

**MS AIDE MEMOIRE NOTES OF MEETING
WITH LORD SMITH 21 DECEMBER, 2011**

with

LADY SUZANNE WARNER & PROFESSOR RUTH HALL

These notes should be read in concert with TUGn 1122 Delegates Briefing Paper as amended and Comparison Paper TUGn 1128.

PRESENT FROM THE EA

Lord Chris Smith	CS	EA Board Chair
Lady Suzanne Warner	SW	EA Board member responsible for Regions and Audit Committee
Professor Ruth Hall	RH	EA Board member with responsibility for navigation
Howard Davidson	HD	EA SE Environment Agency Director
Matt Carter	MC	EA River Thames Manager
Catherine Gilby	CG	EA Note taker

REPRESENTING ALL RIVER THAMES USERS

Peter Finch	PF	Chair of River Thames Society
David Jones	DJ	Vice Chair Association of Thames Yacht Clubs
Louis Jankel	LJ	REFERAC & National Association of Boat Owners
John Pleace	JP	BMF – Thames Valle
Michael Shefras	MS	River User Groups (TUGn Coordinator – Chair ATYC & RUG8 – Vice President RTS & RTA Managing Committee)
Andy Soper	AS	REFERAC and Residential Boat Owner living on boat in Cookham.

1. CS welcomed the delegation and asked MS to lead.

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5112 AQ Advice all approve. 6112 Distributed 1200

PAGE 1 - 2 TUGn 1122 - INTRODUCTION – MICHAEL SHEFRAS MBE

2. MS thanked him and following his Brief Page 1 introduced the delegation adding that he was fronting a team who included those who had wide management expertise at Plc Board Level which included handling the employment of hundreds of people in service industries as well as a huge knowledge of the River Thames spanning many years.

PAGE 3 - 6 TUGn 1122 – THE FINANCIAL DIMENSION – LOUIS JANKEL

3. LJ then distributed a paper to aid the presentation of his brief.
 - 3.1 He followed his brief Page 4 – Para E to the end inserting between the last two paragraphs, advising that he was aware of the current financial climate, but what is being suggested will fail in every instance if Revenue funding was cut to benefit Capital spend..
4. CS countered the arguments by suggesting:

a.	These are complicated issues
b.	He was aware of how navigation and flood money is accounted for on the Thames and the EA needs to be careful about what funds are applied to which purposes.
c.	All money now spent has to be justified.

- 4.1 LJ responding said:

a.	My presentation took into account the Matrix funding
b.	We have discussed ‘opening the lid’ on Matrix funding!
c.	This year the budget process has been complicated by the inclusion of the Flood Relief figure which now represents 50% of the new budget
d.	We believe that the water companies should be paying more directly to navigation.
e.	Until that can be achieved, we should be looking to the Tax Payer for some of the funding and not putting it on to the boaters’ contribution.

- 4.2 MS expanded on what LJ had said about the Matrix funding.

a.	We have being worrying about the Matrix Funding for over ten years.
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b.	It has been suggested by EA that it is a convenient way of bookkeeping; a way of accounting for many separate funding issues
c.	We discussed it in depth when we met with Sarah Nason in September 2010 and Stuart Taylor made that point.
d.	We also returned to it when we met her just before she retired in December 2010 when she asked us not to open that debate!
e..	We identify with HD’s vision of how the River could be financed into the future, but what is now being suggested is not the way to do it.
f.	DJ then commented the economy will turn around and we want a river left when it does.

4.3 **SW at this stage raised a quizzical eyebrow suggesting that we should be careful for what we wish!**

PAGES 7- 8 TUGn 1122 – THE ‘TIED’ LOCK COTTAGES – PETER FINCH
(PF Notes added on 16 December to endorse what was in the booklet)

5. **PF** spoke to his own notes (now part of the booklet)

5.1 He made all the points raised in 2008, He finished by saying ***“This is unacceptable and completely counter to the previous assurances given to the public, your staff, users and to Parliament.”***

PAGE 9 – 10 TUGn 1122 – WHY RESIDENTS – ANDY SOPER

6. **AS** followed his brief finishing by saying **“There is good safety, localism, volunteer and commercial reasons for retaining a resident lock and weir keeper at every lock.”**

PAGE 11 TUGn 1122 – THE TRADES PERSPECTIVE – JOHN PLEACE

7 **JP** started his session by saying

1	The trade he represents are being hit as hard as Defra and EA but they have to maintain staff to service their customers so that they can weather the financial storm.
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2.	It is said that the financial climate is to take a dive again in 2012 but we have to wait and see and do the best we can.
3.	With the EA there is also a social implication and we have to look to the past as well as to the future. Letting the properties is not the way to go. There will be continual problems of access and dereliction of EA properties. The resident lock keepers are the caretakers and as a matter of routine look after silly tenant items but when properties are rented that would need further resource.

