

6 Human resource management

Manpower numbers and costs

6.1. BWB employees are classed as wages grades and salaried staff. Over the past five years substantial reductions in employee numbers have been achieved largely at the basic wages grades level. This has been accomplished by a programme of voluntary redundancies and early retirements.

6.2. The use of external contractors has risen, now accounting for 45 per cent of total direct waterway costs as opposed to 22 per cent in 1987/88 (see paragraph 10.5), and manpower at the waterway level has dropped from 1,780 to 1,050.

6.3. Recruitment has been at a virtual standstill for the wages grades whilst there has been a major restructuring and some upgrading of salaried posts to reflect the changing nature of the organization. One hundred and four foremen transferred to the salaried staff in 1989.

6.4. Figures 6.1 and 6.2 illustrate the trends in manpower movements since 1987/88 and the shift in the balance between salaried staff and wages grades. Total numbers employed have fallen by 33 per cent. At the end of the financial year 1992/93 there were 1,104 wages grade employees and 776 salaried staff, compared with 1,980 wages grade staff and 881 salaried staff in 1987/88.

6.5. During the period 1987/88 to 1992/93 total employment costs have fallen in real terms by 15 per cent but, of these costs, the aggregate gross wages and salaries cost per employee has risen by 67 per cent. Over the same period inflation rose by 37 per cent.¹ When National Insurance contributions and employer pension costs are added this figure increases to 74 per cent compared with an increase in average earnings in all industries of 43 per cent.¹ In addition redundancy payments over the period amounted to £11.5 million.

6.6. BWB conceded that an element of wage drift had occurred but said that the overriding reason for the increases had arisen from a decision to move from low pay, low productivity, overmanning and a low skilled workforce to average pay, high productivity, low manning and a multiskilled workforce.

6.7. The first change to occur was the introduction of a new pay structure for the wages grades in 1988. This was followed a year later by an agreement to regrade operatives on basic grades on the acquisition of specific skills, which had a significant effect on average wage costs. Since then this principle has been extended to other grades. This will undoubtedly have a continuing influence on average pay over the next few years as more multiskilled operatives come on stream.

6.8. The pay structure for salaried staff within the bargaining group also changed in 1989 following job evaluation. The new structure allowed new incremental movement and included the 'red circling' or protection of existing post-holders.

6.9. A market premium was added to salary in 1990 for some engineering and computer staff whose services BWB wished to retain in a competitive market. BWB told us that at the time of the reorganization it had difficulty in recruiting high calibre staff and salary levels of the higher graded posts outside the bargaining group had to be adjusted to reflect this situation.

¹ Index of Retail Prices and New Earnings Survey (NES).

FIGURE 6.1

BWB: manpower trends, 1987/88 to 1992/93—employee numbers

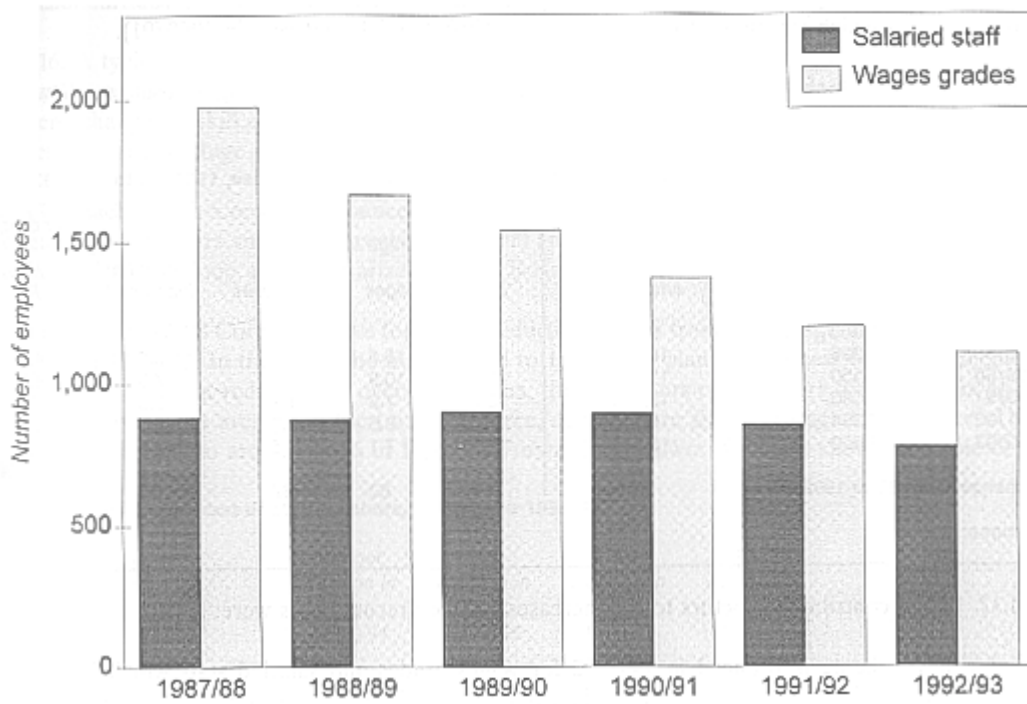
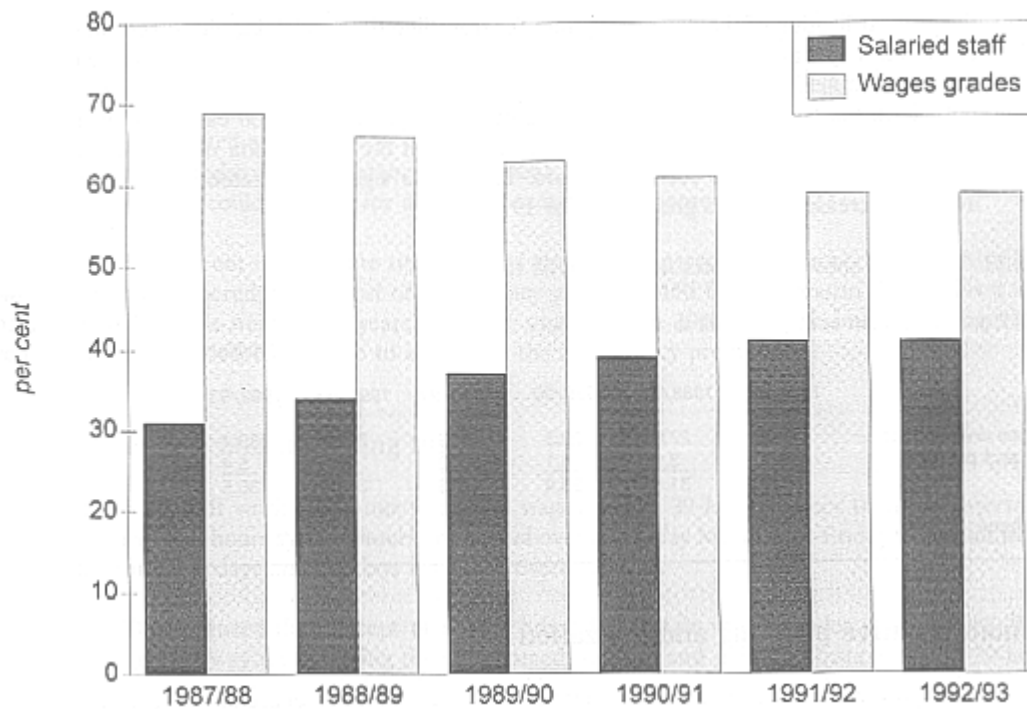


