

14 BWB's actions on the 1987 report on the maintenance of its waterways

Introduction

14.1. Our terms of reference require us to report on BWB's implementation of the recommendations in our 1987 report on the efficiency and costs of the Board in the maintenance of its waterways.

14.2. The following section (14.4) of this chapter presents in summary form a statement of the 1987 recommendations, what BWB told us about the actions it has taken (or has refrained from taking) on each recommendation, and our comments on this. This should not be read as a full comparison of BWB's performance in 1987 and the present time. The terms of reference in 1987 were limited to the efficiency and costs of maintenance, whereas our present terms of reference go much wider. In addition there have been a great number of changes in the style of management and areas of interest, as described in other chapters.

14.3. When relevant we have indicated where matters are discussed in chapters of this report, and where further recommendations have been made.

14.4. Summary of the MMC's 1987 recommendations and BWB's responses.

MMC recommendation

Update to BWB final response

MMC comment

10.1 Maintenance specifications

Although BWB provides adequate specification for work done under contracts placed outside, and has begun to define standards for the maintenance tasks undertaken by its direct labour force, it has not yet defined standards and tasks in the appropriate detail for application throughout the system. It should complete this work within two years.

Standards have been prepared and issued for every waterway as a key parameter in the determination of BWB's annual works programme. These standards are the reference point for the level of service against which BWB can be measured and have been determined by actual and potential use.

The adoption of waterway standards for navigation and environment is a good start and progress is being made in upgrading individual waterways within these standards as appropriate.

For Remainder waterways, we have sought maintenance agreements with third parties to ensure the costs of achieving and maintaining the standard are related to local demand.

No comment.

Since BWB's Final Response there has been a move away from the total specification of detailed tasks to providing specifications which form part of a wider assessment concerned with which activities are appropriate for contracting out. These specifications also form the basis for the monitoring and control of contracted services. The number of activities required to be specified for contracts is continually increasing. The impact on staff numbers is therefore a continuing process.

The reference to contracting out is irrelevant in this respect since it is equally important that accurate detailed specifications are drawn up and used to control and monitor the contractors. It is noted that formal work measurement, if carried out at all, is not consistent throughout the network and without this the detailed specification of tasks and decisions on whether or not to contract out have no firm basis.

Currently 45% of waterway spending is contracted out and staff numbers have reduced from some 3,100 in 1986 to 1,879 now.

There is not necessarily a correlation between the percentage of work contracted out and improved efficiency or cost savings.

10.2 Optimum working methods

When appropriate standards have been defined, BWB needs to establish optimum methods and procedures for all maintenance work: to this end it should develop regular arrangements for cooperation in research with similar bodies.

Done.

Good progress made on standards and procedures.

10.3 Introduction of best practices

When maintenance standards, tasks and task elements have been determined, work should be carried on throughout the waterways system on the basis of these definitions. This will improve the spread of best practices.

BWB's new organisational structure has released considerable energy into the introduction of new practices including the work of over a dozen task forces, eg dredging and lock gates. The increasing use of contracting out has also introduced changes to working methods.

The introduction of competence-based assessments of the workforce with incentives for reaching the standards required should facilitate the spread of best practices.

The standards, tasks and task elements must remain the same whether work is carried out in-house or by contractors.

10.4 Performance reporting and comparisons

The definitions of maintenance standards, tasks and task elements should form the basis against which achievements, time taken, and costs are reported. Until that can be done BWB will lack a reliable basis for calculating unit costs, or for providing physical performance indicators, which can be used for evaluating comparative performance. The established T-card system should be developed into a computerised data-base for these purposes.

Done. All waterways have a computerised maintenance management system giving a comprehensive database of costs, time and achievements against the annual works programme. A working group was set up in 1992 to make changes in the system to reflect the increasing use of tendered services. It studied the different uses being made of the system across the waterways with a view to determining best practice and further developing the system where gaps exist between the computer package and current management information requirements. This review has now been incorporated in a wider information strategy review due for completion in June 1994.

No comment.

10.5 Optimum manning level

Once the new standards are in place, the optimum size and distribution of BWB's direct labour force can be more effectively determined. BWB should assess what needs to be done, starting at the lowest level of detail, before deciding what should be contracted-out.

