



**Canal &  
River Trust**

Making life better by water

# Annual Report & Accounts 2020/2021





Regent's Canal

# Annual Report of the Trustees of Canal & River Trust 2020/21

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# People love the water

Over the past twelve months our waterways have been a lifeline for millions of people across England and Wales. During very challenging times, they have provided immediate access to green and blue space, the outdoors and nature, right in the heart of many of our busiest and most populated areas. They connect the rural and the urban.

During lockdown, many people visited these canals and rivers for the first time and found respite in these special local places, which have since, for many, become an integral part of their daily life.

Below: Regent's Canal



Above: Sheffield & Tinsley Canal Below: Grand Union Canal



Above: Regent's Canal



Above: Desmond Family Canoe Trail



Above: Worcester & Birmingham Canal Below: River Lee



# Introduction

2020/21 was a year like no other. The nation felt the devastating impact of the Covid-19 pandemic and the waterways were no exception. Navigations were closed for long periods and Trust colleagues switched to home working virtually overnight in March 2020. Many haven't even met another colleague face-to-face, conducting all their meetings by video. Some have suffered loss of close family, whilst others have themselves had periods of illness. The charity has had to adapt to these tremendously difficult and challenging times.

In adversity, it has been heartening to hear the numerous stories of how the Trust's canals, rivers and towpaths have played such a key role for so many people in the face of the national crisis. They are now widely appreciated and valued more than ever at the heart of many communities.

During the times when people were restricted to the immediate area where they live, these local waterways – on the doorstep for millions – provided the spaces that people desperately needed. The role of our network as a cornerstone of a 'natural health service' has been fully vindicated by the influx of so many people seeking respite from the mental stresses and physical limitations of the lockdowns. They provided vital access to the outdoors, to nature and fresh air, to green and blue spaces, particularly critical for those living in densely

populated towns and cities where access to the natural environment was so limited. They truly were a place to escape and many thousands of people found them for the first time and made them a part of their routine. The estimated total number of visits to our canals and rivers rose to nearly 750 million in the year, reflecting their tangible link to the everyday lives of so many people and demonstrating the significant reach of our 'on the doorstep' natural network and its impact on our national health and wellbeing.

Throughout each lockdown, and the additional local restrictions that applied at other times in many places, we have continued to provide essential day-to-day management, inspection and maintenance of the network. Our colleagues have responded with great resolve, dedication and flexibility to keep them in a safe condition and to support those using



**Richard Parry**  
Chief Executive



**Allan Leighton**  
Chair



**Above:** Worcester  
& Birmingham  
Canal

“Throughout each lockdown, and the additional local restrictions that applied at other times in many places, we have continued to provide essential day-to-day management, inspection and maintenance of the network.”

them, whether living on boats and unable to travel, or using the towpaths for their exercise. We suspended the requirement for liveboard boaters to move every 14 days during the lockdowns, with leisure boating prohibited.

Our efforts to ensure that towpaths remained open and available meant that they could support the wellbeing of people stuck inside their homes for the rest of the day. More than half of our network runs through urban areas – small towns as well as large cities – and in many places with higher than average deprivation. The experience of the past year has underlined how important a role we can play in 'levelling up' as our waterways support the economic,

social and cultural investment in these communities. As an early contribution to that effort we have initiated three kickstart programmes for young people out of work – in Burnley, Leicester and Walsall – to improve employment prospects and skills in areas where this can have a significant impact.

Understandably, many of the Trust's activities to reach new users had to be paused or pared back and consequently, at the peak last April, over 650 colleagues were on furlough leave, with phased returns to work during the year. For long periods our volunteering stopped completely and, outside of lockdown, only reduced numbers of volunteers were able to return. Our community outreach and

Below: Sheffield  
& Tinsley Canal



education projects were suspended for almost the whole of the year, with some switching to communication via digital channels where possible. Our web-based education materials were a particular success, reaching new school audiences that hadn't previously experienced the waterways.

Although the Trust did much to support our business partners through the disruption they suffered during the year, and granted all boat licence holders a one-month licence extension, the majority of the Trust's income held up well, reflecting the actions we have taken in recent years to make it resilient, with total income less than 10% down on expectations pre-pandemic.

This has meant we have been able to continue to fund the bulk of our charitable works on the waterways. Whilst our maintenance works in the early part of the year were halted as we responded to the immediate risks of the new virus and delivered essential emergency works only (with some increase in asset failures during the summer as a result), we were able to adapt to the restrictions faced later in the year with a full programme of winter repair works delivered. We are grateful to Historic England for their £1.6 million heritage fund award which helped to support some of this work.

We were also able to respond quickly and effectively with weather-related emergency works first on the Aire & Calder Navigation in December and then after Storm Christoph caused considerable damage across a swathe of the North West. In total we incurred over £5 million in unplanned works attributable to extreme weather events. Despite the disruption of high river levels through much of the winter, we have made good progress in delivering the Unlocking the Severn project with the first fish pass completed in 2020.

