grounds of commercial confidentiality]	2007/08
Enhance income from core operational property rents, Wayleaves and premiums.	<ul style="list-style-type: none"> Achieve property Wayleaves income include Wayleaves premiums of £2.7m (excluding Four Ashes noted above). Achieve advertising income of £0.25m 	2007/08 2007/08
Work up strategic priorities and implement	<ul style="list-style-type: none"> Residential property overview <ul style="list-style-type: none"> Outline business case Opportunity to market Venture created Joint venture of major investment assets <ul style="list-style-type: none"> Outline business case Identification of surplus waterside government property 	May 2007 June 2008 June 2009 March 2008 Sept 2007

2. UTILITES

Maintain Easynet income by £[xx]m by strengthening our relationship, and ensuring BW complies with its obligations under our	£[xx]m income secured each year for next four years [Information omitted on grounds of commercial confidentiality]	2007/08
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agreement		
Ensure BW complies with the conditions of the electricity, gas and BT agreements so our income is secure	£[xx]m income per annum [Information omitted on grounds of commercial confidentiality]	2007/08
Maintain SWD agreements	£[xx]m annual income	2007/08
Increase wayleave income	10% increase pa in local BU wayleave income especially from private surface water discharges	2007/08
Establish feasibility of canalside heating and cooling	Identify five customers indicating in writing a willingness to take this forward	2007/08
Complete Thames and United Utilities reviews to secure or improve BW revenues	<ul style="list-style-type: none"> • BW submission to Thames on River Lee case • Increase contract with UU to £610k pa • 	Aug 2007 Oct 2007

3. JOINT VENTURES

ISIS		
<ul style="list-style-type: none"> • Leeds Granary Wharf 	<ul style="list-style-type: none"> • Let construction contract • Complete infrastructure 	May 2007 Sept 2007
<ul style="list-style-type: none"> • Leeds Tower Wharf 	<ul style="list-style-type: none"> • Planning permission granted 	Dec 2007
<ul style="list-style-type: none"> • Icknield Port Loop 	<ul style="list-style-type: none"> • Submit planning application • Grant of planning 	Sept 2007 Feb 2008
<ul style="list-style-type: none"> • Trent Basin, Nottingham 	<ul style="list-style-type: none"> • Planning permission granted 	Dec 2007
<ul style="list-style-type: none"> • Glasgow 	<ul style="list-style-type: none"> • Submit planning application at Maryhill • Grant of planning 	Dec 2007 March 2008
<ul style="list-style-type: none"> • Hale Wharf Tottenham 	<ul style="list-style-type: none"> • Planning permission granted 	Aug 2008
<ul style="list-style-type: none"> • Brentford 	<ul style="list-style-type: none"> • Planning permission granted • Disposal of affordable housing and plots C,D,E,F • Award construction for plots A, B 	Sept 2007 Dec 2007 Mar 2008
<ul style="list-style-type: none"> • Islington Wharf Manchester 	<ul style="list-style-type: none"> • Exchange 84 additional units (total of 150 out of 200) 	Dec 2007
<ul style="list-style-type: none"> • Thurrock 	<ul style="list-style-type: none"> • Redesignation of Green Belt land for development 	Mar 2008
Wood Wharf	<ul style="list-style-type: none"> • Outline planning submitted • Phase 1 detailed planning submitted 	Sept. 2007 Dec. 2007
Waterside Pub Partnership	<ul style="list-style-type: none"> • £5m capital expenditure pa • Acquire 7 pubs from RBS • Begin development of 2 new pubs pa • Refurbish 2 pubs pa 	2007/08 April 2007 2007/08 2007/08
Edinburgh Quay	<ul style="list-style-type: none"> • Phase 2 let and sold • McTarrant & Mickel JV signed for Phase 3 • Commence work Phase 3 • Phase 2 dividend declared 	Sept 2007 May 2007 Aug 2007 Dec 2007

Gloucester Quays	<ul style="list-style-type: none"> • Infrastructure works on site • Pre sale or pre let of Foodstore • Award construction contract for outlet centre 	June 2007 Sept 2007 Oct 2007
City Road Basin	<ul style="list-style-type: none"> • Commence head of basin construction works • Negotiate sale of 259 City Road site • Submit planning for LB Islington sites 	June 2007 Oct 2007 Dec 2007
H20 Urban	<ul style="list-style-type: none"> • Actons Lock construction completed • Hackney Branch Place planning granted • Norwood planning submitted • Bow Wharf planning submitted • Norwood on site • Bow Wharf on site 	July 2007 Dec 2007 June 2007 Sept 2007 June 2008 Sept 2008
Timber Basin Ltd	<ul style="list-style-type: none"> • Remediation complete • Sale of site 	July 2007 Sept 2007
Leeds Canal Basin	<ul style="list-style-type: none"> • Company wound up 	Mar 2008

4. BWML

Implement planned acquisitions and developments to meet target increase in berths and financial returns	<ul style="list-style-type: none"> • Acquire Whixhall marina for £1.3m • Secure alliance with Blue Box at Limehouse • Agree terms to develop a new 300+ berth marina • Acquire another new marina • Achieve ROCE of 11% • Develop 750 new mooring berths over 4 year plan • Achieve moorings occupancy of at least 90% 	Apr 2007 June 2007 Dec 2007 April 2008 2007/08 2007/08 2007/08
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5. STATUS REVIEW

Working with the Chief Executive, Legal and Finance Directors undertake a review to ascertain whether a change in BW's status or powers would deliver, through for example improved commercial programme, a more secure and successful future for BW's waterways.	Sept. 2007
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6. WILLOW GRANGE

Finalise the sale of Willow Grange and secure 10 year lease (with 5 year tenant break clause) on premises in Clarendon Road.	May 2007
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Jim Stirling – Targets 2007/08

1. ASSET MANAGEMENT

Set out a revised Asset Management Policy that will not only achieve infrastructure improvement but will deliver reducing steady state costs. This should include a full assessment of the efficiency outturns from asset investment compared to income returns from commercial investment.	Dec 2007
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2. COTSWOLDS CANAL

Work with the Chief Executive to achieve a funding package acceptable to the Board that will enable this project to proceed.	May 2007
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3. SAFETY

Visitor safety	Visitor risk assessment plan	April 2008
People safety	<ul style="list-style-type: none"> Reduction of lost time injuries by 25% Reduction in RIDDOR reportables 	April 2008 Each year
Contractor safety	100% compliance with managing contractors	Year on year
Volunteer safety	100% compliance with managing contractors	Year on year

4. EFFICIENCY

Steady state model continuing development	Refinement of model for next planning round	Aug 2007
Functional Teams	In place	April 2007
Maintenance planning fully integrated in SAP	3 year GWP in SAP	Oct 2007
National contracts	Increase use by 20% on 2006/07 actual	Year on year
Rationalisation of plant and equipment	<ul style="list-style-type: none"> Review holdings and set out planned retentions Project Trafalgar review Submit plan for next phase 	Sep 2007 Aug 2007 Nov 2007

5. CUSTOMER SERVICE

Customer service standards finalised and issued	<ul style="list-style-type: none"> Minimum safety standard established throughout network 100% compliance with MSS subject to two agreed exclusions re: lock bollards and lifting bridges 	June 2007 March 2008
Destinations	<ul style="list-style-type: none"> 3 sites per BU identified Standards established 90% standard achieved 	March 2008 March 2007 Sep 2007
Remainder of network	Baseline standard established	March 2008

6. MAJOR WORKS

Delivery of agreed 4 year programme	90% delivery of planned programme set at September providing level of funding remains at planned amounts	April 2008
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Principal inspections	100% of planned principal inspections completed	March 2008
Project budgetary control	90% of projects to be delivered within agreed budget	April 2008 (based on completed projects)
Post project approvals	100% completed within 3 months of project end date (interim if necessary)	March 2008
Asset grades updated in SAP	95% of projects to have good quality SAP data, in terms of value, milestones, dates etc	Quarterly each year
BBPI score	<ul style="list-style-type: none"> • Asset grades updated within 1 month of project technically completed • Development of BBPI score for all projects including dredging • BBPI score and criticality index change process agreed 	July 2007 July 2007 Sept 2007

7. RESTORATION

Manchester, Bolton & Bury		
• Delivery of MBB Phase 1	Commence main construction works	Qtr 1 2007/08
• Progress MBB Phase 2	Agree delivery timescale for Phase 2 with URC and local authority	Qtr 3 2007/08
Delivery of Liverpool Link	Commence Central Docks contract	Qtr 2 2007/08
Progress Northern Reaches of Lancaster Canal	Confirm development option for Kendal Canal Head with local authority and RDA	Qtr 4 2007/08
Cotswolds Phase 1A	<ul style="list-style-type: none"> • complete funding contracts • GCC land transfer • Construction commences • Risk management • GCC land transfer • Second major planning application 	Qtr 1 2007/08 Qtr 1 2007/08 Qtr 2 2007/08 Qtr 1 2007/08 Qtr 2 2007/08 Qtr 3 2007/08 Qtr 3 2007/08
Cotswolds Phase 1 B funding application	<ul style="list-style-type: none"> • Big Lottery application submitted • Big Lottery response 	Qtr 1 2007/08
Droitwich Canals		
• Construction commences	• Salwarpe planning application submitted	Qtr 1 2007/08
• Risk management	<ul style="list-style-type: none"> • Framework contract signed • Reedbed contract let • Scheme planning application submitted • New Junction Canal contract let 	Qtr 2 2007/08 Qtr 2 2007/08 Qtr 1 2007/08 Qtr 3 2007/08

8. PPAs

With Finance Director change SAP process to require all PPAs to be signed off by Director who approved AR.