FIGURE 6.2

BWB manpower trends, 1987/88 to 1992/93—percentages of salaried staff and wages grades



Source: BWB.

6.10. The introduction of a new management structure had a major inflationary effect on the average pay per employee in both 1989/90 and 1990/91 when the average increased by around £2,000. Fifty-two new regional posts were created, comprising 28 Waterway Managers, six Regional Managers, and 18 regional functional managers (commercial, finance and engineering). Although not all 'new' money, as many of the incumbents had been promoted from other posts, the salary bill for these posts alone amounted to approximately £1,116,300 a year (excluding National Insurance contributions and employer costs which amounted to 14 per cent in 1989/90 and 16 per cent in 1990/91).

6.11. The effects of these changes in grade mix on average salary and wages costs are shown in Table 6.1.

TABLE 6.1 BWB salaries and wages-average pay per head and percentage increase, 1987/88 to 1992/93

	Average pay per head £			Average increase per cent				
	Salary	Wages	All employees	Salary	Wages	All employees	Annual basic increase %	June RPI
1987/88	11,563	8,150	9,198					
1988/89	12,026	9,418	10,251	4.0	15.6	11.4	5.8	4.6
1989/90	14,150	10,448	11,758	17.7	10.9	14.7	7.5	8.3
1990/91	16,080	11,198	13,079	13.7	7.2	11.2	9.5	9.8
1991/92	17,294	12,277	14,300	7.5	9.6	9.3	6.5	5.8
1992/93	18,509	13,152	15,374	7.0	7.1	7.5	4.3	3.9
% change 1987/88 to 1992/93				61	60	67	38	37

Source: BWB.

6.12. Other contributory factors to the increases in more recent years were:

- (a) a new scheme introduced in 1991/92 for wages grades and salaried staff which involves a payment of £50 per week to all employees when required to be on standby. This is common practice in industries requiring rapid response to emergency situations;
- (b) a one-off payment of £100 to wages grades employees which cost the organization over £100,000 on the introduction of compulsory cashless pay. Subsequent external costs saved have meant that this exercise had a payback period of about a year; and
- (c) the standardization of the payment system for travelling time which is paid to certain employees when they travel direct from home to a site away from base involving a journey of more than 15 minutes, out of scheduled hours. Certain local anomalies were eliminated in 1992, notably in the North East Region where a one-off payment of £2,000 each was given to 100 employees as part of a settlement with the unions on the termination of a local agreement which had been in place for many years. This was a significant factor in the 9.6 per cent average increase in wages grades pay for 1991/92.

6.13. Table 6.2 shows staff costs from 1987/88 to 1992/93.

TABLE 6.2 BWB staff costs, 1987/88 to 1992/93

	£ million					
	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93
Wages and salaries	27.0	27.6	29.3	31.3	31.0	30.1
NHI and pensions	<u>3.6</u>	<u>3.9</u>	<u>4.1</u>	<u>5.0</u>	<u>5.1</u>	<u>5.4</u>
	30.6	31.5	33.4	36.3	36.1	35.5

Source: BWB.

Human resource planning and utilization

6.14. Manpower plans are an integral element of the business plans prepared by waterway, regional and headquarters central managers (paragraphs 3.17 to 3.24) which feed into the Corporate Plan.

6.15. For example, during the development phase of a waterway manpower plan, the Waterway Manager reviews the current manpower position and discusses the requirements for the following year with the Regional Manager taking into account considerations such as national and regional objectives. A Human Resource Manager may be involved at this stage. Once the plan has been approved, through the process described in paragraph 3.20, the Waterway Manager is responsible for monitoring the plan and controlling variations.

6.16. A typical manpower plan prepared by a Waterway Manager would include organization of work, the use and supervision of contractors, extent of mechanization, development of the lengthsmen concept, changes in skill and grade mix, new posts, training and development requirements, expected retirements and wastage.

6.17. Each month a report is produced by the Finance Department showing actuals against budget for employee numbers and payroll costs by regional and Head Office departments. This is submitted to the Executive Group and summarized for the Board.

6.18. The 1987/88 Corporate Plan forecast a reduction in staff from an average of 2,939 in 1987/88 to 2,100 in 1992/93. In the event the number fell to 1,956. The plan for the next five years includes a further 9.5 per cent reduction in overall numbers, three-quarters of which are wages grades posts. This would bring the average of the total workforce, defined here as the average for the year of the month-end figures, to around 1,656 in 1996/97. Forward manpower plans are shown in Table 6.3.