Away from the pandemic, we have taken considerable steps forward in the stewardship of our reservoirs, with a strengthened team established and a major review of all of our high-risk assets that will lead to a significant uplift

in our planned expenditure in the next few years. At Toddbrook Reservoir both interim works to address any safety measures required by the independent inspector and long-term design of the replacement spillway proceeded well. To oversee this critical phase of our work to improve the resilience of our 200 plus year old network, the Board established a new Infrastructure Committee under the leadership of trustee Nigel Annett, a former Welsh Water Chief Executive.

Our work on health & safety more generally has seen some frustration, with both colleague injuries and reported public incidents increasing, and our focus on this vital aspect has intensified as we start a new financial year, with greater prospects of a more normal way of working than has been possible in the past year.

This year is also a critical one for the Trust's long-term future in other respects with the vital Grant Review work, which started towards the end of 2020. This wide-ranging review – led by Defra in close collaboration with the Trust – will determine the Trust's Government grant funding from 2027 when the current Grant Agreement comes to an end. The work will provide evidence for, and articulate, both the very considerable benefits of, and the substantial risks associated with, our remarkable waterways network, to re-state its value to the nation. With so much at stake for our longer-term future, a trustee working group has been established, under the leadership of trustee Jennie Price, the former Sport England Chief Executive, to oversee our work.

Finally, and very sadly, just after the year ended, as the tight grip of Covid-19 was starting to ease, we suffered the tragic loss of a colleague, Clive Porter, from our South East Boat Licensing Support Team, who died in April following an incident on the Grand Union Canal towpath near Aylesbury. Clive was a widely-respected and valued colleague, and we offer our sincere condolences to his family and friends.

# Protecting and caring for our resources

Much of what we do to look after our canals and rivers goes on quietly in the background. Each year, our teams spend around a million hours caring for the historic structures that make up our waterways – the locks, bridges, tunnels, aqueducts, reservoirs, culverts, sluices, cuttings and embankments – as well as the waterways themselves. We protect these centuries-old manmade structures, ensuring they are safe and available so that millions of people can freely enjoy 2,000 miles of waterways whenever they wish.

Like the country as a whole, our work this year has been severely impacted by Covid-19 restrictions. We took proactive steps to manage the inevitable disruption, to care for our customers and ensure our colleagues were able to work safely to deliver the essential operational and maintenance work only, such as water control and incident response. We developed new risk assessment materials, published in line with Government guidelines, along with eight protocols detailing the measures that we were taking in each of our working environments. The protocols covered risks to our colleagues and volunteers, and risks to the public using our waterways.

## The impact of climate change

Despite the challenges of Covid-19, we delivered the vast majority of our maintenance and repairs work programme. However, with all non-essential work suspended for most of the first quarter, the network did suffer from more service disruption due to asset failures than we would normally expect.

Our historic canals, buildings and structures are out in the open, used daily, exposed and vulnerable to the more frequent weather extremes arising from changes in the climate. Maintaining the availability of our network requires constant effort due to the great age of many structures and buildings, many of national significance, alongside the more recent mechanical and electrical systems upon which the modern operation of the network depends.

The last twelve months have been no exception:

- Most notably Storm Christoph, in February 2021, caused considerable damage across the North West: a breach on the Shropshire Union Canal at Beeston, the collapse of a retaining wall at Rochdale, a landslip on the Trent & Mersey Canal near the Anderton Boat Lift and extensive flooding on the River Weaver Navigation were the most significant impacts.



Right: Aire & Calder Navigation

In total, over 400 individual assets across the north of England were impacted by the storm, resulting in £4 million expenditure.

- Heavy rain contributed to the failure of a disused culvert and pile line on the Aire & Calder Navigation outside Goole in December. This required the Trust (and our framework contractor Kier) to mobilise an emergency response including securing a civilian helicopter to drop 240 tonnes of stone into the breach to stem the loss of water on one of our largest commercial navigations.
- The country also experienced the fifth warmest and driest spring since 1910, with very little rain in April and May 2020. This had a major impact on our water supplies and required a range of restrictive measures to keep navigations from closing through the summer.



**£4m**  
additional expenditure



### Protecting our reservoirs

Following on from the partial failure of the auxiliary spillway of Toddbrook Reservoir in 2019, we have implemented an extensive programme of works to ensure the safety and security of our reservoirs. Activity has included reviewing overdam spillways, ground investigations, new piezometers, topographical surveys, flood studies and physical works at six reservoirs and the installation of remote monitoring equipment at key sites with triggers and alarms that would be activated in the event of unexpected change. Digital surveillance has been rolled out across the Trust and we are piloting satellite monitoring at two dams. We have also strengthened our reservoir asset management team, established a senior reservoir safety group to enhance governance and oversight, and introduced a trial scheme to appoint volunteer reservoir surveillance inspectors to strengthen our resourcing.