9. SUSTAINABILITY

To increase use of renewable materials (measured as % of total materials)	<ul style="list-style-type: none">• 100% of timber for lockgates from FSC approved suppliers• Timber from FSC approved suppliers for other uses	Throughout From April 08
To increase use of recycled materials (incl aggregates, steel, metal, paper)	Recycled materials used in our construction will represent: <ul style="list-style-type: none">• 45% of total materials• 65 % of total materials	May 2007 May 2008
Reduce energy consumption	<ul style="list-style-type: none">• Establish electricity use baseline• Create action plans with the aim of achieving 10% reduction on 2007 baseline• Full inventory of energy use	May 2007 Each year April 2008
Control water consumption	Full inventory of potable water use	April 2008
Protection of biodiversity	<ul style="list-style-type: none">• SACs in favourable or moving to favourable, condition:<ul style="list-style-type: none">○ England – 67%○ England – 95%○ Scotland – 85%• 100% of biodiversity action plans completed	March 2007 Throughout
Reduce carbon emissions	<ul style="list-style-type: none">• Elimination of vehicles with a rating below Euro III• Create an action plan to achieve significant reduction in business mileage	March 2008 March 2008
Improve waste disposal	15% reduction in BW waste into landfill sites.	March 2008

Mark Bensted – Targets 2007/08

1. LONDON BUSINESS PLAN

Deliver the outputs and milestones identified in the above plan with particular reference to:	
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1.1 Safety	Achieve corporate targets	
1.2 Customer Service	<ul style="list-style-type: none"> Overall upkeep – Boat owners 10% Excellent Overall upkeep – Holiday Boaters 20% Excellent Overall enjoyment – Towpaths 55% Excellent Overall enjoyment – 3 key destinations 70% Excellent 	
1.3 Efficiency	<ul style="list-style-type: none"> Ensure new functional teams work effectively Obtain Executive approval to an outline plan for BW London office location after 2009 Achieve targeted reduction in licence and moorings evasion 	
1.4 CBT Revenue	Achieve BP target of £5,960k	
1.5 EVC	Achieve BP target of (£4,351k)	
1.6 Licence Evasion	Reduce evasion to 5%	

2. OLYMPICS

Achieve Prescott Lock build and funding programme	March 2008
Promote Water City concept and attract funding to enhance our waterways so their use and benefit is optimised both during and after the Olympics	March 2008

3. PROPERTY

Conclude “Red Shed” deal with Canary Wharf	March 2008
Create leisure opportunity in Interchange basement. All property/legal issues to be resolved by March 2008 ahead of planning application	March 2008
Deliver at least one “new” £1m profit and property deal in London	March 2008
Submit outline planning at Wood Wharf	Sept. 2007
Submit detailed planning for Wood Wharf Phase 1	Dec. 2007

4. THAMES WATER

Assist Utilities Manager in submitting claim to Defra by Aug 2007.	Aug 2007
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5. RELATIONSHIPS

Continue to further BW's reputation amongst the opinion formers in London	
Work with the Marketing and Communications Director to subdue criticism of BWL management by a small group of individuals	
Work with Boats and Boating Manager to minimise hostile reaction amongst boaters to changes in mooring renewals and prohibition of sales on moorings.	

6. FREIGHT

Achieve one new contract to operate out of new facility at Willesden	March 2008
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Nigel Johnson – Targets 2007/8

Provide excellent legal service and advice to BW and progress the following projects:

- Status Review

Provide legal advice and back up to a Review of the Corporate Status of BW, including the effective management of external advisers, with a view to enabling the Board to make an initial formal recommendation to Ministers by December 2007.	December 2007
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- Waterways Legislation

Prepare and submit for formal Government approval (i.e. with a view to it forming part of their legislative programme) a proposal for the modernisation of Waterways law (by primary or secondary legislation) that includes provisions of long term business benefit to BW	January 2008
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- Environmental Legislation

Either: (a) Successfully defend the EA prosecution of BW under Water Resources Act regarding BGA at the Tringford Summit of the GU; or (b) Following conviction, prepare a comprehensive case to Government for the revision of the WRA to decriminalise such events.	November 2007
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- [Information omitted on the grounds of professional legal privilege]

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Philip Ridal – Targets 2007/08

1. PROCESSES AND SAP

Create programmes to ensure that <ul style="list-style-type: none">• efficient and effective SAP, accounting and admin processes are in place and documented• adequate on-screen help and guidance notes are available in SAP to contribute towards full usage and benefit of SAP• work with IA to more accurately define effective key processes• initial paper to June audit committee	March 2008
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2. ICT

Reconstitute Information Services Strategy Board and deliver items in ICT business plan:- <ul style="list-style-type: none">• SAP technical upgrade• Structural reorganisation• Integrated training• Craft Licence relocation• Comms and telecoms to new office• Reconvene ISSB and start development of strategy for next phases	March 2008
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3. SSC

Complete next phase of SSC development <ul style="list-style-type: none">• transfer of Craft licensing• transfer of routine processing from BU's, timesheets, expenses, etc	Oct 2007
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4. GIS

Ensure delivery of GIS service to the business as a whole.	March 2008
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5. ACCOUNTING

Working with BW Scotland and Chief Executive achieve a satisfactory conclusion to the devolved funding issue.	Sept. 2007
Recommend to Audit Committee on implementation programme for IFRS	June 2007

6. PROCUREMENT

Review of procurement organisation to ensure effective and efficient procedures and systems in place.	Dec. 2007
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7. PURCHASING CARDS, FUEL CARDS, TRAVEL AND EXPENSES

Review systems and usage and propose/amend procedures. Aim for better control and more efficient system.	Dec. 2007
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8. PENSION FUND

Complete review of investment strategy	Sept. 2007
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Review results of triennial valuation and recommend to Board the actions necessary.	Jan. 2008
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9. STATUS REVIEW

Working with CEO, Legal and Commercial Directors, conclude a review to ascertain whether a change in BW's status would deliver, through for example improved commercial performance, a more secure and successful future for BW's waterways.	Sept. 2007
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10. CSR SETTLEMENT

Assist CEO in achieving a satisfactory CSR settlement from Defra.	Sept. 2007
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11. HQ AND CENTRAL SERVICES

Implement further efficiency measures, eg mobile phones, company cars	Sept 2007
Complete the technical upgrade of the SAP system	March 2008
Implement document management system	Staged implementation 2007/08 to 2010/11
New high level Board report meets Board members' requirements	From March 2007

Simon Salem – Targets 2007/08

1. CUSTOMER SERVICES

<p>Through analysis of research and advice to BUs – improve the combined good and excellent customer satisfaction scores in the following categories:</p> <ul style="list-style-type: none"> • Overall upkeep, boat owners (2006 score 66) • Overall upkeep, holiday boaters (2006 score 74) • Overall enjoyment, destinations (2006 score 94) • Overall enjoyment, towpaths (2006 score 85) • Overall enjoyment, anglers (2006 score 70) 	March 2008
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<p>Demonstrate through a sample survey that BW's dealings and relationships with waterside businesses have improved since 2006.</p>	Dec. 2007
<p>Drive marketing strategy to achieve increase in visits to BW's waterways from 268m in 2007</p>	Dec. 2007

Destinations	Prioritise destinations in line with the marketing strategy priorities and drive footfall through national marketing campaigns	100 destinations by the end of the plan (approx 3 per unit per year)
Deliver marketing strategy	Central marketing contract in place	Qtr 1 2007/08
Deliver customer satisfaction	<ul style="list-style-type: none"> • Implement "moments of truth" physical standards at priority destinations. • Implement all non-physical "Moments of Truth" standards • Monitor customer satisfaction through mystery shoppers. • Complete communications skills training for staff • Complete account management training for BtoB staff • Begin implementation of recommended option for a customer contact centre 	2007/08-09/10 All in place by April 2008 Ongoing March 2008 March 2008 Dec 2007

4. LEISURE BUSINESS AREA

Grow the leisure business CBIT in line with the plan	<ul style="list-style-type: none"> • Implement national campaign to maintain growth in boat numbers despite price increases • Complete consultation with users on licence price increase • Trial auction bidding for mooring site • Implement preferred solution for management of moorings business • Reduce mooring costs from 40% to 37% over the four year plan • Reduce evasion to 3% 	Start Apr 2007 review Mar 08 By Dec 2008 Start May 07 From Apr 08 Ongoing Annual target
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	<ul style="list-style-type: none"> • Deliver new marinas in line with national target for 10,000 more berths by 2015 and 1,000 fewer online moorings. • Strategy agreed for the sale of Makins Fishery at the best achievable price. • Facilitate implementation of angling action plans already agreed as part of dialogue with NFA/NAFAC 	<p>Fit with NMU projections</p> <p>Sept 2007</p> <p>Ongoing</p>
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5. STAKEHOLDER RELATIONS

Continue programme of engagement with riparian MPs and opinion formers: Westminster. Provide advice and intelligence to Chief Executive and Board on political issues and relationships in Defra and Scottish Executive.	March 2008
Provide a programme of opinion formers, partners (actual and potential) to attend Board Dinners and other suitable events	July 2007 for Board Dinners and ongoing for other events

Steve Dunlop – Targets 2007/08

<p>1. Scotland Business Plan Achieve all outputs (financial and others) as detailed in the BWS Business Plan 2007/8 – 2010/11 – with particular emphasis on:</p> <p>1.1 Safety performance – Achieve occupational and management of contractors corporate targets</p> <p>1.2 Customer Service – achieve targeted customer satisfaction scores as follows:</p> <table style="margin-left: 20px; border-collapse: collapse;"> <tr><td>Overall upkeep Boat owners</td><td style="text-align: right;">40%</td><td>Excellent</td></tr> <tr><td>Overall upkeep Holiday boaters</td><td style="text-align: right;">50%</td><td>Excellent</td></tr> <tr><td>Overall enjoyment Falkirk</td><td style="text-align: right;">70%</td><td>Excellent</td></tr> <tr><td>Overall enjoyment Fort Augustus</td><td style="text-align: right;">70%</td><td>Excellent</td></tr> <tr><td>Overall enjoyment Towpaths</td><td style="text-align: right;">55%</td><td>Excellent</td></tr> </table> <p>1.3 Efficiency – conclude and implement findings of make/buy appraisal</p> <p>1.4 CBT - £770k</p> <p>1.5 EVC - £1319k</p> <p>1.6 Destinations – Proposals at Edinburgh, Glasgow and Falkirk</p>	Overall upkeep Boat owners	40%	Excellent	Overall upkeep Holiday boaters	50%	Excellent	Overall enjoyment Falkirk	70%	Excellent	Overall enjoyment Fort Augustus	70%	Excellent	Overall enjoyment Towpaths	55%	Excellent	March 2008
Overall upkeep Boat owners	40%	Excellent														
Overall upkeep Holiday boaters	50%	Excellent														
Overall enjoyment Falkirk	70%	Excellent														
Overall enjoyment Fort Augustus	70%	Excellent														
Overall enjoyment Towpaths	55%	Excellent														
<p>2. Achieve a favourable CSR funding settlement from Scottish Executive and additional “ad-hoc” in year funding.</p>																
<p>3. Assist the Finance Director in resolving the cross border funding issues.</p>	Sept. 2007															
<p>4. Undertake the necessary research to establish a sound understanding of the market demand for activities and services on the Lowland canals.</p>	Dec. 2007															
<p>5. Progress to a successful outcome (i.e. a contract agreed) freight proposal on both the Lowland and Highland canals.</p>	March 2008															
<p>6. Deliver a masterplan for the Falkirk Wheel and adjacent land that is accepted by the BW Board and Scottish Executive in respect of both capital expenditure and ongoing revenue profits/subsidy.</p>	Sept. 2007															
<p>7. Demonstrate that BWS’s long term proposals to realise opportunities at Grangemouth (Helix Project) and East Dumbartonshire (River Leven) have gained increased local and national approval and that there is an agreed timetable for delivery.</p>	March 2008															
<p>8. Conclude a JV with Falkirk Council for the Tamfourhill</p>																

Site and obtain executive support for equity investment into it.	Dec. 2007
9. Continue to further BW's reputation amongst opinion formers in Scotland	March 2008

Vince Moran – Targets 2007/08

1. HUMAN RESOURCES

Fully align performance objectives with business plan priorities and introduce key business behaviours	Sept 2007
Introduce leadership development programme to increase capabilities and number of high potential people	June 2007
All people in the Senior Talent Pool to have a clear development programme	Sept 2007
Employee satisfaction scores back to 2005	March 2008
Absence levels reducing below 7 days per person per annum	Dec 2007
Minority ethnic employment levels increasing to above 3%	Ongoing
Turnover levels maintained at less than 10%	Ongoing

