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## Private Public Partnerships & Integrating Asset Management with the Wider World:

Second Case Study :British Waterways  
The Story Continues

### British Waterways then and now



Twenty years ago British Waterways were in the unenviable position of managing assets that were old, under-maintained and under-funded, but assets, nevertheless, that could cause considerable damage to property with potential loss of life if they failed.

At that time BW knew relatively little about their assets, with little sound condition data and few rigorous management practices. Whenever the waterways hit the front page of the newspaper or the 6 o'clock news it was generally because of asset failure.

How asset management evolved into a successful strategy for British Waterways was the story told in "*Strategic Asset Management*" Issue 66, July 13, 2001. (This case study can be accessed through the resource library at [www.amqi.com](http://www.amqi.com)) It is a story of increasing efficiency.

Alongside the development of good asset management has been the integration of asset management itself with clearly stated corporate goals in the pursuit of wider community objectives. This is the story that is told in this issue. It is a story of increasing effectiveness.

Here are just some of the many good practices that can be adapted to any agency, whether public or private.

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## An Asset Management Success Story.....

### Decades of decline on the inland waterways have been turned around in five years

Once virtually written off as redundant, out-dated and irrelevant, the inland waterways are now contributing to the life of Britain as attractive places to live, work and socialise; creating jobs and economic growth in communities throughout the country; and protecting and enhancing important heritage and wildlife.

### British Waterways this year reported a record income of £224 million.

This will be used for reinvestment in further waterway improvements – an increase of 14% over last year. 220 miles of waterways will be restored and reopened by the end of 2002 – a rate equalled only by the extraordinary canal building mania of two centuries ago. It is a new waterway boom.

"Looking at all the completed restoration and regeneration schemes, it's hard to believe that five years ago the waterway network was in long-term decline. It was unsustainable and its future looked bleak. Now all that has changed.

"Today we're able to attract investment at record levels and can plan for a long-term sustainable future. Successful, vibrant waterways improve people's lives, creating jobs, providing recreation in attractive surroundings and protecting nationally important wildlife and heritage structures."

George Greener, Chairman of British Waterways

### Economic success has brought Environmental and Social Gains

In the past five years, external funding for regeneration and restoration on the waterways had increased from £10million to over £70million (in 00/01) and commercial income by 45%. Last year, British Waterways invested £82million in major repairs and renovation schemes, while some 13,000 new jobs are being created, and £80million generated each year for investment into local economies from the waterways restored and reopened up to March 2002.

#### And it is due to Good Asset Management

At its Annual Meeting, British Waterways' chief executive, Dave Fletcher CBE, said:

**"We have demonstrated that prudent management of our assets, based on sound commercial principals, is essential. Without it, we would not be able to fulfil our obligations to maximise the environmental and social benefits of the waterways.**

"This is just the start. We will continue to seek out and establish new partnerships – both in the UK and abroad – to fund further growth and improvements to deliver the full potential of the waterways."



## Integrated Asset Management

*"Our vision is for there to be a sustainable and integrated network of waterways throughout Britain to provide maximum benefit and enjoyment to society both now and in the future."*

### British Waterways are Asset Managers.

That is what they DO. Their prime job is to manage 3200 km of canals and river navigations and associated locks, bridges, aqueducts, tunnels and reservoirs. But it is HOW British Waterways integrates the management of these assets with economic, social and environmental service delivery that puts them at the forefront of best practice.

### BW's Guiding Principles

- Sustainable economic growth and employment
- Partnership
- Effective conservation of environment and heritage
- Financial and employee sustainability
- Social progress for the benefit of all

#### Living the Principles—Induction

An organisation is only as good as its staff. BW includes employee sustainability as one of its guiding principles and lives by it.