Our greatest efforts in the year were focused on our high-risk reservoirs; some of the oldest in the country. Our work to re-instate Toddbrook Reservoir after the partial spillway failure in August 2019 continued and we were pleased to complete the temporary works that mean even in its compromised state the reservoir now meets the required safety

standards. The dam's waterproof clay core has been made more effective by installing a concrete 'cut off' beam and an enhanced crest wall along the top of the dam so that the auxiliary spillway is secure against any extreme weather events. We also developed a range of design options for the spillway's replacement which were the subject of public consultation, leading to the adoption of a preferred design in March 2021.

Other reservoir works included the £1 million upgrade of Carr Mill in St Helens to replace underwater valves and a new gauging weir, works to control water flow at Combs Reservoir near Chapel-en-le-Frith and construction work at Knipton Reservoir, Grantham.

### Securing the future

On a positive note, we were successful in our £1.6 million bid to Historic England's Heritage Stimulus Fund to support repair and restoration work to fifteen waterway structures including Hunts Lock on the River Weaver, Sawley Locks 1 and 2 on the River Trent, Diglis Lock 1 on the Birmingham & Worcester Navigation, Soulbury 3 Locks on the Grand Union Canal and Wigan Flight Lock 71 on the Leeds & Liverpool Canal.

Above: Leeds & Liverpool Canal



**£1.6m**

successful bid

We started work on a £1 million funded programme to improve the Grand Union Canal, Leicester Line. The project includes 1.5km of towpath improvements, improving access points and creating new residential and visitor moorings.

We also completed the £2.2 million restoration of Stainton Aqueduct on the Lancaster Canal (part funded by the National Lottery Heritage Fund), and reached the mid-way point of our five-year £3 million maintenance project on the Tees Barrage, the most extensive repair programme since it opened 25 years ago.

We submitted 155 water abstraction licences to the Environment Agency and Natural Resources Wales as part of the process of retrospectively incorporating all of our historic water abstractions in the Government's licensing regime to secure our water supply for the future. We are now engaged in reviewing and, where necessary, challenging any additional conditions that may be applied.

We dredged 49km of canals, removing over 80,000m<sup>3</sup> of material, to keep our waterway channels clear for boats and to maintain a healthy ecology. The works incorporated stretches of waterway on the Upper Peak Forest, Ashby, Bridgwater & Taunton, Chesterfield and Lancaster canals.

We also proceeded with our in-house winter works programme largely as planned despite the pandemic, replacing 92 lock gate leaves, hand-made by our skilled colleagues.

During 2020/21 we invested over £36 million across nearly 100 major works on our Priority Projects programme. Schemes included replacement of lock gates at the Grade II Hunts Lock on the River Weaver Navigation, major embankment repairs at Bolton-le-Sands on the Lancaster Canal and new pumps at Tringford Pumping Station on the Wendover Arm of the Grand Union Canal.

### Improving our resilience

We are taking proactive steps to ensure we capitalise on the benefits of new technology where we can, whilst also ensuring our long-term plans reflect the evolving threats and changing pressures of the world around us.

We have updated the Asset Management Strategy 2017 to create a new Strategic Asset Management Plan. This builds on our learnings of the past few years and sets out our 20-year investment plan which includes greater expenditure for our reservoirs.

Where we can, we take the opportunity to reduce the vulnerability of our waterways. When repairing damage to structures in the Calder Valley, Yorkshire, caused by Storm Ciara in February 2020, we took the opportunity to build additional resilience into the repair designs. This included rebuilding Bottom Lock at Figure of Three Locks outside Wakefield on the Calder & Hebble Navigation.

Technological advancements mean we are now better able to monitor our hard-to-reach assets. During 2020/21 we surveyed

Right: Liverpool Waterfront



six aqueduct sites using remote operated drones and deployed boats fitted with light boxes and cameras. As well as providing 3D images, colleagues are able to pan in all directions and zoom in to identify hairline cracks.

We used robotic technology to undertake a range of underwater tasks as part of our repair and upgrade work at Carr Mill Reservoir in Merseyside. This approach meant water levels only needed to be slightly lowered to complete the repair works, rather than having to completely drain the reservoir, saving on cost and reducing safety risks.

In anticipation of a significant number of reservoir projects in the next few years, we have modelled the operational impact of reduced water supply to ensure appropriate contingency and communication plans can be put in place.