7.1 **JP** then continued with his brief.

7.2 **MS** then asked **DJ** to comment on his experiences of managing over 1,500 public houses all with a resident in the buildings. **DJ** commented:

1.	Part of the contract was that the Pub Manager was given the accommodation and the way his contract was formed it was part of the job package. As such <u>was not considered</u> a taxable benefit.
2.	Travel to and from the regular or base location is not an allowable expense.
3	If it is established that "residence" is not a job requirement, for example by letting lock cottages and having non-resident lock and weir keepers, could result in the provision of accommodation to any employees being assessed as a taxable "benefit" in kind. <i>The cost implications for the future are immense!</i>
4.	The basic wage cost of a Resident is only circa £21,000. The additional tax free tied cottage should not be underestimated. Without the house the quality of the staff at that level of salary must diminish!
5	When he managed huge estates he found no problem in moving out employees should their work performance failed and the contracts were framed to ensure that his company had complete flexibility.

PAGE 12 - 13 TUGn 1122 – A BOATER’S PERSPECTIVE – DAVID JONES

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8 **DJ** delivered his submission as summarised. He added

1.	It seems it is a more than a commercial decision to lease the houses.
2.	Building on his comment that the “Threat Analysis is incomplete” he sees no real realisation of what this means in practice.
3	Cynically it seems that there is a plan to do away with the system that is working and disposing of the houses for one reason or another.
4	It follows that if the houses are not needed to service the river they can be easily turned into income by selling them!

**PAGE 14 – 15 (End of Para H4) TUGn 1122 – ENVIRONMENT AGENCY
FUTURE OF NAVIGATION PROJECT – MICHAEL SHEFRAS**

9. This had set the scene for **MS** to deliver his observations and spoke to his brief.

9.1 When he had finished **DJ** interjected endorsed his earlier comment regarding the tax implications and how management of the river would diminish with less qualified staff.

a.	This led to SW objecting to what she thought she had heard earlier that there had been a suggestion that EA River staff were not competent!
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b.	<p>MS reassured her that this was not the case:</p> <p>i. It is a fact that currently management of the river levels is now dependent upon trained resident lock keepers whose numbers are now to be diminished</p> <p>ii.</p> <p style="padding-left: 40px;">When the resident faced problems the line manger was able to assist – it is now a fact that whilst the line managers are competent they are not trained in water level management which is almost a ‘black art’ learned over the years working up to being a resident lock keeper.</p> <p>iii. With this current organisation a fully competent and trained Resident is vital!</p>
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9.2 **LJ** also endorsed earlier comments suggesting it is now a prerequisite to obtain Local Authority funding for flood defence projects. He asks why they should make any contribution to a weir if the EA are withdrawing resident weir workers. It sends all the wrong messages.

10 LORD SMITH REACTION TO THE PRESENTATION

10.1 **CS** expressed his appreciation for users’ attendance at the meeting saying that he was “Grateful” for the opportunity.

a.	Users should not see The Future of Navigation Project as a threat but set up freely for a comprehensive reflection on how navigation might be managed into the next few years. Certainly not to “Gold Plate”.
b.	There was no intention to remove resident lock keepers into the future, or to sell the cottages.
c.	There was also a clear desire to maintain the standards of service to the user on the river

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d.	It cannot be denied that there is a struggle to ensure flexibility and standards for the future.
e.	He noted the comments regarding the Residential Lock Keepers. We need to know and test these propositions and how to deploy the staff.
f.	<p>The Board have to understand whether to execute ‘Plan A’ which goes to have some locks without Residents and suggests a more flexible way of working: or consider ‘Plan B’.</p> <p>i. The Board have to look at ‘Plan B’</p> <p>ii. Does it tick more or less boxes</p> <p>iii. What are the plus or minuses?</p> <p>iv. CS is keen to make sure which proposition the Board should run with and how to do it for the best.</p>

10.2 **JP** asked that the Board understands the Trade alongside the river:

a.	His members require people to come into their stores, their marinas, and their boat yards.
b.	Without people they will lose their businesses.
c.	It should also be remembered that the River is a major tourist attraction and relies upon a well managed river to allow passage of the Passenger and Hired Craft. Already there are instances where people have been trapped in a lock and had have had to be bussed away!
d.	Boaters can take their craft off the river! Already it is cheaper to keep a boat in France and Holland!

10.3 **CS** promised that he understood the value of the lock Residents but was there a need for more flexibility!