6. SAFETY

Visitor safety	Visitor risk assessment plan	April 2008
People safety	<ul style="list-style-type: none"> • Reduction of lost time injuries by 25% • Reduction in RIDDOR reportables 	April 2008 Each year
Contractor safety	100% compliance with managing contractors	Year on year
Volunteer safety	100% compliance with managing contractors	Year on year

7. CUSTOMER SERVICES

Customer service standards finalised and issued	<ul style="list-style-type: none"> • Minimum safety standard established throughout network • 100% compliance with MSS 	June 2007 June 2007
Destinations	<ul style="list-style-type: none"> • 3 sites per BU identified • Standards established • 90% standard achieved 	March 2008 March 2007 Sep 2007
Remainder of network	Baseline standard established	March 2008

Demonstrate that BW has in place effective account management processes to help small waterside businesses achieve greater commercial success. An important measure will be the improvement in the assessments given in the annual waterside business survey	March 2008
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4. EFFICIENCY

Steady state model continuing development	Refinement of model for next planning round	Aug 2007
Functional Teams	In place	April 2007
Maintenance planning fully integrated in SAP	3 year GWP in SAP	Oct 2007
National contracts	Increase use by 20% on 2006/07 actual	Year on year
Rationalisation of plant and equipment	<ul style="list-style-type: none"> • Review holdings and set out planned retentions • Project Trafalgar review • Submit plan for next phase 	Sep 2007 Aug 2007 Nov 2007

Identify unit costs for most frequent/costly activities and use as a benchmark for driving down costs in least efficient BUs. Investigate and report on the cost/benefits of outsourcing more of the bank side operations.	Nov 2007
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5. BUSINESS UNIT PLANS

Lead the General Managers to achieve all outputs in the BU Business Plans – particularly CBT and EVC targets.	March 2008
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6. EXTERNAL FUNDING

Ensure concentration on projects that enhance BW's core assets and achieve £7-8m of external funding identified in Corporate Plan.	March 2008
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7. BU MANAGEMENT COSTS

Efficiency	<ul style="list-style-type: none"> Full adoption of new ways of working for all units 20% reduction in finance/administration 	Sept 2008 March 2008
Planning opportunities	£2.5m contributions to BW from S106 agreements	March 2008

10. SUSTAINABILITY

To increase use of renewable materials (measured as % of total materials)	<ul style="list-style-type: none"> 100% of timber for lockgates from FSC approved suppliers Timber from FSC approved suppliers for other uses 	Throughout From April 08
To increase use of recycled materials (incl aggregates, steel, metal, paper)	Recycled materials used in our construction will represent: <ul style="list-style-type: none"> 45% of total materials 65 % of total materials 	May 2007 May 2008
Reduce energy consumption	<ul style="list-style-type: none"> Establish electricity use baseline Create action plans with the aim of achieving 10% reduction on 2007 baseline Full inventory of energy use 	May 2007 Each year April 2008
Control water consumption	Full inventory of potable water use	April 2008
Protection of biodiversity	<ul style="list-style-type: none"> SACs in favourable or moving to favourable, condition: <ul style="list-style-type: none"> England – 67% England – 95% Scotland – 85% 100% of biodiversity action plans completed 	March 2007 Throughout
Reduce carbon emissions	<ul style="list-style-type: none"> Elimination of vehicles with a rating below Euro III Create an action plan to achieve significant reduction in business mileage 	March 2008 March 2008
Improve waste disposal	15% reduction in BW waste into landfill sites.	March 2008

SIMON SALEM – PERSONAL TARGETS 2008/09

		Maximum Points Available
1.	Achieve less than 8.1% evasion at November 2008 (10.4% in 2007) National boat check and indicative 6.7% evasion by April 2009 1 point for every 0.3% reduction in National Boat Check 2 points for achieving indicative 6.7% in April 2009	10
2.	Successfully introduce late payment charge by December 2008	5
3.	Exceed licence planned net contribution for financial year 2008/09 from licences of £13.1m 1 point for every 100k above plan	5
4.	Together with the Finance Director, review the existing methodology for issuing licences and create a plan to improve this to a high modern standard (comparable with DVLA) whilst also maintaining and/or improving efficiency. This plan to have the backing of the business and approval of the Board by March 2009	5
5.	Increase fairly/very satisfied communications score in employee survey to UK average 57% (currently 52%) 1 point for every 1% above 52%	5
6.	Demonstrate ideally through a concluded public consultation exercise, that there is widespread support for the Board's emerging strategy.	10

PHILIP RIDAL – PERSONAL TARGETS 2008/09

		Maximum Points Available
1.	Devise and publish an achievable, understandable, credible and measurable Sustainable Development Action Plan and have the first quarter's measures reported by March 2009	10
2.	Work with the Technical Director to develop a stewardship score which will have been endorsed by the Board and Defra and measurement begun by March 2009	5
4.	Together with the Marketing & Customer Service Director, review the existing methodology for issuing licences and create a plan to improve this to a high modern standard (comparable with DVLA) whilst also maintaining and/or improving efficiency. This plan to have the backing of the business and approval of the Board by March 2009	5
5.	Improve BWML 2008/09 planned CBT CBT of £1,015k achieved 0 points 1 point for every £25k achieved over plan up to maximum of 10 points	10
6.	Achieve an improvement to the (year end IPD adjusted) EVC target of (£32215k) 1 point for every £250k above target to maximum of 10 points	10

STUART MILLS – PERSONAL TARGETS 2008/09

		Points
1.	Achieve an improvement to the (year end IPD adjusted) EVC target of (£32215k) 1 point for every £250k above target to maximum of 10 points	10
2.	Develop and implement new strategic direction for ISIS that has both Executive and Board approval <ul style="list-style-type: none"> • Personnel/overhead reduction by November 2008 (3 points) • Strategic plan for sites by December 2008 (3 points) • Debt restructure agreed with banks on Manchester and Leeds by March 2009 (3 points) • Business plan 2008 profit target achieved (1 point) 	10
3.	Complete Residential Property review and obtain Executive, Board and Government's approval for proposed transaction Outline business case approved by March 2009 – 5 points for Board and 5 points for Government approval.	10
4.	Lead BW's representation on JVs (2 points for each of): Wood Wharf <ul style="list-style-type: none"> • Outline planning secured • Feet in water land acquisition resolved Gloucester Quays <ul style="list-style-type: none"> • 15% target FOC lettings and full HBOS funding accessed • No further equity funding utilised beyond currently approved £[xx] [Information omitted on grounds of commercial confidentiality] H2O <ul style="list-style-type: none"> • 4 new sites contracted for acquisition by H2O 	10
5.	[Information omitted on grounds of commercial confidentiality].	10

STEVE DUNLOP – PERSONAL TARGETS 2008/09

		Maximum Points Available
1.	Complete joint venture agreement with Falkirk Council for Tamfourhill/TFW site	10
2.	Complete all necessary training/alterations and announce publicly that certified user groups will be able to self operate Lowland locks in 2009/10 season	10
3.	By 29 September sign partnership agreement with Falkirk Council for delivery of Helix Project having first obtained Board and Scottish Government approval	5
4.	Achieve attractions (Falkirk Wheel) CBIT of -£160k (2007/08 -£270k) CBIT of -£210k no points 1 point for every £10k better than -£210k	5
5.	Achieve partnership agreement between BW, local authority and H20 Urban for the regeneration of Ardrishaig	5
6.	Exceed Business Plan CBT target of £-350k for 2008/09 1 point for every £50k improvement to a maximum of 5 points	5

JIM STIRLING – PERSONAL TARGETS 2008/09

		Maximum Points Available										
1.	Work with Finance Director to develop a stewardship score which will have been endorsed by the Board and Defra and measurement begun by March 2009	5										
2.	Achieve an overall business score of at least 75% for environmental compliance by March 2009	5										
3.	Devise a model that is verifiable and that is endorsed by the Board that demonstrates the consequences of underspending on steady state											
	<table style="margin-left: auto; margin-right: auto;"> <tr> <td>Less than 60%</td> <td style="text-align: right;">0 points</td> </tr> <tr> <td>60% to 65%</td> <td style="text-align: right;">2 points</td> </tr> <tr> <td>66% to 70%</td> <td style="text-align: right;">3 points</td> </tr> <tr> <td>71% to 74%</td> <td style="text-align: right;">4 points</td> </tr> <tr> <td>75%</td> <td style="text-align: right;">5 points</td> </tr> </table>	Less than 60%	0 points	60% to 65%	2 points	66% to 70%	3 points	71% to 74%	4 points	75%	5 points	5
Less than 60%	0 points											
60% to 65%	2 points											
66% to 70%	3 points											
71% to 74%	4 points											
75%	5 points											
4.	Devise and implement a reporting structure that generates a year end report which will demonstrate what actual works have been achieved through major works and core waterway spend compared to business plan targets. Report to be on financial spend and physical outputs	5										
5.	Achieve a 25% reduction in lost time injuries to BW employees. 2 points for every 5% reduction	10										
6.	Complete 90% of authorised (AR completed) major works within budget. 81% achieved, 1 point Then 1 point for every percent improvement to 90%	10										

MARK BENSTED – PERSONAL TARGETS 2008/09

		Maximum Points Available
1.	Savings in office costs to be achieved in 2008/09 and subsequent years Minimum saving of £100k achieved in 2008/09 Business Plan C – 2 points £500k savings achieved in 2009/10 plan from 2008/9 plan (1318k) – 2 points A further 2 points for every £100k savings achieved.	10
2.	Obtain outline planning consent for Wood Wharf proposal and detailed planning consent for phase 1	10
3.	Achieve London EVC target (adjusted for IPD benchmark at year end) BP8 target (£7,662k) 1 point for every £100k achieved above (adjusted) target	10
4.	Achieve settlement with Thames Water for abstraction on River Lee Annual Payment of £[xx]m achieved – 1 point Annual Payment of £[xx]m achieved – 2 points Annual Payment of £[xx]m achieved – 5 points Annual Payment of £[xx]m achieved – 8 points Annual Payment of £[xx]m achieved – 10 points	10
5.	Deliver Olympic Lock construction and no more than current Board agreed BW contribution No points for contribution above £[xx]m 1 point for every £100k below £[xx]m	10

NIGEL JOHNSON – PERSONAL TARGETS 2008/09

		Maximum Points Available
1.	Obtain Board approval to a 2020 Strategy that is suitable for putting out to public consultation. Target Date: end November 2008.	5
2.	Complete all stages leading up to, and achieve publication of, official notices in London and Edinburgh Gazettes of reclassification proposals for Kennet & Avon Canal; Forth & Clyde Canal & Union Canal. Target Date: end February 2009.	10
3.	Complete redraft of existing England & Wales Byelaws to form suitable for new terms to be approved by the Board. Target date: end 08/09 financial year.	10
4.	Deliver all necessary legal, regulatory & advisory input to a new residential moorings policy sufficient to obtain Board approval. Target date: end 08/09 financial year.	5
5.	[Information omitted on grounds of professional legal privilege]	5