#### Keeping people safe

The safety of the public using our waterways, and of our colleagues and partners, is paramount and during 2020/21 we took urgent steps to address the increase in accident rates. We introduced a new Trust-wide programme, Valuing Safety, and a new campaign, Speak Out, Step Up, Share Ideas, along with a new safe behaviour code. We also held our first virtual health and safety conference in December 2020, with colleagues across the Trust able to watch a recording of the live event, reaching a larger audience, heightening understanding of the importance of safety and the responsibility that we all share.

#### Supporting boaters and boating

Boating was disrupted during 2020/21, with lockdowns causing navigation to be restricted. During the most challenging periods of the past year, we:

- Suspended continuous cruising requirements during lockdown periods and advised live aboard boaters to limit their navigation to a minimal amount to access essential facilities or services only.
- Reminded boaters who did not permanently live aboard their boat not to visit or, when overnight stays were prohibited not to take trips aboard, their boats.
- Helped identify and offered additional support to vulnerable boaters and those boaters shielding on their boats.
- Granted a one-month leisure boat licence extension at no cost in recognition of the disruption.
- Paused our boat enforcement activities and associated legal processes during lockdown periods.
- Extended renewal requirements for Boat Safety Scheme examinations.
- Put all angling and canoeing on hold during the strictest lockdown periods and worked to establish how these activities could be enjoyed safely as soon as restrictions permitted.



Left: Regent's Canal



Above: Figure of Three Locks

#### Case study

In February 2020, Storm Ciara wreaked havoc across the north of England. The historic Figure of Three Locks on the Calder & Hebble Navigation were caught in the eye of the storm with a deluge of water from the Calder ripping away parts of two locks and almost wiping out the bottom lock. Towpaths were also washed away.

“Figure of Three was the most damaged structure on our network in the storms of 2020. It was heart-breaking to see the devastation,” said director, Yorkshire & North East, Sean McGinley. “It barely seemed possible that it could be re-built.”

Repairs costing £3 million were needed to restore the locks. Trust colleagues and contractors spent a year painstakingly repairing the structures, securing Listed building consent. Reinforced concrete has been used to strengthen the structure. This has been faced with salvaged masonry to retain the original visual appearance. The towpath has also been rebuilt to withstand future adverse weather events, and redesigned to cope with the flow of flood waters in the event of the river overtopping again.

We were pleased to reopen the waterway for boat passage in April 2021.



#### 1 month licence extensions

The exceptionally good weather during the first lockdown (March-June 2020) resulted in a significant increase in towpath use in many urban residential locations, creating some tensions for people living afloat who were moored in popular locations. To support our ‘live aboard’ boaters, we launched new communications and signage encouraging the public to be mindful of moored boats, consider all waterway users and limit journeys to their local area only.

We also launched two appeals to support waterways-based organisations impacted by Covid-19. Small charities and community interest groups benefited from over £31,500 in donations made to

the Waterways Charity Appeal – with the Trust providing match funding – which supported 43 local charities. We also worked with the waterway chaplains on a separate fundraising campaign to help fill a short-term funding gap, with the Trust providing £10,000 match funding. We are very grateful to everyone who supported these appeals.

Due to Covid-19, we were unable to complete our usual national boat count during the year. We estimate that licence evasion has increased slightly to nearly 6%. As normality returns, we will be seeking to reduce the number of licence evasions.

“Technological advancements mean we are now better able to monitor our hard-to-reach assets.”



# Bringing beauty to your doorstep

To encourage more people to our waterways, we need to ensure they are attractive, safe places to visit and use. During 2020/21 we have taken great strides to ensure our canals are greener, cleaner and safer, whilst also ensuring they are embedded in the heart of their local communities.



## Greener canals

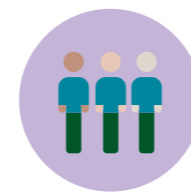
We were delighted to achieve Green Flag Awards for a further 100 miles of canal to add to the existing 300 miles for which we had already secured the Award, and which continued to receive the designation. New Green Flag sites include some of the more challenging areas on our network such as Stanley Lock Flight in central Liverpool, the 4.5 mile stretch from the Roundhouse near to Birmingham's Brindley Place to Chance Glassworks in Smethwick along the Birmingham Canal Navigations, and a short section of the Rochdale Canal through Manchester City Centre. Sutton Reservoir also became the first of our reservoirs to gain a Green Flag in its own right and in 2021 Albert Docks in Liverpool secured our first 'Blue Flag' Award.

As part of the 'Great Spring Flower Project' in Birmingham and Walsall, over

450 children planted 15,000 bulbs during October and November to enhance key Green Flag waterway locations in their communities.

Whilst inland boating contributes only a tiny fraction of harmful emissions compared with other forms of transport such as road and air, it is important that we look at how this impact can be minimised, especially in urban areas. To support our ambitions, we secured £100,000 of funding from London Borough of Camden to expand the number of eco-moorings available in this area having completed our project with the neighbouring London Borough of Islington and contributed to an application for Defra funding for a site at Paddington Basin.