TABLE 6.3 **BWB: forecast of staff numbers, 1993/94 to 1996/97**

	<i>Budget Average in post 1993/94</i>	<i>Plan Average in post 1994/95</i>	<i>Plan Average in post 1995/96</i>	<i>Plan Average in post 1996/97</i>
Regional staff	1,483	1,390	1,366	1,332
Central engineering	87	87	85	84
Commercial Division:				
Central	75	75	74	74
Sharpness	69	69	69	69
Other central departments	<u>116</u>	<u>103</u>	<u>97</u>	<u>97</u>
Total staff numbers	1,830	1,724	1,691	1,656

Source: BWB.

6.19. The trade unions were sceptical about BWB's human resource planning which they believed was more of a manpower reduction strategy than a properly conceived plan against business objectives. They quoted an example of being approached by BWB to see if there were any objections to accelerating the planned redundancy programme because surplus funds had become available unexpectedly which could be used for additional redundancy payments.

6.20. BWB's account of the same situation was that the long-term plan for a leaner, multiskilled workforce was tempered by the cost of redundancy payments and for this reason the rundown had been planned over a number of years. In 1991, and again in 1992, through internal savings and reordering of priorities, it was able to accelerate the redundancy programme.

Hours, overtime and travelling time

6.21. Salaried staff work a 37-hour week and wages grades 39 hours. Other than on waterways operating an annual hours system, hours are spread over a five-day Monday-to-Friday week and work undertaken on Saturdays and Sundays is paid at overtime rates.

6.22. BWB introduced the concept of annual hours for certain wages grades staff in 1988. The system changes the way that working time is planned, worked and paid for. Instead of the 39-hour week, the employment contract is based on a working year. This enables employees' working hours to be concentrated in the months when workload is at its highest with consequently reduced hours at other times

of the year. The system was designed to produce greater employee flexibility, to maximize productivity and efficiency and reduce the level of overtime payments.

6.23. BWB piloted annual hours for lock-keepers on the River Trent in 1988. Prior to this, it had not been unusual at times of the year for lock-keepers on this waterway to work a 16-hour day on six or seven days a week. The only way to keep the locks manned had been to use maintenance staff as relief workers, including some higher-graded staff who had to be taken away from planned work thus delaying the maintenance programme. Complex and costly local arrangements for cover prevailed.

6.24. Since the introduction of annual hours on the River Trent, the need to call on the services of maintenance staff has been eliminated. Lock-keepers and relief keepers work a five-in-seven-day rota including cover for all Bank Holidays. Thirteen lock-keepers are employed for the eight locks with a two-shift system operating at Cromwell and the tidal Torksey lock. There is a contractual obligation to work up to 33 days' overtime to cover for holidays or sickness. Payment for this cover is built into improved basic pay and, except in extreme emergencies, no additional payments are made. The posts are graded at national Grade 4 level, currently £172.93 per week, and most of those working annual hours receive an additional £91.09 per week.

6.25. Although total wage costs are about the same as before, advantages to the organization include more accurate planning and improved customer service.

6.26. Another effect has been a reduction in the level of sickness absence which has dropped to less than 1 per cent compared with the national picture within BWB which ranges from 4 to 5 per cent (see Table 6.4). The Waterway Manager attributes this to the spirit of co-operation between staff on the waterway who do not want to be responsible for colleagues having to work contractual overtime hours unless really necessary.

6.27. Following the success of the River Trent scheme, a nationally negotiated agreement was reached with the unions in 1990. This established the framework within which Waterway Managers were free to conclude local agreements to suit particular circumstances.

6.28. The basis of the national agreement was:

- (a) the period of time which employees work is defined over a whole year;
- (b) no individual working on an annual hours contract will be paid less than $52 \times$ the appropriate weekly rate plus 10 per cent; and
- (c) individuals will not normally work more than 55 hours in the summer and 35 hours in the winter in any seven-day period nor more than five days out of every seven.

6.29. The 10 per cent addition to the basic wage referred to in paragraph 6.28(b) is reward only for the requirement to work variable seasonal hours between Mondays and Fridays. An additional premium is added to the package to cover weekend working. For example, on the Caledonian Canal the annual hours agreement involves an additional 10 per cent to the national basic pay for operating the system on Mondays to Fridays with a further 20 per cent added in respect of weekends, the total package being the basic rate for the job plus 30 per cent. In this scheme, unlike the agreement covering lock-keepers on the River Trent, there is no contractual obligation to work overtime to cover for sickness absence. The levels of sickness absence on the Caledonian Canal dropped from 5.3 to 4 per cent following the introduction of annual hours in 1991 but have risen since to 5.1 per cent (quarter ended 31 March 1993).