VINCE MORAN – PERSONAL TARGETS 2008/09

		Maximum Points Available
1.	Increase volunteer days by 50% from 10k days per annum to 15k days per annum	
	Less than 20% increase 0 points 21% to 30% increase 3 points 31% to 40% increase 4 points 41% to 50% increase 5 points	5
2.	Put in place combined general works and/or vegetation management contracts for 2009/10 to deliver 20% savings on existing expenditure. Minimum saving £750k	
	Saving less than £750k or 10% 0 points 10% to 15% saving 4 points 16% to 19% saving 8 points 20% saving 10 points For every % above 20% 1 point to maximum of 5 points	15
3.	Achieve an overall business score of at least 75% for environmental compliance by March 2009	
	Less than 60% 0 points 60% to 65% 2 points 66% to 70% 3 points 71% to 74% 4 points 75% 5 points	5
4.	Devise and implement a reporting structure that generates a year end report which will demonstrate what actual works have been achieved through major works and core waterway spend compared to business plan targets. Report to be on financial spend and physical outputs	5
5.	Increase utilities CBT from £19m in plan 1 point for every £200 over plan up to maximum of 10 points	10
6.	Increase contribution from Waterside Pub Partnership from £213k in plan 1 point for every £10k over plan up to a maximum of 5 points.	5

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BRITISH WATERWAYS

REMUNERATION COMMITTEE

**Minutes of the meeting of the Remuneration Committee
held at The Hilton Hotel, Glasgow on Wednesday,
5th June 2003 at 12 noon**

Present:

Sir Peter Soulsby – Chairman
Mr. C. Christie
Dr. G.P. Greener
Mr. I.M. Darling

In Attendance:

Mr. R. Evans
Mr. V.P. Moran
Mr. C. Howells

Apology

Mr. T. Tricker

1. Minutes

The Minutes of the meeting held on 4th December 2002 were confirmed.

The Personnel Director tabled a note of the key issues discussed at the Committee's informal meeting on 24th March 2003.

2. Matters Arising

It was confirmed on Minute 2 that following the Board's agreement to the disclosure of Directors' salaries, these would feature in the next Annual Report and Accounts to be published in July.

On Minute 5, Mr. Moran advised that advance indications of the content of the Inland Revenue's White Paper on Pensions had led to the decision not to proceed with the creation of a FURBS arrangement for Executive Directors. Work on the pensions earnings cap was proceeding with Towers Perrin and the actuaries and this suggested there could be implications for more than just the Directors and might therefore need to be referred to the Board.

3. Review of Executive Directors' Corporate and Individual Performance 2002/03

The Committee reviewed the Executive Directors' corporate and individual performance in 2002/03.

It was agreed the Executive had achieved the necessary performance level in relation to customer satisfaction, waterway standards and safety backlog to pass the corporate hurdle.

On overall performance whilst the corporate income target for full bonus of 17½% was achieved, the Committee supported the Chief Executive's recommendation that this be reduced to 13% in view of the failure to deliver the safety target. This was felt to be an appropriate signal to the Executive team.

Following a review of individual performance the Committee agreed the base salary and bonus for each Director (table below).

The Chief Executive subsequently reviewed again the personal bonus for the Communications Director and the figure shown is the revised level.

The bonus for the Technical Director will be part of the agreed termination arrangement.

The Committee welcomed the objective analytic approach which had been adopted by the Chief Executive in setting out the performance of the Executive team.

Mr. Evans then withdrew whilst the Committee considered an assessment by Dr. Greener of his personal performance in 2002/03 as Commercial Director from April to December and Chief Executive from January to March. Following a review the Committee agreed the base salary and bonus included in the table.

	Current Salary £k	2003 Salary £k	% Increase	Corporate Bonus %	Personal Bonus %	Total £
R. Evans	158	165	4.4	13	8	33,180
J. Froomberg	130	130	-	-	-	
M. Smith	110	125	14	13	12	27,500
S. Sim	117	121	3.5	13	6	22,250
N. Johnson	105	120	14	13	10	25,200
S. Salem	88	95	8	13	6	16,720
V. Moran	88	105	20	13	10	20,250
B. Schlegel	95	95	-	13	2	14,240

4. Performance Targets 2003/04

The consideration of performance targets for 2003/04 was deferred to a meeting to be held shortly.

5. Date of Next Meeting

Wednesday, 9 July at 2 p.m. at 1 Queen Anne's Gate, London.

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**BRITISH WATERWAYS BOARD
REMUNERATION COMMITTEE**

Minutes of the meeting held on 9 July 2003

Present:

Sir P Soulsby – Chairman
Mr C Christie
Mr I M Darling
Dr G P Greener

In Attendance:

Mr R Evans
Mr V P Moran
Mr M Smith

Apologies:

Mr T Tricker

1. Corporate Targets

The Finance Director gave a presentation (copy attached) outlining the financial performance targets for 2003/4 explaining the various forecasts and assumptions that had been made by the Executive team in building up the income budget. The Finance Director was able to show the first quarter forecast as information was now available much quicker with SAP technology.

The Finance Director referred to the underlying growth in leisure and core activities after the removal of a range of one-off items which comprised mainly arrears of income from utility payments. The resulting income growth ranged from £125m in 2001/2 to £143m in 2002/3 and £148m forecast for 2003/4.

Dr. Greener acknowledged the positive trend but emphasised that actual performance levels were key. He referred to the significantly lower levels of projected income from regeneration projects which varied considerably from earlier forecasts. The Chief Executive said that current forecasts and targets were more realistic than past estimates which were speculative. He was determined to achieve the current forecasts basing his confidence on the greater understanding of regeneration funding. He said achieving HLF funding for the Cotswold Project was vital.

The Finance Director concluded his presentation by explaining the key achievements necessary to generate the planned income and external risk factors involved. In conclusion the Finance Director said that he was convinced that the budget levels for 2003/4 were challenging and realistic. The Chief Executive said that achieving the budget level would be a real challenge for the Executive team and 100% achievement would of course relate to consideration of half corporate bonus with full bonus only considered if 102% or more income against budget was achieved.

The Committee members considered the presentation and supporting comments from the Chief Executive and discussed the importance of understanding the make up of different elements of total income. They confirmed that total income was critical, as it was the single best indicator of performance comparable to some degree with the creation of shareholder value. The Committee agreed that judging corporate performance would always involve consideration of financial aspects together with events within the business and externally. They confirmed that total income achieved would be the first indicator of performance with each element of income type providing indicators on which to base an overall judgement of performance.

The Committee welcomed the open relationship developed between the Executive team and the Committee, improvements to business planning that were taking place and the initiatives to introduce economic value added analysis that would improve information and the consideration of corporate performance.

Following further discussion the Committee accepted the income targets presented as the targets for corporate performance in 2003/4.

2. Measuring Customer Satisfaction

The Committee referred to the paper by the Marketing and Communications Director presented at the previous meeting and accepted the four measurement areas recommended – Attractions and priority sites/Towpath users/Boat owners/Boat hirers – together with Customer Licence and Moorings satisfaction.

Sir Peter said that the Committee expected positive net satisfaction in all areas for the customer satisfaction "hurdle" to be achieved.

The Chief Executive confirmed in response to questions from Dr. Greener that future trends would be comparable to past data and that he was confident that the internal marketing team could deliver to expectations. Dr. Greener noted that measurement was a mix of internal and externally undertaken measurement and asked why all measurement was not undertaken by external resources as this could improve public perception. The Chief Executive said that where internal resources were used they worked to external protocols and he was satisfied that the processes were robust. It was accepted that the Chief Executive would keep this aspect under review updating the Committee as necessary at future meetings.

3. Performance Target Timetable

The Chief Executive recommended that it would be appropriate to bring forward the corporate review to December/January to coincide with the early stages of the annual 3 Year Plan preparation. The key success factors incorporated in the 3 Year Plan formed the basis for corporate and individual targets and these could be agreed for the beginning of each financial year. The Chief Executive believed this was more appropriate than waiting until the May Committee meeting to begin discussions on targets when the performance year was already underway. The Committee agreed to meet in December/January

4. Personal Targets

The revised personal targets were reviewed. Dr. Greener outlined his rationale for setting three key targets for the Chief Executive involving leadership success, achieving increased visitor numbers and improving management processes.

The Committee suggested that the Commercial Director should have a key target associated with visitor attraction performance.

Safety performance was discussed and it was agreed that as safety was now included as a "hurdle" factor it should not be specified further for the Chief Executive but the Committee anticipated that each Operating Director would have safety as a fundamental personal target.

Finally the inclusion of the Scottish watergrid bill as a key target for the Legal Director was queried and further explanation would be provided.

The Personnel Director circulated a document (copy attached) outlining the framework for performance target setting that would be used throughout the business to ensure that all performance targets aligned with strategic targets.

5. Future meeting

An informal meeting was recommended for November to review progress and prepare for a formal meeting in December/January as discussed above.

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**BRITISH WATERWAYS BOARD
REMUNERATION COMMITTEE**

Minutes of the meeting held on 10 February 2004

Present:

Sir P Soulsby – Chairman (PS)
Mr C Christie (CC)
Mr I M Darling (ID)
Dr G P Greener (GG)
Mr T Tricker (TT)

In Attendance:

Mr R Evans (RE)
Mr V P Moran (VM)

1. Informal Meeting – 9 December 2003

The key points from the meeting were noted. RE confirmed that a meeting with the Committee Chairman had taken place and the Head of Audit was working on a process to validate performance outputs for presentation at the May meeting.

VM confirmed that Towers Perrin had been commissioned to evaluate Operating Director and Technical Director roles during March. They were also researching the remuneration data necessary for the May meeting.

2. Remuneration Committee Terms of Reference

In line with the Board's review of Corporate Governance draft amended Terms of Reference for the Remuneration Committee were considered. Following discussion a number of improvements to be document were approved for agreement by the Board (amended document attached).

3. Operating Directors Terms and Conditions of Employment

Following agreement in principle to align Operating Directors terms and conditions with those of the Executive Directors to reflect the Chief Executive's Top Team structure, the Personnel Director's detailed implications paper was approved. It was agreed that the new contracts for Operating Directors should include explicit reference to the individual requirement to mitigate losses in the event of termination of employment.

4. Pension Developments

The Personnel Director's paper outlining potential changes to pensions taxation and likely implications for existing and future employees was noted. GG emphasised that the "promise" to supplement where necessary the pensions of existing Directors was still in place irrespective of the materiality of the "promise" given potential taxation changes.

5. Directors Performance Targets 2004/5

5.1 Corporate Targets

RE confirmed that the Corporate Targets for business performance would result from the approved 3 Year Plan at the March Board.