Optimum manning levels are being reviewed each year as part of the annual planning cycle. The optimum manning level is assessed taking into account contracting out, safety and the standards of navigation and facilities set out in the waterway plans. We are continuing to refine and standardise working practices and the methods used in determining the assessment of optimum levels. This matching process has resulted in the number of waterway maintenance staff reducing from 1,561 to 1,064 over the past four years. Further reductions will also derive from the increasing use of outside contractors as the result of continued market testing.

BWB is under a misapprehension as to what precisely market testing comprises. While it claims to market test widely, it has only been done occasionally. Mostly it has compared external tenders with each other, and sometimes with current in-house costs. In many areas the in-house staff has been so reduced that market testing cannot, by definition, be carried out. Contracting out has reached and possibly exceeded in some cases the limits of cost-effectiveness (see paragraphs 10.48 and 10.49 in this report).

10.6 Radio communications

We note that at present BWB justifies the present size and allocation of its direct labour force by reference to the need to provide emergency cover, to secure waterway safety, and to provide staff for operations. It needs to improve its emergency radio communications, within a year.

Done. This was operational in 1987.

No comment.

10.7 Comparison of in house and contract costs

When there is reliable data on in-house costs, BWB should systematically compare such costs with those of using contractors for all tasks where there is a realistic choice between using its direct labour force and contractors.

90% of all major structural work is carried out by contract. About 45% of routine maintenance work is carried out by contract. This figure will increase as waterway managers seek to extend the proportion of contracted services. There is now guidance to all Waterway Managers on market testing describing the relevant procedures.

As 90 per cent of all major structural work is carried out by contract it is clearly impossible to make comparisons with in-house costs and to carry out market testing. For minor works and routine maintenance, now 45 per cent contracted out, the aim should be to obtain best value for money, not merely to increase the proportion of contracted-out work (see paragraph 10.48 in this report).

10.8 Contracting out policy

BWB should provide a formal statement of its contracting-out policy in the interests of a clear understanding of that policy. An initial statement, covering at least present policy, should be produced within a year, after consultation with the trade unions.

Good labour relations have been maintained during a period of major staff reduction without the need for formal statements on contracting out. Now that the Government has raised the profile of market testing, the advisability of a formal statement has been reassessed. BWB continues to be of the opinion that its ongoing union and employee consultation and communication process obviates the need for a formal statement.

A formal statement should be produced: it is not solely for union consultation purposes (see paragraph 10.4 in this report).

10.9 Contracting out decisions

When there is reliable data on in-house costs, decisions can be taken on whether to do the work internally or to use contractors or consultants. We recommend that BWB should pay particularly close attention to the case for using contractors for dredging, lock-gate manufacture, and the fabrication and major overhaul of vessels. It should also consider using outside consultants for 'heavy' civil engineering.

In house vessel overhaul and fabrication facilities have been drastically reduced and will continue to reduce. Many of the dredging crews have been stood down, having been turned to contract where it has been cost effective. The availability of suitable access for soil disposal to comply with the Environmental Protection Act is a new priority and constraint.

The situation in respect of in-house versus contracting out comparison is dealt with in 10.7 above. Fabrication of vessels has ceased and in-house overhauls have reduced. It is not practical or advisable to contract out lock gate manufacture in the absence of potential suppliers. The problem of dredged spoil disposal is now a constraint on dredging operations.

Its costs on bridge maintenance should be compared with the cost of decentralising the work to the highway authorities.

In respect of bridge maintenance, arrangements for the transfer of ownership of fixed structures to the Highway Authorities have been under discussion for many years. BWB has not been able to undertake cost comparisons or transfer ownership as the Authorities are unwilling to do so.

The work to bring BWB's public road bridges up to existing standards continues although Operation Bridgeguard ended in 1992. BWB has managed to transfer a few strategic bridges although highway authorities remain reluctant to accept responsibility. A reassessment of all 968 public road bridges for the 40-tonne truck is to be made and BWB hopes to transfer more to the relevant highway authorities offering a commuted maintenance sum to encourage their adoption.

MMC recommendation

Update to BWB final response

MMC comment

10.10 Waterway classification

We believe that the system of classifying waterways into categories based on their use in 1967 imposes unnecessary constraints on the most efficient use of BWB's maintenance resources.

In accordance with its Objectives, waterways are maintained to meet the Standards established for each length of waterway. These Standards are determined by actual and potential use.

No comment.

10.11 Resource allocation

However, within the existing classification system, we find a number of weaknesses in resource allocation. Most maintenance projects are appraised by a points system which is unsatisfactory. Expenditure on vessels, plant and equipment is appraised without proper consideration of the options, and is not expressed in NPV terms.