British Waterways began its induction program for new starters in 1998 and this year saw its 1000<sup>th</sup> inductee. The programme has three stages; Stage 1 is the CD sent to new starters prior to joining BW to be viewed at work with their appointed induction buddy. Stage 2 is first day or week at work with an induction buddy and line manager and Stage 3 is the three day event which includes foundation customer care. The course is aimed at employees with about 3 months' service but in some circumstances managers ask for their staff to attend earlier. The CDs are available to all staff. Stories in the monthly staff newsletter reinforce the company's values

### The Partnership Principle

More than anything else the principle of partnership is the foundation of a successful attitude for BW; Partners include public sector and private sector bodies (see p\*) and the community itself. In the UK 50% of people in the UK live within 5 miles of a canal and many more are attracted as visitors. Here is one way of interesting the community in the activities of BW.

#### Maintenance as a Spectator Sport!

When it is necessary to drain a canal for repair work, or to carry out restorative work, say, on a tunnel, where parts of the waterways assets are exposed that would normally not be seen by the public, British Waterways will often open the site for inspection.

"Even for what we would class as a routine engineering work we have had up to 3000 people on a single day coming along to be shown around. It takes considerable effort and care, but we have found that the good publicity more than pays us back. We usually do these on a Sunday when there is least disruption to the work and when people tend to have the time to come along."

*Graham Holland, Asset Manager.*

## Involving the Community in the Management of Community Assets

Deciding on, and managing, community assets can be shared with the community. Where choices have to be made that will favour some and not others, such as the choice of route, involving the community at the decision making stage can be a sound option.

### **Citizens' Jury hears evidence on new waterway proposal**

As part of its widespread community consultation programme, the Bedford & Milton Keynes Waterway Partnership convened a Citizen's Jury to consider the proposal to build a brand new waterway between Bedford and Milton Keynes. A group of 16 people, who live in the area of the proposed routes of the new waterway, were chosen at random by independent market researchers to consider what was important to the public in developing a waterway for everyone and what concerns must be overcome.

Over three days, the Jury listened to experts and representatives from various groups including those involved in the scheme and those who opposed it. Topics under discussion included the impact on the environment, potential developments and funding.

The jury considered the evidence presented to them and reported their conclusions and recommendations to the Bedford & Milton Keynes Waterway Partnership. Experienced social researchers were on hand as independent moderators to ensure the Jury process ran smoothly and to assist the Jury with their report.

The Partnership backing the scheme to build the first new canal for over 100 years included: British Waterways; the Bedford & Milton Keynes Waterway Trust; local authorities; The Inland Waterways Association (IWA); the Environment Agency; and national charity The Waterways Trust.

Over the previous 12 months, through a series of public meetings and road shows, the Bedford & Milton Keynes Waterway Partnership consulted with local people, councils, canal users and national bodies on the idea of building the new waterway and which route to select. The consultation exercise was launched in November 2001 following the publication of a report examining the feasibility of constructing the new canal and the formation of a partnership to take the project forward.

The £50,000 stage one feasibility study identified nine route options for the proposed 20-mile (32km) waterway, which would link the River Great Ouse at Bedford with the Grand Union Canal at Milton Keynes and cost between £80million and £150 million to build. Findings from the study show that the new canal would bring enormous social, economic and environmental benefits to the region, generating an extra £7million a year for the local economy, creating 500 new permanent jobs and attracting up to 1.5million visitors to the waterway.

### **Community Volunteer Program—Canal Keepers**

Established in May 2002, Canal Keepers is a pilot scheme to encourage the community to actively care for London's canals. Already it has attracted a diverse group of waterway enthusiasts including a biker gang called COBRA, anglers, local residents and boaters. The role of the Canal Keeper will be primarily to help the tens of thousands of visitors to London's waterways each year enjoy their day in safety, providing a visible and reassuring presence. The Keepers will be fully trained and equipped; work with businesses to make sure they keep their premises clean; report the dumping of rubbish to the Environment Agency and the local council. The approach will not be confrontational - but instead advisory and co-operative.