Covid-19 restrictions significantly impacted on volunteer activity along our



**15,000**

bulbs planted by  
450 children

canals however we were delighted to kick off partnerships with both Aston Villa and Wolverhampton Wanderers Football Clubs, who have adopted sections of canal in their areas.

In a new venture for the Trust, we partnered with Teemill to launch our first ethical collection of clothing to help promote our Plastics Challenge campaign and generate income. A proportion of sales of the eco-friendly, plastic-free and sustainable products goes directly to support our work to combat plastic pollution and bring beauty to our doorstep.

In November 2020 we launched our climate action and sustainability programme thanks to an additional £2 million award from the players of People's Postcode Lottery. The funding is helping us to build our resistance to climate change, provide more support for the

biodiversity of our waterways, further reduce our carbon footprint and improve our waste management.

In partnership with the Lancashire Wildlife Trust and a number of local partners, we secured £211,000 from the Defra/ National Lottery Heritage Fund Green Recovery Fund to employ two project officers to undertake a wide range of environmental enhancements and community activities on the Rochdale and Ashton canals in Manchester.

We continued to increase the number of hydropower developments on our waterways, where appropriate, and welcomed the completion of a scheme at Nether Lock outside Newark-on-Trent. In addition, to help mitigate the carbon footprint of our own workplaces, we installed a 60kw solar array on our Leeds office to offset the building's energy usage.

We were pleased to be invited to join Natural England's 'Major Landowners Group'. Involvement with this group recognises our role in managing designated wildlife sites at our 57 Sites of Special Scientific Interest in England in addition to our active involvement in the Nature Recovery Network initiative.

**Unlocking the Severn**

Unlocking the Severn – the major project to introduce fish passes on to historic weirs on the river to enable the Twaite Shad to return to its former spawning area in the upper section – made considerable progress during the year despite the disruption of the pandemic and the high river levels arising from adverse winter weather. During the year, we secured a further £590,000 from the National Lottery Heritage Fund to assist our recovery from the impact of both Covid-19, and the serious flooding which closed the worksites for around three months.

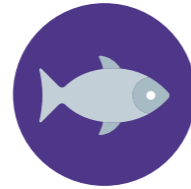
Three of the four major fish passes have now been completed and the finished Diglis pass viewing chamber gives visitors the unique opportunity to watch the fish head up the river.

As part of the project we have also launched a number of public initiatives to help people engage with the project including 'Severn Series', a collection of online webinars exploring life beneath the river, a fish migration animation on our website, and a set of home school resources.

**Cleaner canals**

Comedian, paddleboarder, environment enthusiast, and now Strictly Come Dancing champion, Bill Bailey, gave his support to our Plastics Challenge Campaign by taking part in a water-based litter pick. During the past twelve months celebrities, entrepreneurs and sports stars including Eamonn Holmes, Deborah Meaden, Gabby Roslin and Helen Glover, have also pledged their support for the campaign.

Supporting community groups to undertake litter prevention activities independently is crucial to our 'cleaner canals' ambitions. We were therefore pleased to join with regional community group, WASUP (originally Walsall – and now World! – Against Single Use Plastics), to deliver training for their ambassadors so their new groups in Leicester,



3

major fish passes completed



Worcester and Coventry can deliver litter picks independently.

Our Environment teams undertook proactive work to minimise the growth of non-native species along our waterways, including the West Midlands Crayfish Study and reviewing the effectiveness of eradicating Japanese Knotweed at treated sites.

In addition to the millions of pounds we spend on regular vegetation management, to address specific local concerns in Oxfordshire, we introduced a £145,000 programme of activity on the Oxford Canal to tackle 8.5km of offside vegetation and 1.5km of reed fringe along the waterway, with 100m of new hedge being laid at Banbury.

A decision to move to green bins for recycling in some key locations will also enable people using our towpaths to segregate their litter and support our efforts to improve recycling rates.

**Community canals**

Due to Covid-19 restrictions, our public events were severely curtailed. However, the Newbury Lantern Festival was one event that did go ahead in December and was enjoyed by more than 4,000 local people. Other socially distanced activities included lighting up Northwich Town Bridge for Remembrance events in November, and Fearn's Island on the River Aire hosting a lighting installation in the

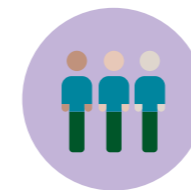
autumn as part of the Leeds Light Night 2020 festival, the UK's largest annual arts and light festival.

Following restoration work to the Grade II\* Whaley Bridge Transhipment Warehouse, volunteers have repurposed the historic warehouse into a community hub and vibrant centre of excellence for traditional crafts.

We want our waterways to reflect and involve all communities who live alongside these spaces. As part of this ambition, we introduced a Black History and Cultural Heritage programme in the London Borough of Tower Hamlets and in the West Midlands.