Priorities and work programmes are assessed and justified within the waterway plans by reference to the Standards established for each waterway. NPV calculations and user demand statistics are addressed in the preparation of project submissions.

Although BWB states that its entire infrastructure is the environment and heritage, it is not clear how expenditure specifically on environmental and heritage work over and above that necessary to meet essential or mandatory levels is prioritized (see paragraph 13.7 in this report).

The current points system for prioritizing maintenance projects is logical and satisfactory.

10.12 We recommend that these methods should be replaced by a system in which projections of user demand play a central part, and in which costs and benefits are so far as is possible quantified in money terms and discounted to present value.

As stated in paragraph 10.10, the Standards are determined by actual and potential use. For Remainder waterways, we seek maintenance agreements with third parties to ensure costs to BWB are related to local demand.

10.13 Project appraisal and approval authority

The size of a project should determine the appropriate appraisal technique, not the basis on which BWB is funding it. The full range of appraisal techniques we recommend should be applied to major projects, costing over £100,000 and the DoE should see all such appraisals. For projects costing less than £100,000 but more than £20,000 a more limited system of appraisal

Done. Project appraisal and approval procedures were amended.

In so far as the original proposals have been implemented, this has been done meticulously.

<i>MMC recommendation</i>	<i>Update to BWB final response</i>	<i>MMC comment</i>
<p>should be employed. For projects costing less than £20,000 the recommendations made on maintenance will be appropriate.</p>		
<p>10.14 The authority to approve smaller projects should be further delegated within BWB. The threshold for approval by the Chief Executive should be raised to £100,000, the lower limit for full project appraisal.</p>	<p>Done. New limits are in place.</p>	<p>No comment.</p>
<p>10.15 Grant planning figures</p>	<p>The close dialogue between BWB and the DoE during the Corporate Planning process in recent years has ensured that there has been a smooth transition from the indicative levels of future grant to the actual levels, however the issue of annuality, raised by the MMC, has not been addressed by Government.</p>	<p>No comment.</p>
<p>We think there can be little doubt that BWB will depend substantially on grants from the Government for the funding of the maintenance programme for many years ahead, if not permanently. To enable BWB to plan its maintenance programme with some confidence, we think it is important that the guidance figures which it is given on grant levels for future years should be respected.</p>	<p>BWB would prefer the MMC suggestion to replace the grant with service related charges but an acceptable practical basis has not yet been found.</p>	<p>No comment.</p>
<p>10.16 Basis of grant</p>	<p>We believe the regulatory regime governing the interface between BWB and the recently privatised utilities needs overhaul since many of the public service requirements provided by BWB at little or no charge have become, as result, a subsidised benefit provided from the public purse to the private sector.</p>	<p>See paragraphs 12.40 to 12.43 in this report. No further comment.</p>
<p>While BWB has had some success in responding to the Government's request that it should increase its revenue from users-and thus reduce its dependence on Government grant-it cannot charge for some of the public service requirements for which it maintains the waterways. We therefore recommend that DoE should consider the possibility of relating part of the grant to meeting the cost of these requirements.</p>		

MMC recommendation

The remainder of the grant, which helps to meet the cost of doing maintenance work for users who can be charged, could then be more closely related to BWB's success in obtaining revenue from such users.

10.17 Income retention

We think nevertheless that BWB should have a clear incentive to increase its income from users, and recommend that DoE should consider an arrangement whereby BWB could keep at least part of any such increase, over a period of years ahead, to devote to priority maintenance tasks.

10.18 Property development

BWB should press ahead strongly with its policy of developing revenue from its estate, particularly if success in doing so could be expected to lead to more funds being available to reduce the arrears of high priority maintenance. BWB should consider setting up a separate subsidiary board or agency to develop its estate, with outside directors to assist it.

10.19 Waterway assessment data

In looking at the information BWB uses to decide on budgets and set priorities, we found that it does not systematically analyse the amount of expenditure and income, or other indicators of usage, on individual canals or groups of waterways (such as the 'rings' used

Update to BWB final response

Drainage aspects also need to be addressed since much of the canal system facilitates the drainage of existing and new, private and public sector property and infrastructure development with minimal compensation to BWB.

Done. This is being achieved but the constraint of annuality continues to cause us problems in the efficient allocation of funds.