5.2 Personal Targets

RE presented draft targets for each Director and explained that at this stage he was looking to agree the broad approach and thrust of targets with the Committee. He said following discussions the wording of targets would be refined as would the measures for Audit validation. RE said that it was important to agree the broad approach at this stage to facilitate the cascading of key targets throughout the business. He went on to outline the discussions he had undertaken with Directors to clarify the differentiation of "day job" aspects from bonus targets. He explained that he was determined to identify two or three significant elements of a Director's performance that would really make a difference to BW's development and growth.

He explained that in some cases he was targeting a Director to significantly improve performance in an area of individual weakness or potential weakness. He acknowledged that such targets could be perceived as "day job" issues but where they applied success would make a real difference to BW's performance and that of the Director in a sustainable way. He illustrated the issue by reference to the Director, Scotland, Commercial Director and the Southern Managing Director.

RE said that he intended to develop a simple scoring regime to demonstrate to the Committee his assessment of performance for each Director and that as much as possible would be audited.

TT supported the greater involvement of Audit but emphasised that it must not replace the Chief Executive's judgement and also referred to improvements required in customer survey information particularly with reference to improving customer perception.

PS established that the Committee supported the Chief Executive's approach to target setting and it was agreed that two to three key bonus targets should apply to each Director. It was noted that links from these targets to the BW risk assessment process would be established.

The Committee then considered the proposed targets for each Director individually (the Personnel Director left the meeting during consideration of his targets). It was noted during discussion that the setting of safety as an overarching "hurdle" target removed the need to set individual safety targets for bonus purposes.

RE undertook to review and revise as necessary the Directors personal targets taking account of issues discussed during the meeting. He said that finalised targets would be circulated to enable final approval at the May meeting.

6. Any Other Business

There was no other business.

7. Date of Next Meeting

(need to agree a date in May)

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**BRITISH WATERWAYS BOARD
REMUNERATION COMMITTEE**

Minutes of the meetings held on 28 May, 1 & 2 June 2004

Present:

Sir P Soulsby – Chairman (PS)
Mr C Christie (CC)
Mr I M Darling (ID)
Mr T Tricker (TT) (for 28 May meeting only)

In Attendance:

Dr G P Greener (GG)
Mr R Evans (RE)
Mr V P Moran (VM)

Apologies for Absence:

Janet Lewis-Jones
Terry Tricker (for 1 & 2 June meetings - due to family illness)

PS began by suggesting an amended order for addressing the issues on the agenda:

1. Towers Perrin Report

PS referred members to the Towers Perrin report that had been circulated and it was agreed that Towers Perrin's input was regarded as reliable with a good understanding of the complexities of BW's activities.

RE presented the report which covered market comparison of BW with companies with similar turnover. He explained that the appropriate comparison this year was with companies with turnover of £170M. He said that the Towers Perrin analysis had been made, in line with their policy, using BW's actual turnover for 2003/04 which was £190M and the comparator figures had been adjusted to reflect £170M to potentially discount grant as the Committee had established in previous years.

ID and CC queried the comparator data used by Towers Perrin and VM confirmed that in line with previous advice comparison with private sector organisations had been used. Following discussions it was agreed that an understanding of BW's position in comparison with public sector organisations would be useful. VM undertook to liaise with Towers Perrin on this.

ID raised the question of longer term bonus arrangements and a discussion of the move to EVC concluded that this supported longer term principles and EVC would effectively establish "phantom" business metrics.

TT stressed the importance of ensuring that corporate targets were balanced given the complexity of BW's activities. RE said that with EVC as the driver of value creation and overhead control he was confident that additional value created would be ploughed back into the business to develop corporate requirements rather than increase overhead expenditure.

PS noted that the market remuneration comparisons presented by Towers Perrin indicated an increasing risk of directors' remuneration falling behind the market with the associated increased risk of retention within the executive team. He said that this would be a key point in briefing the Board.

During a discussion of the wider content of remuneration within BW, VM outlined that Towers Perrin had been used, in addition to director analysis, to evaluate the key role of General Manager, which was used as a benchmark indicator for senior management remuneration. He explained that the Pay Bands for all other employees were reviewed regularly using Hay market data. VM said that the average salary increase for senior managers would be around 4.5% and pay bill increase for all other employees would be around 3.5% with increases ranging from 0% to 5%.

2. Corporate Hurdles

RE referred to his report on the performance of the business and data presented on customer satisfaction indicators. He explained that data collection had changed during the year and he suggested that the detailed data analysis indicated that customer satisfaction had remained broadly level during the year.

TT expressed concern that the data available on customer satisfaction was not as comprehensive as it could be and that it was vital that data improved during the year. RE confirmed that comprehensively reporting on customer satisfaction was a key issue he would be addressing during 2004.

GG commented that as Chairman of BW he needed to be assured that customer satisfaction could be satisfactorily explained at the Annual Meeting. A detailed and robust debate took place which concluded that insufficient assurance had been provided to allow the Committee to be satisfied on the issue of customer satisfaction. RE undertook to review further and provide more information at a further meeting.

With regard to the safety hurdle, PS established that the Committee was satisfied with progress on improving safety. Referring to waterway standards data RE undertook to provide a fuller explanation at the next meeting.

3. Overall Corporate Performance

Referring to his report RE said that 2003/04 had been a year of significant change in BW in which the executive team had led the business successfully through the change. He said it could easily have been a different story with change used as an excuse for poor financial performance. RE summarised the performance of each business area which accumulated to an overall income achievement of £191.7M against the plan target of £188.4M. RE confirmed that in line with the Remuneration Policy this level of financial out turn would equate to a corporate bonus payment of 15% of salary for executive directors from a maximum available of 17.5%.

PS summarised the view of the Committee following discussion that 15% bonus would be applicable subject to satisfactory achievement of the fundamental hurdles. The Committee had accepted that safety performance was acceptable but required further information before customer satisfaction was accepted as satisfactory. RE said that he would provide further information at the next meeting.

4. Directors Individual Performance

PS invited GG to outline the Chief Executives performance. (RE left the meeting during this item)

GG referred to the three key targets set for the Chief Executive. He explained that the first target related to the demonstration of real leadership creating a more open organisation with honesty as a key factor. GG said that in his view most of what could have been expected had been achieved. TT said that in his view the Chief Executive had exceeded expectations and had performed excellently. PS added that it was notable how an excellent working relationship with the Chairman had been established.

GG referred to the second target related to visitor numbers on which he was pleased with progress, albeit somewhat delayed. GG said the third target was aimed to drive the development of the top team which he felt had progressed well. VM referred to the 360° feedback that the Chief Executive had asked him to acquire. He said the team were extremely satisfied with Robin as the leader and believed that the team had developed well under his leadership during the year.

GG recommended a personal performance bonus for the Chief Executive of 13% from a possible 20% maximum to reflect his overall performance in the year. The Committee accepted the recommendations.

PS recommended that in the Chief Executives absence consideration be given to his salary increase recommendation and personal targets for 2004/05. GG recommended a 5% salary increase to increase the Chief Executive's salary to £173,250 which placed the salary 7% behind the Towers Perrin benchmark level. The Committee accepted the recommendation.

GG then explained the personal targets he was recommending for the Chief Executive for 2004/05. He said that a more expansive leadership target had been developed to include consideration of impact on partners and also the Board Assessment Programme. In addition targets to drive increased visitor numbers and business change through EVC had been developed. The Committee welcomed the clear, measurable targets recommended.

RE rejoined the meeting and outlined his recommendations on the personal performance of his top team. RE referred to particular strengths and weaknesses of each member of the Team and TT added that a key criteria should be comparison to a commercial board and the retention factors which were related to this. The Personnel Director left the meeting during consideration of his personal performance. In summary the Committee approved the following personal bonus payments:

	% Bonus	Amount
R Evans	13%	£22,275
M Smith	10%	£15,000
J Froomberg	8%	£15,600
N Johnson	10%	£14,400
S Sim	10%	£14,520
S Salem	8%	£11,400
V Moran	12.5%	£12,600
D Cochrane	10%	£10,800
J Lancaster	10%	£10,800
J Stirling	8%	£9,600
M Bensted	8%	£9,600

5. Directors Salary Increases

The Chief Executive's salary increase was agreed earlier in the meeting during his absence.

RE referred to the report he had submitted covering the Towers Perrin review of market data. He said that he was not recommending the up-rating of salaries to the £170M t/o level, (with the exception of the Technical Director who was already at that level) as he judged it inappropriate at this stage due to the wider circumstances in the business. He drew the Committee's attention to the issue of salaries falling behind the market and the resulting increased risk to retention and the potential requirement at some future date to consider increasing salaries significantly to match market levels. The Committee noted the Chief Executives' comments and approved the following salary increases with effect from 1 June 2004. The approved increases were as recommended by the Chief Executive except for the Marketing & Communications Director and Managing Directors North/South, where the Committee reduced the recommended increases to reflect discussion about scale of increase and further individual development issues.

	% Increase	New Salary	Comparison to £170M t/o
R Evans	5%	£173,250	-7%
M Smith	10%	£137,000	-9%
J Froomberg	5%	£136,500	-5%
N Johnson	5%	£126,000	-7%
S Sim	3%	£124,500	+3%
S Salem	10%	£104,500	-17%
V Moran	5%	£110,250	-9%
D Cochrane	11%	£100,000	-12%
J Lancaster	11%	£100,000	-12%
J Stirling	12.5%	£90,000	-13%
M Bensted	10%	£88,000	-16%

The meeting was adjourned at this point to reconvene on 1 June.

6. Directors Pension Update

VM referred to the paper submitted outlining further potential developments in taxation issues following the recent Budget. The Committee agreed to introduce an annual review of directors' pensions to ensure that appropriate facilities are in place to support the recruitment and retention of a quality executive team bearing in mind the pension "promise" that existed.

7. Corporate Performance Targets 2004/05

PS referred to the paper proposing the EVC targets that would be used to base the judgement of corporate performance for 2004/05.

Following a discussion of the implications of moving to EVC, the auditing of EVC and the introduction of quarterly reviews by the Chief Executive, the Committee agreed the thresholds recommended by the Chief Executive. The Committee commented that the move to EVC was a very positive development. The Committee asked for assurance that assumptions used in EVC calculations were robust and requested that external audit should be asked to comment. The Committee also suggested that a Board briefing on EVC should be considered.

8. Directors Personal Targets 2004/05

RE referred to his paper on individual targets and explained that in general he had selected two key targets which he regarded as particularly stretching and "over and above" each directors "day job". He asked the Committee to recognise that circumstances might arise where the challenge or opportunity presented in the day job may take precedence over the stretch targets and he would explain fully any situation which occurred of this nature.

The Committee considered in detail the targets presented and recommended several adjustments to strengthen targets, which the Chief Executive agreed to incorporate in the targets.

At this point the meeting was adjourned to reconvene the following day (2 June) to consider in detail the issue of customer satisfaction performance in relation to the corporate performance hurdle.

9. Customers Satisfaction Hurdle Performance

RE referred to the customer survey data presented and explained that the analysis had been complicated by changes in the scoring scale. He said that he had recognised the dissatisfaction with the market research data and the proposed new arrangements (to be approved by the Board) would improve data acquisition with increased frequency of data gathering, improved questions and the move from measuring satisfaction to measuring excellence.