## Generating Community Goodwill

Community appeal and community involvement underlies the success of the "Partnership Principle" addressed over the page. Like any asset, community goodwill requires much planning, considerable investment and continuous maintenance. Success breeds success and now that lots of things are happening around the canals, it is easy to see why the community may wish to be involved. But how do you start? Examining what British Waterways has done provides some clues.

BW have appealed to the community on a number of different levels, environmental and social, altruistic and financial; and they have appealed to national pride and a sense of history. All of these things are replicable in other situations. But high powered media by itself is not sufficient. The values must be lived by the staff.

### Appealing to the Community on a Variety of Levels

#### Environmental

Wildlife trusts and other environmental groups as well as concerned individuals are addressed by BW in their community outreach. Internally, workshops are run for staff introducing them to the concepts of sustainable development, described as a 'business imperative'. Workshop groups share ideas and practical experience across professions and regions.

#### Social

Each year British Waterways' canals and rivers attract 10 million visitors, making more than 160 million visits and spending over £1½ billion. More people use the waterways than ever before, including walkers, naturalists, anglers, cyclists, joggers and pub-goers using the towpaths, watching the boats or just enjoying the waterside environment. BW supports these users by, for example, making the towpaths more accessible (eg wheelchair access) and more attractive and by sponsoring social events that make use of the waterways. Communities are involved in day to day management (see "Canal Keepers" p. 400)



#### Financial

Restoration of the waterways and waterside property is leading regional and rural regeneration, attracting new business and increasing the incomes of local communities.. Communities are involved in decision making (cf "Citizens' Jury" p. 400)



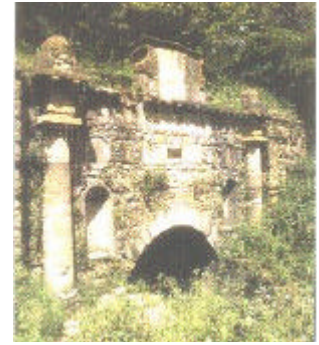
#### Sense of History

BW are very aware that the management of 200 year+ assets links the community with its past and they promote the history of the waterways, and their industrial heritage roots, both for adults in documentary films and projects such as "Working Boats" which brings historic boats to local schools and communities, targeting national curriculum subjects, in particular history and design technology. School visits often include a 'living history' presentation to show children how the boats looked, sounded and smelt.

## National Pride

### Old History

Restoration projects also provoke a sense of national pride, as well as links with history. The Sapperton Tunnel (opposite) was built in 1786 and is 3808 years long. It was the first tunnel built wide enough to take broad beam barges. Abandoned in 1927, the tunnel is now part of restoration plans for the Cotswolds Canal.



Nearly all of the restoration projects undertaken by British Waterways are supported by community trusts and interested individuals and restoration income represents a major and growing component of BW's revenues.

### New History

It is not only heritage assets that can call forth a sense of national pride. The Falkirk Wheel (artists drawing below) is already assuming icon status.



The Wheel is a rotating boatlift designed to reconnect the Forth & Clyde and Union Canals between Glasgow and Edinburgh, and a central part of £78 million 'Millennium Link, the largest UK canal restoration ever and a national landmark project supported by £32 million from the Millennium Commission.

As much a sculpture for the 21<sup>st</sup> Century as a feat of engineering, the Falkirk Wheel combines state-of-the art engineering, traditional Scottish imagery and marine architecture. The Wheel is more than just a boat lift., it is being successfully promoted as 'a piece of working art, the celebration of the age and a monument to the future'.

## *Community Involvement Underpins The Partnership Principle*

### Leveraging a national asset

British Waterways are responsible for 3200 km of canal networks and associated infrastructure cross England and Scotland. Their national position is, itself, seen as an asset; one that can be leveraged for the good of all.

By engaging in partnerships, BW is able to pursue its goals of social and environmental development while drawing on its partners to assist it in economic sustainability.