In response to a request from residents near Ashton Basin on the Lancaster Canal, we worked with volunteers to paint Bridge 10 over the entry to the basin the colours of the rainbow as a thank you to the NHS and other key workers.

Six new high-quality murals have been created along the canal in Leicester as part of our street art project with Leicester City Council and Graffwerk. We will be extending this project to include a street art trail to encourage more people to explore the canal.



4k

people enjoyed Newbury Lantern Festival

**Above right:** Grand Union Canal, Leicester Line ©Graffwerk  
**Left:** Rochdale Canal



We were pleased to complete practical refurbishment work to the Roundhouse in Birmingham, our partnership project with the National Trust, this year. As part of this, in December a new volunteer training programme got underway and in January a new website was launched. Community Routes activity involving residents and partners continued virtually throughout the year.

Our commercial joint ventures also made good progress. After many years of working to develop an appropriate scheme we secured full planning permission at our former yard at Marple in Stockport, developed by H2O Urban (our partnership with developers Bloc).

#### Safer canals

During 2020/21 we saw an increase in the number of infrastructure-related injuries when compared with the previous year. This may reflect the number of new users and the change in the pattern of use during the pandemic, in some areas, towpath usage has tripled. To address the increase in accidents we have introduced better recording of customer issues and focused on being as effective as possible in resolving the cause of any reported incidents.

In the West Midlands, the successful Canal Watch scheme in Birmingham and Solihull was rolled out to Walsall, Sandwell and Stourbridge in partnership with West Midlands Police. Trained volunteers are supported by Community Support Officers.

We launched a new 'share the space' campaign #StayKindSlowDown to encourage everyone using our towpaths to act thoughtfully, responsibly and safely. The campaign reached almost 500,000 people across our digital channels, with 80,000 views of our campaign video. Support from Cycling UK and RoSPA (Royal Society for the Prevention of Accidents) meant the campaign was able to reach a wide audience.

In response to several canal fatalities in the Wigan area, we established a Water Safety Partnership Group with Wigan Council and Wigan Fire & Rescue to share risk assessments, policies and campaign ideas. Following the tragic death of three-year old Dylan Milsom in the Kennet & Avon Canal in March 2021, a Water Safety Partnership has also been established in Newbury.

We supported the Royal Life Saving Society's annual #DontDrinkAndDrown campaign and installed throwline boards at Stanley Flight in Liverpool and at Bosley, Sutton and Combs reservoirs.

#### Digital canals

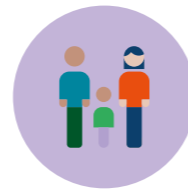
Our total number of supporters across all channels grew to over 900,000 (a net growth of nearly 50% in the year). As of March 2021, our national Facebook page had over 373,000 likes and our national email channel has over 280,000 subscribers.

During the twelve months, we also saw an upsurge in traffic to our website with 4 million web users, an increase of 19% compared to the previous financial year.

Our national Here for You campaign, which promoted how the network has been a lifeline for communities across the country, was seen by over 4.2 million people across our digital channels. It attracted celebrity influencer support with Saira Khan, Alastair Humphreys, Paul Steele and Sean Keaveny sharing content.

Our Plastics Challenge campaign was our most shared campaign to date, with more than 9,000 shares on social media, achieving a reach of 1.2 million.

With so many people confined to home, we rapidly advanced the digital content available on our website to enable everyone to experience the calm and beauty of the waterways from the comfort of their own home.



900k

supporters across all digital channels

Highlights include:

- A virtual walk over the Pontcysyllte Aqueduct and virtual open days across a variety of our picturesque sites.
- Virtual open days at Blue Bank Lock in Leicester, Caen Hill in Devizes, and the Rochdale Canal in Manchester enabled people to see behind the scenes of lock gate replacement and other works taking place.
- A digital tour of the National Waterways Museum Gloucester.
- As part of September's virtual Heritage Open Days programme, a particularly engaging summary of the Hickling Hut restoration project attracted 10,000 views on social media.
- To celebrate the restoration of Stainton Aqueduct, we produced

an online virtual tour so members of the public could enjoy the newly restored aqueduct despite the Covid-19 restrictions.

- By producing a new virtual water safety training programme, we were able to continue to help primary school children to understand how to stay safe by water.

And whilst we weren't able to host in-person site visits, a virtual tour of the Port Loop canalside housing development in Birmingham with Rt Hon Chris Pincher MP, the Housing Minister, provided an opportunity to showcase our work here and at other developments around the country.

We also sought to continue to engage with our key stakeholders by hosting our first virtual Annual Public Meeting on-line in October 2020. This was followed by Regional Advisory Board annual meetings in the West Midlands, East Midlands and the North West in March and April 2021.