RE presented an updated analysis of customer satisfaction data comparing performance in 2003 with 2002. He explained that performance had generally remained stable not showing particular improvement. RE acknowledged that the presentation of customer satisfaction information to the Committee had not been at an acceptable level.

RE went on to explain that the waterway standards data resulted from self analysis by waterway units and he was not satisfied with the data presented.

The Committee referred to the definition of hurdle factors in the remuneration policy and reflected on the importance of the reputational issue that the hurdles sought to cover. RE said that he was convinced that there had not been a deterioration in customer service standards although it had not been a totally smooth year given the effects of reorganisation and issues involving licences that had been resolved.

PS acknowledged that 2003/04 had been a challenging year with the extent of change in BW and it was noted that performance could have deteriorated which may have been understandable. He said that the Committee were disappointed by the standard of reporting on customer satisfaction and the Committee felt that this indicated that the Executive team were not fully engaged in customer satisfaction matters.

Following discussion PS recommended that in overall terms the hurdles for corporate performance had been passed but that the poor reporting of customer satisfaction information was indicative of the need for the Executive to improve in this key area.

PS asked GG for his view as BW Chairman. GG acknowledged a residual feeling of discomfort regarding customer satisfaction but noted that performance had not deteriorated. He said he felt it entirely appropriate for the Remuneration Committee to exercise its discretion when making an overall judgement of corporate performance and in his view the overall situation was similar to the situation in the previous year when safety performance required discretion to be exercised.

PS recommended and the Committee agreed that the Chief Executive's recommendation for corporate performance bonus should be reduced by 20% resulting in the payment of 12% Corporate Performance Bonus rather than 15% (the Chief Executive would receive 13.5%).

10. Any Other Business

There was no further business to consider.

11. Date of Next Meeting

To be arranged.

**Notes of Remuneration Committee Meeting
26 May 2005 – Sheldon Square**

Present:

T Tricker - Chairman (TT)
C Christie (CC)
I Darling (ID)

In attendance:

G. Greener (GG)
R. Evans (RE)
V. Moran (VM)

1. Attendance

All Committee members were in attendance.

2. Matters arising from previous informal meeting

ID was unable to attend the previous meeting but wished to record his positive reaction to the Chief Executives approach to the property business area EVC outturn supporting the exclusion of some unbudgeted property gains such as the Ellesmere Port sale and the unrealised gains in excess of plan. The Committee discussed the nature of the property business area and the influence it could have on EVC and recognised the importance of the Chief Executives judgement given the propensity for variability in the property market.

3. Directors Basic Pay increase recommendations and Towers Perrin Remuneration Consultants (TPRC) market report.

The Committee reviewed the detailed report submitted by TPRC and confirmed satisfaction with the scope and content of the report. The Committee paid particular attention to the Remuneration Principles recommended by TPRC and agreed that the principles were complied with in full.

The Committee then reviewed the recommendations for Director's salary increases (RE and VM left the meeting during discussion of their individual salary reviews). The Committee referred to the agreed Remuneration Policy of moving Director's salaries towards market median levels and confirmed that Director's salaries should continue to be progressed at an appropriate rate towards market median levels. GG outlined his judgement on the significant progress being made by RE since his appointment as Chief Executive recommending that it was appropriate to increase his salary by 10% to move to around 5% below the market median progressing from 7.5% below in the previous year. RE outlined the performance of each Director and salary increases ranging from 3.2% to 15.9% were approved. This range of salary increases placed Director salaries in the range 1.5% to 12% below market median levels which the Committee judged to be acceptable taking account of retention and recruitment risk factors.

The following table summarises the position:

Name	% Increase	2005/6 Salary (£)	Comparison to £160m t/o median
Chief Executive	10.0%	190,000	-5.0%
Finance Director	-	150,000	-8.0%
Commercial Director	5.0%	143,500	-6.0%
Legal Director	4.7%	132,000	-4.0%
Technical Director	3.2%	128,500	-1.5%
Marketing & CS Director	9.0%	114,000	-12.0%
Personnel Director	6.0%	117,000	-6.0%
Managing Director (North)	6.0%	106,000	-10.0%
Managing Director (South)	4.0%	104,000	-12.0%
Director Scotland	15.5%	104,000	-3.5%
Director London	16.0%	102,000	-6.0%

The Committee welcomed the Chief Executives recommendation that a Long Term Incentive scheme should be investigated given the progress that had been made in developing BW's strategy. The involvement of independent advisers in developing a proposal was fully supported.

The Committee approved moving the salary review date to 1 July from 2006 in line with the change that had been made for all other employee groups to fit better with overall performance management processes in the business. It was agreed that the salary increases approved would be inclusive of compensation for this contractual change.

4. Executive Director Performance Bonus recommendations 2004/5

4.1 Corporate Performance Bonus

RE summarised his overview of business performance and the Committee were particularly impressed with the list of "High, Noteworthy and Low" outcomes (list attached at Appendix 1). The table summarising EVC outturn was considered which indicated the maximum outstanding level of performance (table attached at Appendix 2).

RE referred to his overall assessment of performance against the fundamental hurdles of safety and customer satisfaction and explained that given the disappointing levels of performance he was recommending that Corporate Performance bonus payments for Directors should be reduced by 50%. This reduction would result in the award of 8.75% (10% for Chief Executive) rather than the maximum of 17.5% (20% for Chief Executive) linked to EVC outturn. It was noted that the EVC based bonus payments for senior managers would be reduced by an average of 20% to reflect their collective responsibility for safety and customer service.

4.2 Director's Personal Performance Bonus

TT welcomed the comprehensive reports submitted on the performance of each Director and in particular the value of the Internal Audit input to the measurement of performance factors.

GG described the Chief Executives performance (RE left the meeting) referring to the three key performance targets set. He explained that he had applied a weighting to each target and he outlined how the Chief Executive had fully achieved one target, partly achieved one and missed one target. GG judged that overall the Chief Executive's personal performance warranted 14% bonus from the 20% maximum available.

RE summarised his assessment of each Director's performance (VM left the meeting during discussion of his performance) and his recommendation for a range of awards from 8% to 12% from the 12.5% maximum available. Following discussion the Committee requested reduction of the recommended awards for the Legal and Technical Directors and increase in the award for the Personnel Director. The Chief Executive accepted the Committee's recommendations.

The following table summarises approved total bonus payments:

Name	Total Bonus (£)	%
Robin Evans	41,580	24.00
Mark Smith	28,428	20.75
James Froomberg	28,324	20.75
Nigel Johnson	22,365	17.75
Stewart Sim	22,099	17.75
Simon Salem	19,594	18.75
Vince Moran	22,877	20.75
Derek Cochrane	17,750	17.75
John Lancaster	16,750	16.75
Jim Stirling	17,775	19.75
Mark Bensted	18,260	20.75

5. Corporate Performance Targets 2005/6

The Committee accepted the Chief Executives outline of EVC targets totalling £13.5m positive EVC. It was noted that full Corporate bonus would require £4.05m improvement in EVC performance above plan in 2005/6

6. Director's Personal Performance Targets 2005/6

The Committee accepted the Personal Performance Targets noting the direct link to the 3 Year Plan priorities and milestones.

7. Draft Directors Remuneration Report

The Committee noted the draft report for inclusion in the Annual Report and Accounts and asked the Personnel Director to refine the draft to included relevant aspects covered during the meeting.

8. Finance Director Appointment

The Committee noted the details of the remuneration package agreed for the new Finance Director.

9. Director's Pensions

The Committee accepted the Personnel Director's paper recommending that Directors should be partly compensated for the effect of the change in pension scheme retirement age. It was accepted that Directors had reduced flexibility to mitigate the effect of the change due to their contractual requirement to retire at age 60.

10. Date of next meeting

Date to be agreed likely to be during November 2005.



**British
Waterways**

CONFIDENTIAL

REMUNERATION COMMITTEE

MINUTES OF THE MEETING HELD ON 23 MAY 2006 AT PADDINGTON

Present:

T. Tricker – Chairman (TT)
C. Christie (CC)
I. Darling (ID)

In Attendance:

T. Hales (TH) – part meeting only
R. Evans (RE)
V. Moran (VM)

1. Attendance

All Committee members were in attendance with ID attending via video link.

2. Matters arising from previous meeting

There were no matters arising.

3. Corporate Performance

The Committee agreed to consider Corporate Performance first as this had an influencing affect on all aspects of remuneration.

The Chief Executive paper was noted which outlined the outstanding financial performance of the business measured by EVC outturn with performance highs, noteworthy and lows indicated.

Given the clear outstanding financial performance the Committee gave particular attention to the fundamental hurdles of safety and customer service to ensure that financial success had not been achieved at the expense of these key reputational factors.

Referring to the safety hurdle TT said that high improvement aspirations had been set with 30% reduction in reportable accidents as a key indicator. He said the achievement of 25% reduction was very commendable.

CC said that although safety performance had undoubtedly improved he had some concerns that the target for reduced reportable accidents had not been reached. The Committee debated the level of specificity involved in the fundamental hurdles and welcomed the open style of reporting by the Chief Executive. RE reminded the Committee of the action taken last year to apply wider judgement and reduce bonus payments although some elements of safety performance had been good.. It was confirmed that the application of judgement was critical in assessing the overall performance against hurdle indicators.

The Committee concluded that the safety hurdle had been satisfactorily passed.

The Committee then considered the customer service hurdle and TT reminded the Committee of the presentation of the recent annual Customer Service Report to the Board. ID expressed interest in the background to trade relationships that the Chief Executive had outlined referring to estate management practices and resources. TT explained that the performance of the National Marina Unit had significantly improved matters and was proving to be a tremendous success.

CC was concerned that visit numbers had reduced as this was a key performance measure and he asked the Chief Executive whether he was satisfied that customer service was progressing appropriately given that excellence scores were slow to improve. RE responded by referring to the volatility of visit numbers explaining that the count at financial year end showed an increase when compared to the numbers quoted in the annual Customer Service report which had been taken at calendar year end. He said that it was fair to challenge the pace of progress towards doubling the number of visits and said that the plan had always been to concentrate on the basics in the early years with marketing to follow from 2007 onwards. He added that when the target for doubling numbers had been set he had anticipated more progress by now but he was convinced that not all data was being captured particularly from urban regeneration sites. On excellence ratings RE said that he emphasised this measure to counteract any complacency effect of overall high satisfaction scores.

The Committee accepted that the customer service hurdle had been passed.

TT remarked that the robust discussions on safety and customer service performance had delivered exactly what was intended from the introduction of fundamental hurdles into the bonus scheme. He said that the Committee's testing and probing in these key areas ensured the protection of reputation in the area of Director remuneration.

In summary the Committee approved the awarding of full Corporate bonus to all eligible Directors.

RE made an exceptional recommendation for Stewart Sim (ex- Technical Director) to be awarded an ex-gratia bonus equivalent to the pro-rata Corporate bonus. The Committee accepted the recommendation in recognition of Stewart's long and meritorious service.