BWB has had success in increasing the reinvestment of funds for the maintenance and improvement of the waterways from savings through efficiency and from property income. The focus for this has come from the Integrated Business Strategy linking the property and leisure aspects of the waterways with the environmental and maintenance requirements.

Since property is integral to the management of the waterway environment BWB has not created a separate Property Board to develop the estate.

Performance indicators appropriate to the ranking of waterway usage have been established as part of the input to the waterway business plans. Regular Board monitoring has been instituted and is being extended.

MMC comment

See paragraphs 12.38 and 12.39 in this report. No further comment.

The Grant is still fixed on the net income and expenditure set out in the Corporate Plan/budget for any year.

This is a major issue in this report. See Chapter 9.

No comment.

MMC recommendation

Update to BWB final response

MMC comment

for cruising). We suggest that it should make greater use of this information; that BWB's Board should see an overall analysis as part of the process of approving the annual budget; and that the data could also be useful in helping to decide on priorities for the Area budgets and in setting targets to improve income or reduce costs on individual waterways or groups of waterways.

10.20 Accounting systems

BWB should have an improved accounting system in place by the end of financial year 1988/89 to meet the criticisms made by its external auditors.

New computerised accounting and reporting systems were introduced in April 1989. As part of the regular monitoring of systems performance, a working group which will look at all management systems will report by June 1994 where changes will be required to ensure the systems continue to reflect business needs.

Good progress has been made.

10.21 Audit

An effective internal audit team should be operational in BWB by the end of financial year 1987/88.

Done. Both the Internal Audit team and the Audit Committee were operational from 1987. A recent development has been to use Internal Audit as a base for secondments between departments and Regions as a means of maximising available skills and developing staff potential.

No comment. (However, see paragraphs 4.61 and 4.62 and recommendation 10 in this report.)

10.22 Freight

We believe that the waterways have only limited potential for freight usage. BWB intends to exploit opportunities to obtain more freight business, but it needs to inject more realism into its forecasts of freight revenue. Such forecasts are an important part of the

Done. The directly managed freight operations were sold apart from Sharpness Dock which continues to operate as a discrete profit centre. BWB is still committed to freight through its policy of encouraging the development of freight traffic on the main commercial

No comment.

MMC recommendation

information BWB needs to consider in deciding whether to continue with any of its freight operations, which as a whole continue to make losses. We can see no justification for that situation to continue when BWB needs more funds to reduce the arrears of maintenance.

10.23 Leisure pricing

BWB also needs, as it acknowledges, to give further care and attention to its method of charging and the levels of its fees for leisure uses of the waterways. To help in that, it needs to supplement its market research by studying systematically the relationship between price and demand.

10.24 Leisure forecasting

As with freight, so with leisure activities BWB needs to be more realistic in forecasting future levels of revenue.

10.25 Commercial leisure activities

BWB should apply the same approach to its own leisure-related activities as to its freight operations; unless they can earn the required rate of return BWB should terminate them. Meantime, it should show the profit or loss situation of these activities in its published accounts.

Update to BWB final response

waterways.

Prices have been raised above inflation over the past 3 to 4 years though maintenance costs still remain well in excess of the contributions from users. We have monitored the effect of these real price increases and have experienced a recent decline in demand.

Done. Leisure related income is a key part of the waterway business plans which are linked to existing and potential usage.

BWB's only directly managed leisure operation is the hire boat fleet at Nantwich. The operation is currently being offered for sale.

MMC comment

BWB has done little to study systematically long term the relationship between price and demand (see paragraphs 12.21 and 12.22 and recommendation 40 of this report).

BWB has gone some way but see comment above (at 10.23).

No comment.

10.26 Union consultation

We have found several indications of the need for BWB to improve its arrangements for consultations with the trade unions; to that end, it should consider with the unions the setting up of a joint working party, to decide that formal machinery best meets their joint needs, and whether independent advice and assistance should be sought. BWB also needs to reach agreements with the unions on the matters on which there is to be formal consultation with the unions.

Agreement was reached with the trade unions representing wages and salaried staff that the previous negotiating and consultative machinery should be replaced in April 1989 with a new structure involving both National Joint Council and Regional Joint Councils.

The new negotiating and consultative machinery mirrors the revised organizational structure and has enabled greater participation by lay officials at local level.