6.30. The formulae for the hours worked on the River Trent and the Caledonian Canal are shown at Appendix 6.1.

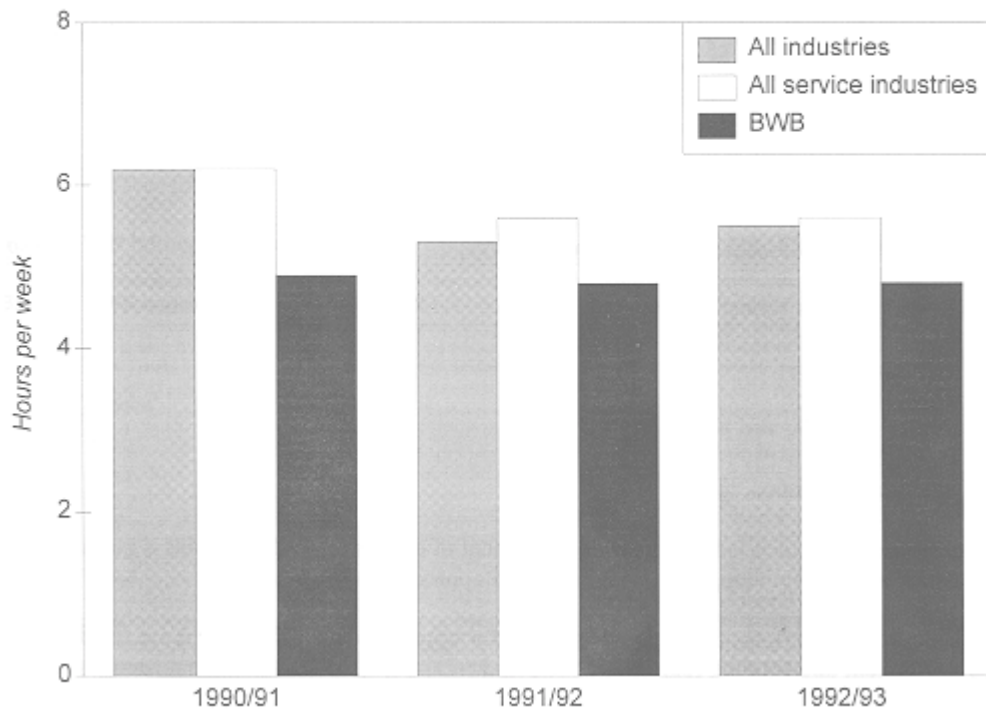
6.31. Some regions operating annual hours are still showing comparatively high levels of paid overtime. BWB is monitoring the situation as its experience of operating the new system grows.

6.32. BWB first nationally reported on overtime and travelling time, which is paid at overtime rates, separately in the financial year 1991/92. Since then, Regional Managers have been given monthly reports showing regional comparisons and average hours worked per employee. Examples are shown in Appendix 6.2. This information is then distributed to Waterway Managers for comparisons to be made.

6.33. Figure 6.3 shows the breakdown of overtime and compares it with all industries and all service industries. The comparison has been made with male manual workers as 97 per cent of BWB wages grade staff are men.

FIGURE 6.3

Weekly overtime hours worked, male manual workers



Source: NES and BWB.

6.34. Travelling time has been reduced from 2.3 hours per person per week in 1991/92 to 1.9 hours in 1992/93.

Work measurement

6.35. The 1987 MMC report criticized the lack of an effective system of work measurement within BWB. There is still no standard method used for estimating manpower requirements. Over the past few years a number of pilot schemes have been developed to investigate different approaches. Following earlier meetings of a group of Waterway Managers, a project group, based in the North East Region, was established in January 1993 to develop a system for estimating and planning. The Executive Group recently made an assessment of the progress of this project group as a result of which it has been reconstituted.

Performance management

6.36. BWB operates a voluntary system of performance appraisal for salaried staff within the collective bargaining group. BWB's explanation for not having a mandatory system was that objections had been voiced by the unions. UNISON,¹ one of the trade unions recognized by BWB for its salaried staff, told us that it did not object on principle to an appraisal system. Its objection had been a lack of consultation about the purpose for which the scheme had been developed.

6.37. A sample of completed appraisal forms which we examined indicated a lack of consistency in application and quality. We were left in no doubt that some senior managers, including the Chairman, saw little value in formal staff appraisal systems.

6.38. About 11 per cent of the salaried staff are classed as 'out of category', that is, not covered by collective bargaining arrangements. This group consists of employees whose salaries are above the highest scale point of the negotiated pay agreement, currently £25,375. Their pay progression is linked solely to performance and external market comparators. We were told that they all receive an annual appraisal. There is no standard documentation. Waterway Managers, for example, are given performance indicators which, typically, would include:

- (a) hours/productivity rates;
- (b) direct cost per kilometre;
- (c) comparison with regional and national figures;
- (d) overhead costs ratios;
- (e) absence levels;
- (f) overtime levels; and
- (g) safety comparisons.

Their performance is then judged against achievement of targets set in their business plans and wider criteria such as teambuilding, problem solving and approach to the job.

6.39. There is no performance-related appraisal for wages grades staff but the move to competency-based assessment and training (paragraphs 6.70 and 6.71) and associated financial rewards is seen as a motivating factor. The wider introduction of the length concept (paragraph 5.9) and multiskilling are designed to bring about increased productivity and flexibility.

6.40. Incentive bonus schemes for wages grades staff have almost been eliminated: the few remaining are paid for dredging and piling operations when work often has to be done under time pressures in difficult circumstances. The total cost to the organization is less than 0.5 per cent of the payroll bill.

Absence

6.41. In 1991 BWB introduced a computerized absence control system. Information on sickness, industrial injury and unauthorized absence is maintained and, at quarterly intervals, extracted by the Human Resource Department. Human resource staff analyse the information and bring areas of concern to the attention of line managers.

6.42. BWB told us that it regards absence control as a high priority. All line managers have been given the task of monitoring absence levels which is considered to be an essential component of performance management.

¹ An amalgamation of the trade unions NALGO, COHSE and NUPE.

6.43. Table 6.4 compares the situation in BWB with results of a survey of 600 public and private sector organizations conducted by the Industrial Society which was published in March 1993.¹

TABLE 6.4 **BWB absence rates, 1991/92 to 1993/94, compared with Industrial Society survey**

BWB	<i>per cent</i>		
	<i>Salaried staff</i>	<i>Wages grades</i>	<i>Total</i>
1991/92	2.7	6.5	5.0
1992/93	2.4	5.8	4.5
1993/94 (First quarter)	2.4	5.4	4.2

Industrial Society Survey, March 1993

<i>Public sector</i>	<i>Private sector</i>	<i>Overall</i>
4.6	3.9	4.0

Source: Industrial Society and BWB.

Labour turnover

6.44. BWB labour turnover figures for calendar years 1987 to 1992 are shown in Table 6.5.

TABLE 6.5 **BWB labour turnover, 1987 to 1992**

	<i>per cent</i>		
	<i>Salaried</i>	<i>Wages</i>	<i>Total</i>
1987	17.6	10.5	12.7
1988	26.0	16.4	19.4
1989	20.7	10.7	15.6
1990	19.1	12.3	14.8
1991	18.2	16.6	17.2
1992	19.2	15.5	17.1

Source: BWB.