4. Directors Individual Performance Bonus

The Committee welcomed the comprehensive reports submitted for each Director and the internal audit validation of measurable targets.

RE summarised his assessment of each Director's performance (VM left the meeting during consideration of his performance). Following discussion the recommendation for the Regeneration Director was increased to 7% and the recommendation for the Director London was increased to 10% with agreement that a further exceptional award would be considered following successful conclusion of Olympic negotiations.

The Committee recognised that the Chief Executive had reasonably assessed both Directors performance against the targets that had been set but felt that the London Director's significant contribution to developments in London and the Regeneration Director's significant success during the year with major schemes should be additionally recognised. The Chief Executive welcomed the Committee's input and concurred with the views expressed.

TH described his assessment of the Chief Executives personal performance (RE left the meeting) outlining total success on the financial target with 50%+ success in the other two key targets. The Committee agreed that this level of performance coupled with the Chief Executives strong and continuing development warranted 15% bonus from the 20% maximum available.

The following table summarises the approved total bonus payments:

Director	Corporate Bonus	Personal Bonus	Total Bonus
Robin Evans	38000	28500	66500
Philip Ridal	N/A	22500	22500
James Froomberg	25112	17220	42332
Nigel Johnson	23100	13200	36300
Jim Stirling	22750	13000	35750
Simon Salem	19950	10260	30210
Vince Moran	22750	11700	34450
Derek Cochrane	18550	7420	25970
Mark Bensted	17850	10200	28050
Steve Dunlop	N/A	10500	10500
John Lancaster	18200	6240	24440
Stewart Sim	18644	N/A	18644

5. Directors Basic Pay increases

The Committee had considered the detailed report from Towers Perrin Remuneration Consultants which provided updated market comparison data.

Following discussion the Committee accepted the Chief Executive's recommendations (and Chairman's recommendation for the Chief Executive). During discussion the Chief Executives initial recommendations for the Director London was increased to reflect the significance of his influence and the importance of retention in the London market. The Director Special Duties salary was increased slightly to match the general salary increase level in BW. The recommendation for the Regeneration Director was reduced following discussion on the relative impact of the role..

It was also agreed that the Director London role should be reviewed further by Towers Perrin to ensure that the significant property and relationship issues were fully reflected in the market comparison. It was also confirmed that the Customer Operations Director salary increase should be backdated to 1 March 2006 without the increase influencing the bonus award already agreed.

The following table summarises the approved salary level payable from 1 July 2006:

Director	Approved salary from 1 July 2006 (and % increase)	Salary compared to market median
Chief Executive	205000 (8%)	-2%
Finance Director	160000 (6.5%)	-6%
Commercial Director	155000 (8%)	Level
Legal Director	145000 (10%)	Level
Technical Director	135000 (4%)	-2%
Mkt/Customer Director	120000 (5%)	-9%
Customer Operations Director	135000 (4%) backdated to 1/3/06	-9%
Regeneration Director	112000 (6%)	-3.5%
Director London	115000 (12.5%)	+2.5%
Director Scotland	105000	-9%
Director Special Duties	106800 (2.7%)	N/A

6. Proposed Bonus Scheme Redesign

The Committee accepted the proposals for redesigning and improving the Bonus Scheme. The need to clarify the application of hurdle factors was discussed and it was agreed that the Executive would produce an explanatory note to be included in the bonus scheme principles.

The Committee requested that further work should be undertaken on the property area performance to ensure that targets and measures were appropriate given the significance of this area of the business. It was agreed that the Property Sub-Group should be consulted for advice following which approval of the targets could be confirmed.

[A meeting with the Property Sub-Group attended by TT/TH/RE/VM subsequently took place and some additional work was agreed to be undertaken to analyse the BW Property Development portfolio to categorise property sectors so that added value targets above general market yield rates could be identified. An analysis of historical performance levels of the Property Investment Estate was also felt to be helpful. This work should enable clearer targets for the Property area performance to be identified so that an update paper could be presented to the Remuneration Committee].

7. Corporate Performance Targets 2006/7

The Committee considered and accepted the EVC (adjusted to -£11.706m following year end refinement) and CBT Revenue targets.

Following discussion, which included reference to including an employee satisfaction indicator in the customer service hurdle, the Committee agreed that the safety and customer service hurdle indicators were set at levels that would drive the Executive team to deliver improving performance.

8. Director Personal Targets 2006/7

The Chief Executive explained that all targets were focussed on delivering key aspects of the Corporate Plan. The Committee noted the targets.

9. Remuneration Report

The draft Report was approved for inclusion in the Annual Report and Accounts.

10. Head of Audit Remuneration

VM provided some additional context to explain the relative salary position of the Head of Audit and the Committee noted the salary and bonus to be paid.

11. A.O.B.

There was no further business



REMUNERATION COMMITTEE

MINUTES OF THE MEETING HELD AT DAVENTRY ON WEDNESDAY, 17 JANUARY 2007

Present:	Terry Tricker (TT)
	Campbell Christie (CC)
	Duncan Sutherland (DS)
In Attendance:	Tony Hales (TH)
	Robin Evans (RE)
	Vince Moran (VM)

1. Attendance

TT welcomed DS to his first meeting and gave some brief background on the Committee. VM to provide DS with more detail and background papers.

2. Minutes of Previous Meeting

The Minutes were accepted.

3. Matters Arising

3.1 Bonus Hurdle Explanatory Note

The Committee welcomed the note provided by RE suggesting the principle that higher management targets than hurdle levels could be set to drive the Executive and Senior Management to deliver strong performance.

3.2 Property over Benchmarking and KPI

The Committee reviewed the extract from the Commercial Director's report to the Board. During considerable discussion, the Committee explained the need to avoid overly complicating the assessment of property performance, the vital importance of external benchmarking and the requirements for the Property Sub Group to provide an overview of performance in the property area. It was agreed, that the Property Sub Group would be asked to consider at its next meeting how the IPD index could be used to provide a recognised indication of property performance in BW, taking account of BW's property mix. The Property Sub Group would be asked to report their considerations to the Remuneration Committee prior to the next meeting.

4. Corporate Bonus Targets

The Committee noted the headline update. TT said that he would remind the Board, during the consideration of the Annual Safety Report at the following day's meeting, of the significance of this report for remuneration purposes. RE explained that the Executive had recently decided to spend around £3.5m on infrastructure improvement rather than carry over 'profit'. He said, he would explain this and its impact on EVC in more detail at the next meeting.

5. Directors' Personal Performance Targets

RE confirmed that the Head of Audit would shortly start the check on personal performance target outputs.

6. Age Discrimination

The approach outlined in the paper was accepted.

7. Restoration & Regeneration Director Early Retirement

The Committee noted the termination package.

8. Any Other Business

TT raised the issue of Long Term Incentive Schemes that the Committee had previously considered and referred. He said, that with the further development of BW's Strategy and the forthcoming Comprehensive Spending Review, it could be appropriate to review the issue. RE undertook to prepare some ideas in principle for consideration.



**British
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REMUNERATION COMMITTEE

MINUTES OF THE MEETING HELD AT SHELDON SQUARE, LONDON ON FRIDAY, 27 APRIL 2007

Present:	Terry Tricker (TT) Campbell Christie (CC) Duncan Sutherland (DS) John Bywater (JB)
In Attendance:	Tony Hales (TH) Robin Evans (RE) Vince Moran (VM)

1. Minutes of Previous Meeting

The Minutes were accepted.

2. Matters Arising

TT referred to the Internal Audit check of Directors' personal performance targets and confirmed that he had received a copy of the Audit report which supported the Chief Executive's assessments later in the meeting. It was agreed that the report would be circulated with the Minutes.

3. Executive Directors Bonus Recommendations 2006/07

TT referred to the report submitted by the Chief Executive which made clear that the financial performance of the business had been outstanding although there were issues related to safety and customer service performance that required detailed consideration. On behalf of the Committee he expressed appreciation for the Executive's efforts in what had been a difficult year in many respects. TT asked RE to summarise the key points in his report for discussion. RE referred to his report which included his assessment of performance "Highs" and "Lows" during the year together with an analysis of overall financial performance and property performance benchmarked to IPD. RE explained that performance had significantly exceeded targets through a combination of strong commercial performance and efficiency improvements. He referred to the exceptional improvement in employee safety with 56% reduction in reportable accidents but he also referred to the disappointment on management of contractors compliance.

RE commented on the disappointing Customer Survey results which although showing improvements in some areas the results did not seem to match the effort that was being expended which was difficult to explain. He said the reduction in volume of visits was of particular concern and the forthcoming marketing campaign would begin to address this.

Overall RE said that 2006/07 had been a good year with strong commercial performance and an improving infrastructure. He expressed frustration that the grant cut had created an air of failure within and outside the business.

In concluding his report RE said that taking account of overall safety and customer service performance, he was confident that both hurdle indicators had been passed but he felt that corporate bonus elements should be reduced by 25% to reflect the less than fully satisfactory performance.

In response TT welcomed the open reporting style and said he found the "Highs" and "Lows" approach particularly helpful. He referred to the issue with management of contractors and asked for a quantification of risk.

RE emphasised that actions were taken to reduce the risks from small contractors immediately after the K&A incident. He outlined the changes that were introduced including the introduction of an externally verified contractor assessment process. RE said he was confident that risks had reduced substantially but the extent of the change to achieve full compliance had been underestimated. VM added that the majority of contract letting had been taking place at supervisor level which was a weakness that had been addressed in the business restructure. RE said that with hindsight a progression to full compliance may have been a more sensible target.

The Committee reflected on the principles of the safety and customer service hurdles and the requirement for judgement to be applied to ensure that these fundamental aspects were not sacrificed for financial performance. JB asked if the 25% reduction proposed by the Chief Executive was fair given that some roles would have had more impact than others. RE said that the collective responsibility of the executive team was critical in his view.

CC referred to his trade union background and concerns that executive and senior pay was generally growing faster than that of the general workforce. He said that the BW executive pay policy had been arrived at through long running discussions and the reputational aspects of safety and customer service were key to the robust application of the policy. He welcomed the excellent progress on employee safety and noted that this had been marred by the implementation of management of contractors process which could have resulted in another tragedy. He agreed with RE's description that customer service performance had been disappointing and he was concerned that the target for doubling the number of visits was not on track to be achieved. CC added that the employee survey results although expected were also concerning. CC said that in his view the dreadful relationship with Defra also had to be taken into account. He said that he was not yet convinced that there was a case for any bonus payments taking all factors into consideration.

DS referred to the Defra relationship and raised concerns about the effectiveness of BW public relations activities. TH reminded the Committee that the Board had instructed the executive to resist the grant cuts that were proposed. He said BW had magnificent support outside Defra and he was concerned that the issue of Defra relationships was being considered. TH also commented that although Committee discretion was important he had some concerns about the potential to continually increase hurdles in the bonus scheme which added complexity for the Committee and the executive team.

CC said that private sector bonus schemes benefited from simpler to measure metrics of shareholder value whereas a key factor for BW was public reputation.

RE commented that BW's standing was high but Defra simply could not allocate the money that was required and they reacted strongly against the campaign that users were organising.