### Case study



Above: Jamie, Grand Union Canal

Plastics that end up in our seas and on our beaches can often start their journey in the heart of our landlocked cities. Throughout the year we continued our Plastic Challenge campaign to raise awareness of this issue. One person inspired to get involved was Jamie who wanted to make a difference to where she lived.

"I enjoy visiting the canal. During lockdown we explored further and further. I like how calm it is and seeing all the boats. I think more people should enjoy it.

"I think it's important to keep rivers and canals clear of litter because of all the birds and other animals there. I have always known litter can kill animals. If I

had the chance to talk directly to people who litter, I would ask them if they realised what they were doing can kill animals.

"Science is my favourite subject at school. During lockdown I was allowed to watch nature programmes like 'Blue Planet'. These programmes make me want to get lots of other people involved in cleaning up litter and helping to make a difference.

"We can definitely change the future, but we can't start trying in five years' time. We have to start now. My advice for other young people about how to start making a difference is to go on litter picks with your family and try to clean up your local area."

# Creating opportunities to improve your wellbeing

With structures that are cared for, and an environment that is clean and attractive, our waterways provide unrivalled opportunities for people to develop healthier, active lives where they live. We are working with partners across England & Wales to realise these opportunities and improve the health of the nation.

As part of our Covid-19 measures all community engagement, events and education activities were put on hold, along with face-to-face fundraising. Volunteering along our canals was also suspended. This severely limited the amount of engagement work that we could undertake during the year. We are exceptionally grateful for all the support that we received during the periods where we were able to resume activities.

## Healthier lives

In January 2021 we reviewed our research data to understand the impact visiting waterways had during Covid-19:

- 32% who had visited a Trust waterway said they did so more frequently during June/July 2020 (the first lockdown period).
- 46% of those who had visited more often than pre-Covid-19 were visiting our waterways for their daily exercise.

- 68% of people surveyed said they felt calm when visiting one of our waterways, and 61% of people said their mood changed for the better when spending time by a canal or river.

Our towpath sensors, sited at a representative sample of locations across our network, also revealed a significant increase in local use of canals within urban residential areas, notably Birmingham and the Black Country, Pennine Lancashire, East London, Torfaen (south Wales), and Ilkeston in the East Midlands during all three lockdowns. This indicates that our waterways proved to be a vital local space for daily fresh air and exercise when movement was restricted.

The Trust was appointed partner in two of the seven areas that have been selected as test and learn sites for Defra's Green Prescribing pilot, in Nottingham and in South Yorkshire.



**£222k**

for over-55s health and fitness programme

In London, we launched a six-week pilot healthy walks programme, 'Let's Walk', along the Lee Navigation and around the Olympic Park using trained volunteer walk leaders. In Cheshire, thanks to £222,000 funding from Sport England, we launched a 12-week health and fitness programme of weekly waterside walks and online support for over-55s in partnership with Active Cheshire.

Despite the pandemic, our summer 2020 Let's Fish programme still featured 195 events and provided 3,530 members of the public, most of whom were children, with the opportunity to try their hand at this popular sport.

During 2020/21 we received nearly £6 million from our partners for a number of towpath improvement projects to encourage more people to use these spaces as part of an active lifestyle.

This includes:

- £276,000 from Birmingham City Council as part of Birmingham Cycle Revolution.
- Nearly £1.3 million from West Midlands Combined Authority for improvements to the towpath and associated infrastructure in Coventry.
- £453,000 from Staffordshire Wildlife Trust to transform the Trent Valley.
- £273,000 for our Stratford-on-Avon Gateway project from the Rural Payments Agency.

We have undertaken access improvements and resurfacing work in Rugeley and Breeton as part of the Transforming the Trent Valley project. In addition, we completed the £1.4 million Coventry towpath improvement project

funded by the local authority, ahead of the launch of the 2021 City of Culture.

As part of our plans to support and encourage more responsible cyclists along our waterways, we are restoring Delph Stables on the Dudley Canal, the only remaining canalside stable block in the Black Country, to create a cycling hub and welcome station.

During lockdown, we developed outdoor learning activities, promoting the resources to groups, families and children, encouraging them to take local exercise, connect with nature and care for their wellbeing. In two months we distributed nearly 10,000 challenge badges and 6,300 water safety booklets while our learning resources were downloaded over 1,800 times.

We managed to run a number of scaled-back healthy-living events, giving local residents the opportunity to take part in new on and off-water activities including 'Activity on the Water' in Gloucester Docks and 'Let's Kayak' in Leicester in partnership with Leicester Outdoor Pursuits Centre.

The boom in staycations in the late summer period, post lockdown, led more people to turn to our waterways for the first time to experience the pleasures of holidaying on our canals. With many more first-time boaters on the water, the support of our diligent volunteer lock keepers, nearly 900 of whom returned to the canalside after restrictions were lifted, was even more appreciated. The lock-keeping team at the Rochdale Canal Tunnel was nominated for an industry award by a local hire company in recognition of the excellent service provided.