6.45. BWB told us that the number of staff leaving for reasons other than redundancy, retirement and end of temporary contract is minimal. An analysis of leavers in 1992 is shown in Figure 6.4. The total number of salaried staff leaving the organization in that year was 168. 14 per cent (24 employees) left of their own accord. Reasons given were: promotion opportunities in other companies (7), pregnant (6), moving with spouse (4), dissatisfied (3), career change (2), unknown (2). One hundred and ninety-four wages grade staff left BWB in 1992 and all but a handful left due to redundancy, retirement or the end of a temporary contract.

Industrial relations

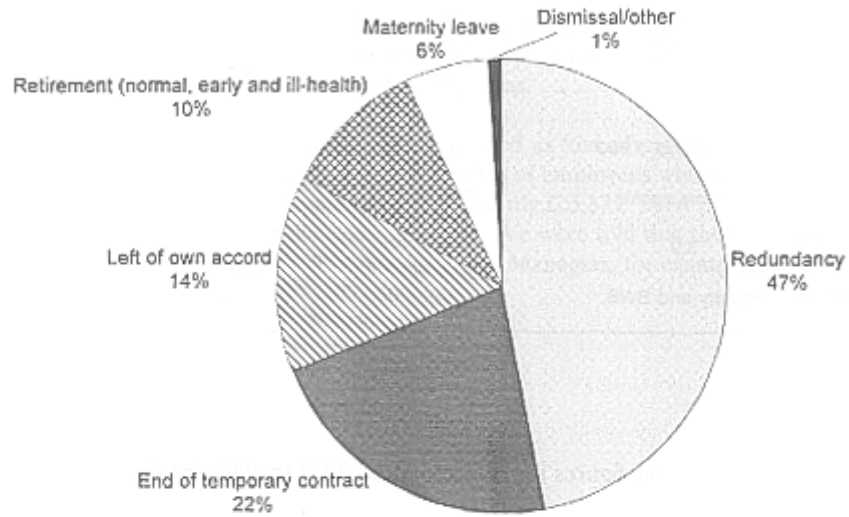
6.46. Four trade unions are recognized for collective bargaining. The Transport & General Workers Union (TGWU) represents the majority of the wages grades along with a small number represented by the National Union of Rail, Maritime & Transport Workers (RMT). Salaried staff excluding those 'out of category' are represented by UNISON, the Association of Clerical, Technical and Supervisory Staff (ACTS) (the 'white collar' section of the TGWU), and the Transport Salaried Staffs Association (TSSA). Trade union density, derived from BWB 'check off' of direct union subscriptions deducted from pay, is 82 per cent among the wages grades and 53 per cent among the salaried staff.

¹Wish you were here: How UK and Japanese-owned organisations manage attendance.

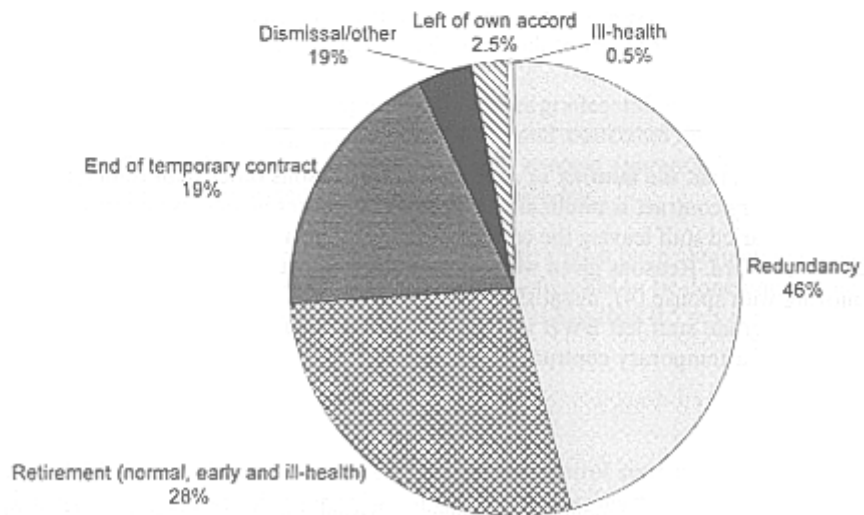
FIGURE 6.4

BWB: analysis of leavers, January to December 1992

(a) Salaried staff—total 168



(b) Wages grade staff—total 194



Source: MMC study of BWB data.

6.47. The negotiating and consultative machinery was restructured in 1989 to mirror the organizational changes within BWB. A decision was taken at that time to retain separate bargaining arrangements for wages grades and salaried staff. The revised machinery has enabled lay representatives to play a more purposeful role in local negotiations.

6.48. Formal negotiations are conducted through a National Joint Council (NJC) for each of the two bargaining groups. There are also five Regional Joint Councils (RJC) for the wages grades and six RJC for the salaried staff. BWB estimates that the cost of running the NJCs and RJC is around £50,000 which represents 0.14 per cent of the total paybill. Pay is determined centrally as are most conditions of service but the RJC now play a more significant role in negotiations.

6.49. In their evidence to us the unions criticized BWB for its failure to use the NJCs to discuss future plans and policies. BWB told us that 'a lot of consultation takes place at the NJCs and RJC'. The recently introduced practice of the Chairman's and Chief Executive's yearly visits to share future manpower planning information was quoted as an example. The unions do not consider that this is genuine consultation as they are convinced that final decisions have been made by management before they are brought into the picture.

6.50. UNISON told us that the pressures on line managers to adapt to a more commercial attitude could have a detrimental effect on employee relations locally. It agreed that most union representatives had good working relationships with local managers but also said that some managers made decisions affecting staff without the involvement of local union representatives.

Pay and grading

Wages grades

6.51. At the time of the 1987 MMC report average weekly pay for BWB wages grades employees was 11 per cent below the national average. Earnings were influenced considerably by overtime and other allowances. BWB told us that, at that time, many employees needed to supplement their pay with state income support.