JB indicated that a key factor for him was the actions of the executive team who had responded as directed with robustness to Defra and it was almost inevitable that the relationship had deteriorated.

RE responded to comments about the marketing of BW and reminded the Committee that the agreed Marketing Strategy was to promote waterways rather than BW corporately. He said that the many changes that were being implemented created negative reaction which had to be managed referring to the creation of BWML and the initial reaction of the marine industry which had now been turned around. He said this year Defra was the main negative aspect whereas next year it was likely to be boating customers reacting against price increases. He said he was clear that the executive's job was to identify change, obtain Board support and implement successfully although some changes would inevitably generate negative reaction. The easy option might be to avoid dealing with contentious issues.

TT commented that it was not appropriate to penalise the executive team for acting in line with Board instructions. He referred to reduced employee satisfaction levels as a direct consequence of the drive for cost reduction. He added that the strategy to increase visits was clearly based on a period of concentration on getting the infrastructure condition improved followed by active marketing which would take place from 2007/08 onwards.

DS said that in his view national as well as local publicity was required.

RE said that although he accepted that the Committee had discretion to exercise he was concerned that bonus quantum rather than performance may be influencing Committee decision making. He said that the bonus amounts recommended were a direct result of applying the remuneration policy and if the Committee were uncomfortable with the amounts, then the policy may need to be reviewed.

TT responded that in his view financial performance had been outstanding, that the understanding of the track condition had improved greatly and that the organisation structure had been aligned to deliver future benefits. He said that customer service results were difficult to understand but not massively damaging and he accepted that the management of contractors issue was a concern.

CC said that he could accept that the hurdles had been cleared but in his view they had been hit hard on the way. He said that Defra relationships were not optional extras as they were the principal funder and statutory body. He was concerned that a key objective to achieve a contract with government was not possible due to deteriorated relationships which was a key area of executive responsibility.

RE replied making clear that if he had thought the Defra issue would be regarded in such a way he would have accepted the grant cut. He reminded the Committee that the executive had analysed that the grant cut could be accommodated but the Board were clear that it should be resisted. Referring to government contract, he said that the executive desperately wanted a contract but Defra's terms were unacceptable and there was no mutual benefit.

TT said that he did not think that the executive could have acted better to deliver the instruction the Board had issued on grant reduction and he felt the team had performed remarkably well in the circumstances.

DS said he was clear on the financial performance but wanted more information to support the 25% reduction in bonus that was proposed.

RE said the excellent financial performance was clear and the question was had this been achieved at the expense of safety and/or customer service. He said he had judged that the year's performance on hurdle issues was not perfect but was not say half satisfactory nor 90% satisfactory and he felt 75% satisfactory was reasonable in all the circumstances.

TT asked the Committee to consider what recommendation they would make if they were in the Chief Executive's position with all the information he had at his disposal. He said he did not feel that no bonus or even half bonus would be a reasonable decision and he felt that 75% was probably about right.

TT said that motivating the executive team was a significant factor to take into account and he felt that some directors would regard a 25% reduction as harsh given the performance of the business during the year. However, he was well aware that decisions on bonus payment must stand up to external scrutiny.

TT asked the Committee for their decision on bonus payments and the Chief Executive's recommendations were unanimously accepted.

3.1 Executive Director Personal Bonus Recommendations

RE summarised his assessment of each director's performance (VM left room during discussion of his performance) and the Committee accepted the assessments and awarded bonus payments in the range 6.5% to 8% from a potential 10%.

TH covered the personal performance of RE (he left room during the discussion) recommending 7.5% to reflect performance against personal targets and strong leadership.

As indicated earlier, the internal audit of personal performance is attached.

4. Directors' Basic Pay

TT welcomed Towers Perrin representatives to the meeting to present their annual market benchmarking report. They explained that remuneration benchmarking was core business for Towers Perrin and outlined their use of Monks data together with their own data. Towers Perrin outlined their interviews with BW property professionals to understand the nature of key property related roles (Commercial Director, Head of Property, Property Manager N/S and Director London) and also their market comparison of BW executive positions.

They explained that their first analysis of executive positions had used a BW turnover assumption of £237m which was a forward looking analysis based on planned turnover rather than the usual historical analysis based on £180m actual turnover.

Amended data based on £180m turnover was presented which indicated around 4% reduction in median salaries compared to £237m turnover.

TT questioned the apparent lack of direct comparisons by company mix commenting that median salary levels appeared high.

Towers Perrin explained that Monks data compared smaller companies with FTSE100 companies excluded. This data was cross referenced with Towers Perrin proprietary data which is well tested information of high validity.

TT asked why additional data to Monks was used. Towers Perrin said that it increased validity to use as much data as possible for cross referencing and their proprietary data was more detailed. They explained that the cross referencing had had a neutral effect on the outcome of data. Referring to the property roles Towers Perrin were asked to outline the companies used in benchmarking and they summarised the companies used for comparison.

JB commented that it was difficult to match BW property activities with companies on the comparison list as risk exposure levels were very different.

The Committee discussed various aspects of property remuneration including JV involvement and BW's supervisory role, risk levels, possible public sector comparisons and labour market for future recruits.

TH summarised the debate by reference to the different drivers of performance in BW which covered market issues, internal perspectives and wider stakeholder considerations. He said that looking ahead he saw a complex remuneration agenda which would need to deliver a fair and justifiable remuneration policy taking account of BW's involvement with property but also the importance of driving efficiency and improving track condition. He added that understanding the pension value was also significant in the overall remuneration mix.

TT said that the current remuneration policy which had been in place for 5 years had encouraged great change in executive performance and quality of the executive team and it was now appropriate to review the policy needed for the future. TH undertook to lead the review.

Following discussion the Committee agreed that the Chief Executive should review executive salaries using an overall basic pay increase averaging 5.5% plus £5000 as an increment for the Director Scotland to reflect that his salary was not reviewed last year following appointment. In addition a further 5% bonus potential should be considered for the Property team. The Chief Executive would report his recommendations to the Chairman of the Committee for approval. (The attached table gives the approved position reached)

5. Corporate Bonus Targets 2007/08

Recommended targets were approved.

6. Executive Directors Personal Targets 2007/08

Recommended targets were approved.

7. Draft Remuneration Report for Annual Report & Accounts

The draft was approved with minor change of wording to Remuneration Policy section and recommendation for wider explanation in pension section that all pensions provided are included.

8. Director Contract Changes

Recommended changes approved.

9. Head of Audit Salary Review

Recommendation noted.

10. Date of Next Meeting

Meeting to be arranged during August to consider proposed remuneration policy changes.



MINUTES

Minutes Title Remuneration Committee
Date 11 June 2008
Venue Sheldon Square, London
Present: Maggie Carver (MC)
John Bywater (JB)
Jon Hargreaves (JH)
In Attendance: Tony Hales (TH)
Robin Evans (RE)
Vince Moran (VM)

1. Apologies for Absence

Duncan Sutherland gave his apologies.

2. Minutes of Previous Meeting

The Minutes were agreed.

3. Matters Arising

There were no matters arising.

4. Executive Directors Performance Bonus Recommendations 2007/8

4.1 Corporate Bonus Recommendations

- 4.1.1 RE summarised the report he had submitted to the Committee which outlined corporate performance during the year and presented performance "highs" and "lows". He explained that CBIT performance was below target largely due to Joint Venture performance and, therefore, there would be no bonus eligibility under this element of the annual bonus scheme.
- 4.1.2 RE said that after year end reconciliations, EVC was £4.8m which was significantly ahead of plan and even better when adjusted to compare with IPD indicators. He said that further checks against IPD would be undertaken to ensure that data timing differences were not materially effecting the comparison. He would confirm this to MC. JB confirmed that it was important in the volatile property market to be clear on comparators. JH questioned the degree of difficulty in achieving the out performance given BW property mix. RE explained that the Property Sub Committee of the Board paid particular attention to such issues and had concluded that benchmarking to IPD was appropriate.

4.1.3 RE went on to outline safety and customer service performance referring to the annual reports that had been submitted to the Board and he recommended that both hurdle indicators had been achieved. Following discussion about maintenance levels and effects on customer satisfaction, TH indicated that the development and introduction of a Stewardship Score would greatly improve judgements in this area in the future.

4.1.4 **The Committee accepted the Chief Executive's recommendation for a corporate bonus payment of 10% (15% for Chief Executive).**

4.2 Directors' Individual Appraisal and Personal Bonus Recommendations

4.2.1 RE referred to the appraisals that had been submitted and expanded on his methodology for judging overall performance (VM left the room during discussion of his appraisal). He explained that he considered performance against each personal target to arrive at a score out of 100. He said, that in some cases, he slightly adjusted this score to reflect additional factors of importance.

4.2.2 **The Committee accepted the performance assessments awarding bonus payments in the range 5% to 8% from a potential of 10%.**

4.2.3 TH covered the personal performance of RE (who left the room during the discussion) recommending 7% to reflect continuing strong leadership and performance. **The Committee accepted this recommendation.**

5. Executive Director Remuneration Review

5.1 RE introduced the review that was based on analysis and recommendations by Kepler Associates. He referred to a series of meetings that had taken place, led by MC, to fully understand the market comparators for BW Executive Director roles. RE said that the analysis had demonstrated that in relation to total remuneration package (basic pay, annual bonus, pension value, Long Term Incentive Plan), BW Executive Directors were below market median principally due to the absence of a Long Term Incentive Plan (LTIP).

5.2

5.3

5.4

The Committee stressed the need for the plan to be very clear on measures and eligibility criteria. A document fully outlining the detail of the plan would be prepared for the Committee's approval

- 5.4 The Committee then considered the proposed changes to the Annual Bonus structure which allocated half the 30% potential (40% for Chief Executive) to personal target achievement and half to overall commercial performance. **The Committee agreed this.**
- 5.5 To complete the review of Executive Director Remuneration, the Committee approved the awarding of 3.5% salary increases from 1 July, with higher awards for London and Scotland Directors to reflect growth in role and retention factors.

6. Annual Corporate and Personal Targets 2008/9

- 6.1 The Committee agreed that contribution from revenue generating activities would be the measure of corporate performance for the executive team, with EVC performance to be reflected in specific personal targets, where appropriate.
- 6.2 The Committee asked RE to refine and re-submit to MC the personal targets to produce a more succinct version with clearer measures of success and weightings to give clarity of performance expectations to each Director.

7. Remuneration Report for Annual Accounts

- 7.1 The Committee recommended a number of amendments to the Report which would be included in the final version. JH said that emerging best practice in this area was to include reference to the targets that directors were expected to achieve. The Committee agreed to review this approach next year. The Committee also considered, but decided against, removing some of the Director's salaries from the annual report.
- 7.2 The Committee considered the arrangement to compensate directors for retirement at age 60.
- 7.3 **It was agreed that this arrangement would stay in place for current directors but would not be applied in any future director appointments.**

8. Head of Audit Performance and Reward

Recommendation accepted.

9. Any Other Business

There was no other business.

10. Date of Next Meeting

To be confirmed.