10.27 Staff communications

Improvements in formal consultation need to be supplemented by improvements in BWB's arrangements for communication between management and work force; this too, should be reviewed jointly with the trade unions.

The effectiveness of employee communication has been one of continual review and action. Examples of the various initiatives implemented over the past few years include a redesigned topical staff newspaper *New Ways*, videos on specific issues such as the environment, team briefings supplemented by a central Core Brief, regular meetings at waterway level and both formal and informal exchanges of staff on secondment and visits.

No comment.

10.28 Human resources planning

Turning to BWB's use of its manpower resources, we were concerned to find that it cannot accurately estimate the manpower it needs to perform particular functions because it has no satisfactory means for measuring workload and output; it therefore has no basis on which to form a manpower policy.

The discipline imposed by the waterway business plans ensures that the human resources requirement is derived from the planned waterway tasks.

The existence of waterway business plans does not obviate the need for a standardized system of work measurement. BWB has been investigating different approaches over the past few years but has still to find a satisfactory solution. (See paragraph 6.35 and recommendation 19 in this report.)

MMC recommendation

It should introduce arrangements which will enable it to make objective assessments of its manpower needs, as expeditiously as possible, after it has improved the definition of maintenance standards and tasks, and the management of the maintenance programme, as already recommended (see paragraphs 10.1 and 10.4).

10.29 Bonus

The most obvious manifestation of the above problem was the situation we found in BWB's bonus schemes, which we think should be terminated. BWB should, as it acknowledges, reconsider its position on bonus schemes.

10.30 Overtime/travel time monitoring

While acknowledging the importance of the amount and cost of overtime and travelling time, BWB has no means of readily ascertaining their costs on a national basis. It should arrange for this and other elements which constitute average earnings to be readily available on a routine basis, to the senior management and to the Board; this should be done within one year.

Update to BWB final response

National human resources policy and direction has been prepared and was presented to the Board in 1992.

The planned overhaul of the bonus schemes has been carried out. Phase 1 dealing with pay structure simplification was completed in 1988 and Phase 2 dealing with annualised hours, travelling time, standby, training and skills was completed in 1991. A few bonus schemes still remain within BWB. These are almost entirely related to dredging and piling. It is the intention, as part of the harmonisation process, to do away with these schemes.

Done. Human resources management information, including that on overtime and travelling time, is being prepared on a regular basis and monitored monthly at all levels.

MMC comment

No comment.

Bonus schemes for the wages grades have been almost eliminated. Bonus schemes for Departmental Directors and Regional Managers have been introduced (see paragraphs 5.34 and 5.35 in this report).

No comment.

MMC recommendation

Update to BWB final response

MMC comment

10.31 Manual pay simplification

BWB needs to negotiate with the unions a much simpler pay system for its manual work force; it should aim to do this within two years.

Done. Implemented July 1988.

The new pay structure is satisfactory.

10.32 Manual grade job evaluation

BWB also needs to review with the unions the present job evaluation scheme for manual grades, which has not been changed in the 12 years since it was introduced; this review should be completed within a year.

A new grading structure has been introduced. When the conditions of service have been harmonised, a new evaluation scheme will be introduced for wages grade staff.

The introduction of competencies and associated financial rewards has gone some way to addressing this issue.

10.33 Manual grade reorganisation

Connected with the two preceding paragraphs is the question whether the workforce on the canals should be reorganised on the basis of the lengthsman concept. We think that BWB should proceed with the proposed trials, but should not go further unless it can demonstrate improvements in efficiency in the long term. If, for whatever reason, BWB does not proceed with the lengthsman approach, it needs to find other ways of improving the pay system and grading structure of the manual work force as a matter of high priority.

The lengthsman approach is not the most appropriate solution for every waterway. Many waterways now use lengthsman or lengths gangs. The responses to recommendations 10.29 to 10.32 show the progress generally in improving the pay system and grading structure of the manual workforce.

The increased use of lengthsman has improved work organization and, incidentally, has improved relations with boaters and the general public. There is scope for its extension to all suitable waterways.

10.34 Salaried staff evaluation

BWB also needs to introduce job evaluation for salaried staff and should aim to bring to completion the work of the joint salary structure review group within one year.

Done. Implemented 1989.

The new system has not been entirely satisfactory because the rigidities of the Job Evaluation Scheme impinged on the need for flexibility as the new organizational structure evolved.