6.52. The new pay structure for the wages grades, introduced in 1988, reduced the number of grades from twelve to six. Twenty national allowances were reduced to four. The grades range from basic grade 2 operative, currently attracting £161.89 per week, to grade 7 at £211.66 per week.

6.53. Progression from grade 2 to grade 3 is by satisfactory service. Progression to grade 4 is automatic on the attainment of six of eight core competencies (see paragraph 6.70). Thereafter the principle of regrading on achievement of skills continues, although opportunities for progression are linked to manpower requirements.

6.54. Average weekly earnings including overtime from 1987/88 to 1992/93 compared with male manual workers in all industries and all service industries are shown in Table 6.6.

TABLE 6.6 **Average weekly earnings-manual workers, 1987/88 to 1992/93**

	£		
	<i>All industries Male</i>	<i>All service industries Male</i>	<i>BWB All employees</i>
1987/88	185.5	172.0	156.7
1988/89	200.6	184.0	181.1
1989/90	217.8	200.5	200.9
1990/91	237.2	216.8	215.3
1991/92	253.1	236.4	236.1
1992/93	272.3	251.9	252.9

Source: NES and BWB.

Salaried staff

6.55. Following the adoption of an analytical points-rated job evaluation system, a new grading structure for salaried staff in the bargaining group, comprising 12 grades based on a spinal system, was introduced in April 1989.

6.56. The new system has not been entirely satisfactory, largely because the rigidities of the job evaluation scheme have impinged on the flexibility needed as the new organizational structure evolved. BWB told us that it is examining alternative salary structures which would take into account not only internal relativities but also the value of the individual's skill in the external employment market and levels of contribution towards business objectives.

6.57. The pay of 'out of category' staff is determined by performance and market comparison (paragraph 6.38). UNISON told us that it regarded it as unfair that only 'out of category' staff received performance-related pay as, in reality, all employees contributed to the corporate performance of BWB. Consequently it believed that a negotiated scheme of performance-related pay should be brought in to cover all staff.

6.58. Table 6.7 compares average salary, including the 'out of category' staff, with all industries and all service industries. Although BWB was able to supply us with a male/female analysis by staff numbers, records were not available for financial costs. We were told, however, that currently 62 per cent of salaried staff are men and 38 per cent women. BWB has confirmed our assumption that there has been no significant change in male/female mix over recent years and we have, therefore, taken an average of the external earnings weighted by the BWB male/female mix.

TABLE 6.7 Average weekly earnings-salaried staff, 1987/88 to 1992/93

	<i>All industries*</i> <i>Weighted</i> <i>average</i>	<i>All service industries*</i> <i>Weighted</i> <i>average</i>	<i>BWB</i> <i>All</i> <i>employees</i>
1987/88	224.5	222.6	222.4
1988/89	249.0	247.8	231.3
1989/90	274.7	272.9	272.1
1990/91	301.9	299.7	309.2
1991/92	322.9	321.3	332.5
1992/93	351.6	350.3	355.9

Source: NES and MMC study of BWB data.

*1992 figures for all industries and all service industries have been projected from the April NES survey to July to correspond more closely with the BWB pay year which commences in June. 1992 was the first year that the NES produced quarterly projections.

6.59. The remuneration of BWB Departmental Directors and Regional Managers is determined by a Remuneration Committee of Non-Executive Directors chaired by the BWB Chairman. It includes a performance-related team bonus scheme, payments under which are determined by the achievement of agreed objectives (see paragraphs 5.34 and 5.35).

6.60. BWB intends to harmonize pay and conditions of salaried and wages grade staff by 1996. We were told by the unions that they were not aware that this proposition, which was debated from time to time, was under serious consideration. They expressed fairly neutral views about the suggestion.

Employment policies

Human Resources Department

6.61. The Human Resources Department comprises two main teams located at Watford and Leeds. The Watford office normally covers all staff in the South-East, Midlands and South-West and headquarters and the Leeds office covers staff located in Scotland, the North-East and the North-West.

6.62. Following recommendations in the 1987 MMC report, a Director of Personnel was appointed in 1987. He left BWB in 1992 and his duties were assumed by the then Director of Engineering who became Director of Engineering and Human Resources. After a few months he, too, left the organization and it was decided not to make a new Human Resources appointment at director level.

6.63. The present Head of Human Resources reports directly to the Chief Executive. He is not a member of the Executive Group but attends its meetings as and when human resource issues are to be discussed. The unions regarded it as unsatisfactory that the NJCs no longer included a human resource specialist with direct access to the Board. BWB told us that in addition to the Head of Human Resources and other human resource managers, the NJCs include members of the Executive Group. Two Regional Managers, the Directors of Finance, Engineering, the Commercial Director and the Solicitor to the Board are members of the salaried staff NJC. Two Regional Managers, the Solicitor and Director of Commerce are members of the wages grades NJC and there is one Departmental Director level vacancy. BWB also said that there had been a need to reinforce the point that line managers are now responsible for day-to-day human resource management and it was no longer appropriate to have specialist human resource representation at Departmental Director level.

6.64. Much good work has been done over the last few years to update and modify employment policies and procedures. A comprehensive human resources procedures manual has been produced. Well-defined procedures exist in areas such as recruitment, discipline and grievance, absence and health and safety. A revised security of employment policy was adopted in 1992, following acceptance by the salaried staff NJC, which is also used as the basis for handling redundancies among the wages grades.

Training and development

6.65. The Human Resources Department has spearheaded an extensive training and development programme. Two of its managers have responsibility for co-ordinating training and development in addition to other duties. One is based in Watford covering the South and the Midlands and one in Leeds covering the North and Scotland. UNISON has criticized this arrangement as it considers that there should be a dedicated training manager. BWB does not accept this, maintaining that the needs of the users can best be met by the present geographical split.

6.66. The constitutions of the NJCs and RJs state that one of their functions is to provide a forum for consultation and advice on education and training. UNISON told us that the training effort to date has been dictated entirely by management with little or no input from the unions. It would like to see a bigger role for the NJCs and RJs in identifying training needs and monitoring training in progress and a greater proportion of the resources directed towards more junior staff and women.