## Flexibility and Strength

Partnerships reduce BW's dependence on government funding and extend the range of revenue sources that it can draw upon. (Ironically, as BW has become smarter in its asset management and in its partnership arrangements, the Government has been willing to give it more support.– success breeds success.) BW is planning to reduce even further the proportion that government funding contributes to its revenues, whilst increasing the level of revenues themselves.

## Not one partner but many

By applying the partnership principle to everything that it does, BW avoids being too dependent on the revenues from any one of them.

It gains revenue from navigation (boat licenses and mooring fees); from telecommunications (wayleave fees for the 400 miles of fibre optic cabling under its towpaths); property development and tourism. All revenue sources are also sources for partnerships.



## Partnership Example—Property



Traditionally BW sold its property interests before actual development took place along its waterways. Now the policy is, where appropriate, to invest with partners. British Waterways manages a property estate valued in excess of £300million - comprising operational boatyards, docks, historic warehouses, lock cottages, marinas, industrial estates and 'brownfield' development land. Joint ventures with private partners have, over the last 10 years, produced some striking success stories.

The transformation of once neglected, run-down backwaters, into vibrant, mixed-use developments has been the most visible sign of 'the new canal age' and proved how waterways can act as catalysts for wider regeneration. British Waterways now has the support of the Government to seek a long-term partnership with the private sector to enable it to develop its property portfolio further and generate new income for reinvestment in the waterways.

This has resulted in the establishment of the ISIS Waterside Regeneration partnership which will deliver at least 8 million square feet of mixed-use space with an end value of over £1.4 billion. Initial urban developments will include 8,000 new homes and will support up to 9,500 new jobs and ISIS is investigating further similar opportunities across the UK.

## Partnership Example—Telecommunications.

BW have taken out a minority shareholding in Easynet, the company that has installed the fibre optic cabling under its towpaths. Despite the current downturn in this sector, BW the income from telecoms wayleaves (including phone masts) to rise in future and they will be well positioned to take advantage of it.

## Partnership Example—Watergrid

One of British Waterways' most precious assets is its water and it holds an estimated 200,000 megalitres of water in its canals, rivers, locks and reservoirs. Water has always been transferred between waterways, and British Waterways still sells water to canalside industry - and even supplies half of Bristol's water via a canal. However, in an innovative development it now plans to use its national coverage to offer an entirely new service.

Watergrid is the name of a new national water services company formed as a public private partnership between British Waterways, AWG and Bristol Water Holdings (two private water companies) and Partnerships UK (which is, itself, a public private partnership).

Watergrid will supply a full range of water and waste water services on a national basis to industrial and processing customers, property developers and other water companies. These include all grades of water to many different types of customers across the UK and the provision of wastewater and recycling services for manufacturing and general industry services.

Its competitive advantage is its 2,000 miles of canals and rivers that British Waterways manage. BW are very experienced in managing water and transferring it around the country and it already has the infrastructure necessary. The two water companies have considerable experience in supplying industrial and domestic customers with many grades of water, along with providing waste water recycling services to industrial processing customers. Partnerships UK provides the financial expertise.

Customers benefit because Watergrid is able to offer a substantial discount on current charges.

National competition benefits from Watergrid's entry into the water market because it has the effect of linking separate local monopolies.

## Private Public Partnerships and Community Acceptance

All of the revenues that British Waterways receives from its partnerships are dedicated to improving the waterways, its position in the partnerships. By taking a major position in the partnerships, the community goodwill that it has already engendered supports the new developments. At the same time, it is a moderating force on the private sector since it is not in its interests, as a major shareholder, to pursue a course of action that would result in damage to the waterways environment or social and community development that constitute its measures of successful performance.

## Summary of useful ideas that may be adapted from British Waterways

**Develop Goodwill** p.401

**Maintenance as a spectator sport** p.399

**Induction** p.399

**The Citizens' jury** p.400

**Volunteers but trained—'Canal keepers'** p.400

**Appeal to the Community on a number of levels**, p. 401-2

**Consider Public Private Partnerships**, p.402-3

**Grow Your Own Legends—the Falkirk Wheel**, p. 402