10.3.1 MS asked AS to comment on ‘Flexibility’.

a.	AS suggested that there was nothing wrong in the word but the way it is being used.
b.	Using Reliefs instead of Residents is not necessarily ‘flexibility’ but to manage the river in a different way for no real financial reason.
c.	EA have seemed to miss a trick in the way they are suggesting river management and following their reviews and improvement of lock and weir keeper terms and working conditions have not ensured that resident lock-keepers are actually used at other sites and on other duties in the winter months.
d.	There is no reason why giving a Relief a one or two year residency with contract to suit dispenses with any “flexibility”. should he become the resident

10.4 LJ added:

a.	Having a suggested just 59 lock staff is very tight!
b.	In 2011, he spent time as a volunteer at 18 separate locks. He can advise that the temporary summer reliefs have little practical weir experience due to very low flows and reliance has to be with the permanent reliefs.
c.	Inevitably lack of Residents will lead to lack of proper service and trained personnel.
d.	He deplores the loss of experience trained staff because they see no future in the work they have actually loved and have lost confidence in the future survival of their roles. We are losing the best!
e.	Using Revenue budgets moved to capital spend with the consequential loss of experienced staff is a disaster waiting to happen

10.5 CS asked HD to join in the conversation and he said

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1.	HD believed that there was common ground on many of the issues.
2.	He has difficulty in trying to work to long term sustainable budgets and all his budgets are under strain.
3.	There is little room in the way funding has to be addressed between functions.
4.	He would welcome all thoughts on this issue.
5.	He is venturing into Plan A very cautiously that is why he would be able to reverse the leasing plan at any time when the financial situation is clearer.
6.	It is a timing issue. We are moving into the Spending Revue 2014 discussions and EASE has to be ready and that includes navigation and flood control.
7.	He will be working with the Water Companies to find a more sustainable outcome for the future.

10.5.1 **MS** agreed with **HD**, indeed there are many areas where users are very comfortable in working through **HD**'s vision into the future.

a.	He acknowledged that the longer-term prospects for navigation management, including the possibility of increasing automation of asset operations has been acknowledged by several speakers acknowledging the reality of such as possibility at some stage in the future.
b.	<i>Without repeating all that had already been said if we were able to resolve the situation of the Resident Lock keepers at every lock we were sure that we could live within the Budgets indicated at the Customer Charter meeting that had been held on Thursday 15 December.</i>
c.	Indeed he had huge reservations that the proposal suggested at that meeting can be delivered without Resident Lock Keepers!
d.	MS suggested that it could still be useful to meet with HD to see if there can be any movement.

10.5.2 At that juncture **SW** interjected and said:

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a.	<p>In company with others who had Audit Responsibilities she had recently attended a Treasury meeting where guide lines were made very clear.</p> <ul style="list-style-type: none"> i. Defra is now working under new rules ii. All the Defra family are expected to show a clear sight of all their spend and how the funds are distributed and why. iii. There is no room for fancy foot work – it has to be transparent iv. There are no hiding places! v. EA Board will pursue these challenges – many understand where the Thames users are coming from - <i>But</i>. vi. There is little room for manoeuvre.
b.	<p>MS responding said that recently we have had discussions on this very point.</p> <ul style="list-style-type: none"> i. Indeed as said earlier we have been aware of the difficulties of the Matrix Funding issues for many years. ii. They are indeed complex, but users believe that what is now on the table is not specifically because of the Matrix debate. iii. He suggested that it might be useful for TUGn to have a meeting with the appropriate EA persons to resolve the transparency issue.

10.6 **LJ** commented saying simply that we were advised Capital spend was to be £1.7m and subsequent to the 7 October announcement we were advised that it was now £3.7m.

PAGE 15 (From Para H5) TUGn 1122 – CONCLUSION – and COMPARISON BUDGETS TUGn 1128 - MICHAEL SHEFRAS

11 MS wound up the Users presentation by speaking to Para 5 – 6.

1.	<p>He added that an additional paper had been prepared subsequent to the Charter Meeting held on 15 December, 2012</p> <p>a. This analysed Plan A against Plan B and brought in the proposed budgets to meet the Customer Charter 2012.</p> <p>b.</p> <p style="text-align: center;">This clearly shows that whilst Plan B is cost neutral against Plan A, it also indicates:</p> <ul style="list-style-type: none"> ✓ All 45 Locks can be funded with Resident Lock Keepers ✓ The Residents are able to mentor the volunteers ✓ There is no reason to worry about leasing the lock cottages ✓ It shows that emergency cover is funded in Plan B ✓ It shows that there is no contingency budget in Plan A
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ii,	<p>It shows a conclusion:</p> <p>“It does not make sense in any way to accept the dogma – the figures show the futility of EA Plan A!”</p>
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- 11.1 MS then thanked CS for the way he and Lady Warner and Professor Hall had received the TUGn delegation.
- 11.2 Appreciated the undertaking described above (Para 10.1f).
- 11.3 And wished all compliments of the Festive Season and would look forward to hearing the outcome from the Board Meeting.
- 12 CS reciprocated the good wishes and again thanked the delegates for a useful meeting which concluded at 1540