6.67. Following the management restructure a comprehensive programme of BWB-specific management training was arranged for all levels, much of it contracted out to leading management training providers. Team building and specific job-related training followed. About 15 managers have obtained or are working towards MBAs. Accreditation of prior learning and continuous professional development is encouraged. Five days a year have been set aside for each manager for this purpose.

6.68. The National Council for Vocational Qualifications (NCVQ) has appointed BWB as the lead body for inland waterways training rather than the much larger NRA. BWB told us that this was because its involvement in competence-based training started long before that of others in the field.

6.69. The two-year modular Supervisors Development Programme has been contracted out to consultants. The modules include estimating and planning, budgeting, safety and leadership. 80 per cent of supervisors have been through the programme, two-thirds of whom are working towards an NVQ level 3. Additionally three groups of engineering supervisors are currently undertaking courses leading to Higher National Certificates and NVQ level 4.

6.70. Men and women on wages grade 3 are all given the opportunity to be assessed in eight competencies which will eventually lead to an NVQ level 1. Assessment is undertaken by trained BWB assessors, usually operational supervisors, and takes place at the workplace. Successful achievement of six of the eight competencies involves automatic upgrading (paragraph 6.53).

6.71. The multiskilling programme, introduced for operators graded 4 and above, has been contracted out to the Construction Industry Training Board (CITB). The programme is a combination of residential off-the-job training undertaken at the CITB national training centre and practical experience. The modules include carpentry, brickwork, metalwork and concrete handling. The first tranche of 100 trainees has just completed the programme. Grade 4 multiskilled operatives are upgraded from grade 4 to grade 5 when all seven modules have been completed satisfactorily and the assessments have been formally verified by the City & Guilds Institute.

6.72. The Human Resources Department is not always aware of training commissioned by line managers. No attempt is made to cost separately training delivered by BWB's own staff.

6.73. BWB estimates that the cost of training, excluding salary and opportunity costs, is around £500,000 per year. It was difficult to be more precise than this because no central record is held of all the training taking place.

6.74. BWB provides training places for about 1,000 trainees on Government training schemes. Trainees normally remain for 6 to 12 months undertaking routine maintenance work, and restoration work on remainder canals, for example the Kennet and Avon Canal and the Huddersfield Narrow Canal. One of BWB's Human Resource Managers co-ordinates the training places. Responsibility for the trainees and their training rests with external training organizations under contract to the relevant local Training and Enterprise Councils (TECs).

Safety management

6.75. It has been impressed upon us during the inquiry that canals in general, and locks in particular, are potentially dangerous and that safety is to be BWB's top priority. We requested BWB to outline its approach to safety management. The basis for our request was:

- (a) complaints have been made to us by some users that BWB does not pay proper heed to safety considerations (see Appendix 5.3);
- (b) we learned that about 60 people are drowned in the canals each year and during the course of our inquiry a number of serious accidents including fatalities to children have occurred involving members of the public on or near the waterways; and
- (c) new EC legislation on health and safety at work which came into effect on 1 January 1993 which has a major impact on many areas of the workplace.

6.76. Responsibility for the promotion and direction of the Board's policy with regard to health, safety and welfare at work is vested in the Chief Executive. The management of safety was reviewed by the Director of Engineering and Human Resources in 1992 and a new post of Chief Safety Engineer was created. The aim of this post was to strengthen the support and specialist advice to line management. A computer-based system is used for collecting, recording and analysing accident data for all who are employed on, or use, the waterway system.

6.77. A paper was considered by the Board in January 1993 outlining the safety management structure and setting out the key responsibilities of line managers for the improvement of safety performance and the training required to support this. This is reflected in safety plans which form a part of each year's business plans. The safety plans set out how safety is managed and developed at regional and waterway level, taking into account the specific needs of each area and address three facets of safety, namely the workplace, users and the general public.

Workplace safety

6.78. The changing requirements of UK and EC legislation as well as industry standards are introduced through training, management and measurement of performance including the work of third parties and contractors. Safety is a prime consideration in the risk assessment procedure (see

Chapter 11). Improved methods of risk assessment are being progressed including a pilot study on the London waterways.

6.79. Communication with the workforce is assisted by a number of local and regional safety committees and is supported by the trade unions. The TGWU provides safety awareness training and training on UK and EC legislation for its safety representatives.

6.80. The TGWU told us that it supported BWB's proposals for the management of health and safety which it felt would provide for a more positive approach but made the point that contractors' activities should be subject to the same responsibilities.

6.81. An analysis of workplace accidents recorded by BWB in 1992 showed a total of 325 accidents and dangerous occurrences to employees. Of these, 61 were reportable to the Health and Safety Executive (HSE) under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations. BWB told us that it was confident that its procedures ensured that accidents were reported. It believed that this was not the case for accidents to its contractors for which records showed only two accidents for the whole of 1992. The procedures were being reviewed to improve contractors' reporting and meaningful comparisons of contractor and employee accident rates to be made.

User safety

6.82. Waterway codes are produced for users which give advice on safe enjoyment of the activity. A variety of leaflets, videos and signs are employed to highlight particular hazards. Educational campaigns are targeted at specific age groups including a child safety education package developed for children under seven years of age using television ragdoll characters Rosie and Jim. A safety video based on the characters is available to schools.

6.83. BWB told us that 67 deaths occurred to members of the public in 1992 whereas only 52 non-fatal accidents were reported. It was now considering how to improve the reporting of non-fatal accidents which, it felt, was likely to remain a difficult area.

6.84. Following the King's Cross Underground fire and in conjunction with the emergency services and safety experts, a detailed safety improvement programme for tunnels has been developed and is currently being implemented. A safety working party is examining other aspects of the use of the system. Minimum safety standards for boat construction are being extended to reduce the ever-present risk of fire and explosion. The new standards have now been agreed with user groups but many owners are deeply dissatisfied because of the practicabilities and costs involved (see Appendix 5.3).