MMC recommendation

Update to BWB final response

MMC comment

10.35 Personnel Manual

Looking at the whole field of personnel and industrial relations matters, we have found that BWB has no codified instructions or guidelines on the implementation of its policies and procedures, except for guidance on pay and personnel matters. We recommend that all aspects of BWB's personnel and industrial relations policies and procedures should be brought together into a manual, and that the Personnel Department at Head Office should ensure that it is consistently applied, by means of a simple monitoring system.

Done. The Personnel Manual was issued in 1990.

Personnel procedures are in good shape. The manual is comprehensive, well presented and easily able to be updated and modified.

10.36 Upgrading of Chief Personnel Officer

An important contribution to making the Personnel Department more effective is, in our view, the upgrading of the post of Chief Personnel Officer.

The post of Chief Personnel Officer was upgraded to Director level in 1987. The Personnel Department was restructured in 1992 into a Human Resources function represented at Departmental Director and Board level by the Director of Engineering and Human Resources. Following his departure in 1992, it was decided not to reappoint a Human Resources specialist at Director level to reflect the move of responsibility to line managers for day-to-day responsibility on Human Resources issues. The Head of Human Resources reports directly to the Chief Executive.

No comment.

10.37 Staff training

BWB needs to consider afresh the training it needs to provide for all of its staff.

Much training and development has been undertaken since the MMC Report ranging from modules for senior staff at the Cranfield Business School to Multiskilling, Foreman Development, Engineering Supervisory

Training is well developed but there is a need to improve training needs identification at an individual level through a standardized appraisal system. There is a lack of centralized information on overall expenditure

MMC recommendation

Update to BWB final response

MMC comment

Development and Customer Care. Work is currently taking place with regard to NVQs. Training needs are included in all Regional and Waterway Business Plans.

(see recommendation 21 in this report).

10.38 Salaried staff appraisal

We commend the steps which BWB is taking to introduce a staff appraisal and career development scheme for salaried staff. It should consider whether, if the scheme proves satisfactory, similar arrangements could be extended to some manual grades.

Staff appraisals for salaried staff in the bargaining group do take place on a voluntary basis. Out of category staff all receive an annual appraisal. There are regular meetings between Waterway Managers and their wages grades staff where training needs are discussed and career progress determined in accordance with the new wages grade structure.

Documentation is inadequate and not standardized, including that used for appraisal of 'out of category' staff. There is a lack of consistency of approach (see recommendation 20 in this report).

10.39 Computer department

We endorse BWB's plan to strengthen its central Computer Department, and to develop a management information system encompassing the existing RAIN programme to provide a comprehensive planning and progressing works system.

A maintenance management system was introduced in 1989 to provide operational data including priority ranking of structures and the progressing of works. It gives a comprehensive database of the infrastructure though it has weaknesses in the adequacy of reporting and for planning and resource allocation. A working group will report by June 1994 indicating a recommended route for further enhancements to the planning and execution of waterway operations. (See also the response to recommendation 10.4.)

No comment.

10.40 Numeric models and emergencies

We endorse BWB's continuing work on numerical models on manning requirements, including those for dealing with emergency situations. This work should be done in conjunction with the improved definition of maintenance standards and tasks we have recom-

putation of the required manning levels is covered in paragraph 10.28. A risk analysis technique is incorporated into the major works priority ranking methodology. This covers not only the risk of failure of a structure but also the potential impact on the

No comment.

<i>MMC recommendation</i>	<i>Update to BWB final response</i>	<i>MMC comment</i>
mended; BWB also needs to give more attention to assessing the risks of emergencies occurring.	neighbourhood.	
10.41 Purchasing and stock control		
We have found BWB's purchasing and stock control system to be efficient and satisfactory, but it needs to ensure that the system is fully understood at all levels and that there is full compliance with procedures: those procedures should ensure that local management undertakes more regular checking of stock, because of the reduced security inherent in the wide dispersal of stockholdings.	Done. A new purchasing and stock system was introduced in 1989.	No comment.
10.42 Now that it has distributed stockholdings in 78 locations, BWB should introduce new arrangements to compare stock turnover ratios with those experienced under the previous system. If the comparison shows that dispersal has led to increased costs, the Board should decide whether any further changes in the arrangements are needed.	Stock levels have declined to just over £700k at March 1992 of which much relates to emergency reserves and specialised spare parts having long order lead times. The materiality of stock levels do not warrant extensive administrative and control procedures. Where required control is based on stock counts coinciding with financial reporting deadlines.	No comment.
10.43 Vehicle, vessel and plant records		
We have found BWB's systems and procedures for procurement, servicing and replacement of vehicles to be generally satisfactory. We have however, found some inadequacies in its recording of vessels and plant, which need to be corrected.	Done. Most vehicles, vessels and craft apart from small items, such as hand mowers, are recorded on the maintenance management system.	No comment.

MMC recommendation

Update to BWB final response

MMC comment

10.44 Plant utilisation estimation

BWB needs to improve the quality of its estimating of plant utilisation.

Each individual waterway business plan determines its vehicle and plant requirements by reference to the general works programme which is compiled to meet the agreed waterway standards. A large plant disposal programme has been carried out as a result of identifying the resource required to service the agreed Standards in the waterway plans.

No comment.

10.45 Scottish plant/vessels

An organisational matter that needs attention is the situation in the Glasgow Area. We can see no reason for the administrative and monitoring arrangements for plant and vessels for that Area being different from the rest of the country, and recommend that the Glasgow Area be brought fully into line within the year.

Done. Implemented in 1989.

No comment.

10.46 Chief Executive

While we are satisfied that the Chief Executive is able to play full part in the discussions of the Board, we see advantages in his being formally appointed as a member of the Board.

We do not see any benefits arising from changes to the existing structural arrangements.

We continue to see clear advantages in appointing the Chief Executive to the Board. We have also recommended that other Departmental Directors should also be appointed to the Board (see recommendation 15 in this report).

10.47 Head Office

We are concerned that a number of important staff who should be located at Head Office are based in other locations: this applies particularly to the Engineering Department. BWB should ensure that all Head Office staff are accommodated in its Head Office. It intends to

All Headquarters staff which were located in 5 separate offices spread out around London, are now on one site at Willow Grange, Watford, except for most of the engineering department who have been centralised in Leeds closer to the location of the works with which

No comment.

MMC recommendation

do so as part of its plan to build a new Head Office at Watford, but if that project does not go ahead, BWB should persist with its intention to bring all its Head Office staff together. In that event, it should also consider whether its Head Office could be in a location more central to the waterways system.

10.48 Engineering reporting and control

We regard the Area organisation of the Engineering Department as appropriate, but see a need for a greater degree of standardisation in reporting and control.

Update to BWB final response

they are associated.

Navigation, Facilities and Structural standards have been drawn up.

Specifications are continually being improved in the contracts for minor works to overcome their variability within the waterways. When linked with the full use of MMS this will further improve the standardisation of approach (see response to recommendation 10.4).

BWB has recently reorganised the Engineering Department improving the level of control and clarity of responsibilities. Revised project monitoring and control procedures have been implemented whereby line management is now clearly responsible for all maintenance projects on the waterways. Training in project management techniques is therefore being given throughout BWB down to waterway management level to reinforce this area of management.

An improved definition of requirements for project monitoring and administration will be specified by a working party due to report by June 1994. In addition, a Project Control group has been established to strengthen

MMC comment

Good progress has been made.

No comment.

We approve of the new organization which devolves engineering functions to regions and waterways with back-up from the central Technical Services at Leeds.

At present all projects are checked and signed off by the Project Manager before handing back to the Waterway

MMC recommendation

Update to BWB final response

MMC comment

10.49 Allocation of responsibilities

While the Area organisation as such is satisfactory, we endorse BWB's intention to look again at the allocation of responsibilities to senior staff in the Areas.

the monitoring role at Headquarters (HQ). A project appraisal system has been implemented where engineering projects are prioritised and reviewed at waterway, region and headquarters level.

Manager and all the major items undergo a post-project appraisal involving the Finance Department.

The structure of BWB has significantly changed since the 1987 MMC report with the introduction in 1989 of waterway units and regions responsible for devolved decision making closer to the customer.

We welcome the new structure.

The number of waterways and regions is under constant review to ensure that the most efficient use of resources possible is obtained.

No comment.

10.50 Planning system

While BWB needs a long-term structural framework for its planning, we do not think that it should, for example, attempt to forecast revenue from users for as long as ten years ahead, as it does at present. We welcome the current reconsideration, by BWB and DoE, of the present structure of BWB's planning system and the time-scale to which it should be applied.

Done. Corporate planning is now based on a four year horizon and is an integrated part of day to day management of the business at all levels.

No comment (but see recommendations 1 and 2 in this report).