6.85. BWB told us that it considered that all commercial craft on its commercial waterways should be equipped with VHF marine band radios so as to permit communication with lock-keepers and with other commercial vessels on the waterway. It considered that this facility significantly contributed to the safe operation of the waterway and was particularly important where there was a mix of commercial and pleasure craft. Its lock-keepers frequently advised the masters of those commercial vessels which were equipped with radios of the whereabouts of other commercial craft and of pleasure boat movements of which they should be aware. On a visit to the Aire & Calder Navigation, members of the MMC were able to view the movements of coal barges and to observe at first hand the inherent dangers of pleasure craft operating alongside commercial craft.

6.86. We were told that the cost of equipping a vessel with a marine band radio was about £400. On top of that a licence is approximately £25 and the training and testing of operators is about £50 per person. The Department of Transport (DOT) Marine Directorate has confirmed that the question of the carriage of marine VHF on inland waterways had been considered within the local and national Marine Safety Committees and the recommendation made that, where practicable, VHF should be carried. The DOT told us that it had no powers to require such carriage under the Radio Installation Regulation 1992 which only applied to seagoing ships over 300 GRT (gross registered tonnage).

6.87. Commercial vessels operating on cruising waterways were said to be relatively few in number and the boats concerned smaller. Therefore, the same considerations did not arise.

Public safety

6.88. BWB told us that all its structures are subject to frequent inspection and necessary safety work is included in maintenance programmes. Waterway offices maintain detailed emergency plans which, we were told, are reviewed with local authority emergency planning officers and the emergency services. Information or warning signs are erected to advise the public of possible dangers but have met with disapproval from some users who have commented that some of the signs were too large and unsightly.

6.89. Regular contact is maintained with organizations with a responsibility for safety; for example, the Royal Society for the Prevention of Accidents (ROSPA) which provides the Secretariat for the National Water Safety Council on which BWB is represented along with local authorities and owners of water-related structures. BWB is also a member of the National Port Safety Organisation, its particular interest being Sharpness Docks.

Equal opportunities

6.90. A revised equal opportunities policy was introduced in 1992. The policy forms part of the Salaried Staff Terms and Conditions of Service handbook although the principle is also applicable to the wages grades. The Head of Human Resources is responsible for the implementation, monitoring and review of this policy. Records are kept of men and women by grade and location but not by salary.

6.91. In most respects the revised policy is in accordance with guidelines issued by the Equal Opportunities Commission (EOC) and the Commission for Racial Equality (CRE), although one of the elements of the policy, that 'generally appointments will be made internally', runs counter to the CRE's advice that this can have an indirectly discriminatory effect. However, appointments are advertised externally and monitoring procedures are in line with EOC and CRE guidelines.

6.92. At present 75 per cent of salaried staff in the higher grades are male and 87 per cent of the lower grades are female. There are no women on the Executive Group. The 'out of category' staff includes six women, representing 9 per cent of the total, and there are two women Waterway Managers. A woman non-executive director has recently been appointed.

6.93. In more recent years the number of women employed in the wages grades has grown but women still represent only 3 per cent of the total. Registered disabled persons and those from ethnic minorities both constitute around 1 per cent of the total workforce. BWB has elicited the help of the unions in addressing the issue. The RJC's have been given the task of considering practical measures which might be taken.

Conclusions and recommendations

Manpower numbers and costs

6.94. The major restructuring of BWB has not resulted in the savings in staff costs that might have been expected from the reductions in numbers, because of changes in grade mix, retraining, standardization of premium payments and the fact that the majority of redundancies occurred among employees on the lowest rates of pay. Within these factors, there has been an element of wage drift.

6.95. We recommend that priority should now be given to monitoring future movements within the payroll to ensure that wage drift does not recur.

Work measurement

6.96. The lack of an effective system of work measurement was the subject of criticism in the 1987 MMC report. We conclude that without such a system:

- (a) BWB's assertion that it intends to become a 'high productivity' organization cannot accurately be measured; and
- (b) line managers cannot make fully informed decisions on manpower requirements including decisions on whether to contract out work or use their own workforce.

6.97. We recommend that the new Director of Engineering, in association with the Human Resources Department, should make one of his first priorities the establishment of a standard work measurement system across the network and that this should be in place by April 1994.

Performance management

6.98. Whilst recognizing that BWB's managers talk to their employees regularly about their problems and performance at work, the absence of a formal performance management system has led to inconsistency of approach and much diminished the value of the present voluntary staff appraisal system.

6.99. We recommend that BWB should review its present voluntary staff appraisal scheme and replace it with a performance management system to apply to all salaried staff. This should be in place by the end of 1994. A joint working party of management and trade union representatives should be established to develop a system acceptable to all parties, possibly assisted by an outside facilitator such as ACAS.

Training and development

6.100. We conclude that the commitment to training is evident and initial results are encouraging although much of the programme is still at an early stage. The absence of easily retrievable information on overall expenditure indicates the need for improved monitoring systems.

6.101. We recommend that priority now be given to evaluating both the cost and quality of training delivered. The Human Resources Department should be responsible for the preparation of annual education and training plans which should include information on costs, throughput and validation of all training delivered, both by external providers and internally. The first plan (part year) should be available for examination by the Board in April 1994.

Safety management

6.102. We conclude that BWB has demonstrated a responsible attitude to safety management by the prominence it gives to safety in business plans, performance criteria set for Waterway Managers and other operational staff, maintenance and revision of policies and procedures and its use of training and promotional material.

6.103. BWB's wish for VHF marine band radio communication to be available on all commercial craft using commercial waterways is a sensible safety precaution.

6.104. We recommend that BWB pursues vigorously its proposal that VHF marine band radio communication should be made compulsory for all commercial craft using BWB commercial waterways by the introduction of appropriate legislation. The proposal should be promoted through the District and National Marine Safety Committees of the DOT. Whilst recognizing the difficulties of implementing our recommendation, we consider that the DOT should address this matter.