In partnership with Sport England, we have supported Lancashire community groups to get active and enabled not-for-profit groups along the Leeds & Liverpool Canal to access canoes, kayaks and bikes to deliver canal-based activities during the pandemic. In total, the Tackling Inequalities Fund has supported 11 projects that have helped more people to get out and active along their local canal.

While we are keen to open up and support more activities on and off the water, the safety of all our customers, visitors and users comes first. As well as taking steps to address increased unauthorised swimming – working with local police teams to introduce patrols at affected sites, increasing warning signage and working with local schools – we continued to support local groups deliver safe supervised outdoors swimming at many of our reservoirs.

Unfortunately, we needed to put a number of our planned healthy-living projects on hold due to Covid-19 restrictions including our Beat the Street programme, in partnership with Leicester City Council and Intelligent Health.

#### Enriched lives

We further expanded our work to use our waterways offer to help people of all ages to connect with the history of our waterways, develop new knowledge and skills, and improve their employment prospects.

In Stoke Bruerne, over 1,200 people experienced our 'pop-up' Museum on the towpath. With the support of our volunteers, visitors were able to enjoy some of the smaller Collection items and learn more about the Canal's history.

All primary schools within 1km of one of our waterways were given the opportunity to take part in interactive virtual workshops and we developed two museum-centred 'learning bundles' incorporating a film, lesson plan, something to make and a game to support home schooling. And our new Explorers Activity Calendar received over 11,000 views on the Explorers Facebook page.

We were delighted to join with Coventry in celebrating the launch of the City of Culture from May 2021 and enjoyed hosting a visit from our Patron, His Royal Highness the Prince of Wales. Despite the Covid-19 restrictions, we have developed a series of canal-based activities as part of the City of Culture's programme of events for the year.



Above: Rob, North Stratford Canal

### Case study

On or alongside the water, whether you're walking back to health or are an elite athlete, our waterways have provided millions of people with space to achieve their fitness goals. One such person is Paralympian Rob Oliver.

In normal times, Rob's Paralympic preparations would be tightly monitored at the National Water Sports Centre at Holme Pierrepont in Nottingham. But since lockdown he needed to find somewhere new to train that was closer to home in Birmingham.

"Mum's place backs onto the North Stratford Canal. I keep my kayak in her back garden. I let myself in by the side gate, wave at her through the window and just get on the water. As a body of water, it's actually harder than Holme Pierrepont because it's shallower, the sides are closer so it causes more turbulence and drag, but that's just made me stronger.

"It's just so tranquil. When I paddle long stretches to build up stamina, I lose myself in the nature and the environment. It's you, the boat and the sound of the water."

We were pleased to see our 'Unlocking the Severn' and Grantham Canal Heritage initiatives showcased in Heritage Alliance's report on Heritage and Wellbeing, demonstrating how the Trust is taking the opportunity to promote the connection between our historic waterways and the proven benefits that people today can gain from their involvement.

In October, we hosted the Unlocking the Severn community art project at the National Waterways Museum Gloucester. As well as working with the project artist, Jacqui Grange, local community groups contributed to audio and visual recordings which were used to create an evolving film entitled 'Voices of the Severn'.

A group of ex-young offenders are undertaking regular activities along the Nottingham-Beeston Canal as part of the SkillMill programme.

As part of the Government's Kickstart Initiative, we launched a campaign to recruit 69 young people aged between 16 and 24 years. The programme will help them develop work-related skills and experience and support their move into employment. The six-month long programme is focused on areas of Burnley, Walsall, Leicester where we can offer the greatest impact.



10k

waterways challenge badges claimed

# Wales

Our activity in Wales was severely curtailed during the year due to strict Covid-19 restrictions including lockdowns and 'stay local' orders. We did still achieve several successes.

We were delighted to obtain approval from our partners for the Trevor Basin Masterplan. The Masterplan aims to be a catalyst to transform the site into a world class destination. Proposals include a new visitor centre, car park, footpaths, river bridge, woodland activity and education centre, glamping & camping, tree top walk, improved landscaping and plots for future development. Wrexham County Borough Council also confirmed the Masterplan is one of their key strategic projects.

In January, a £128,000 project to upgrade the towpath along the Swansea Canal from Trebanos to the County Boundary (Swansea) got underway. The Welsh Government is supporting the project through their Active Travel Fund.

We were pleased to receive a £254,000 grant from the Welsh Government's Sustainable Management Scheme

Natura 2000 fund for environmental enhancement work along the Montgomery Canal from Brynderwen Lock to Freestone Lock. The project includes vegetation management and clearing canoe portage points.

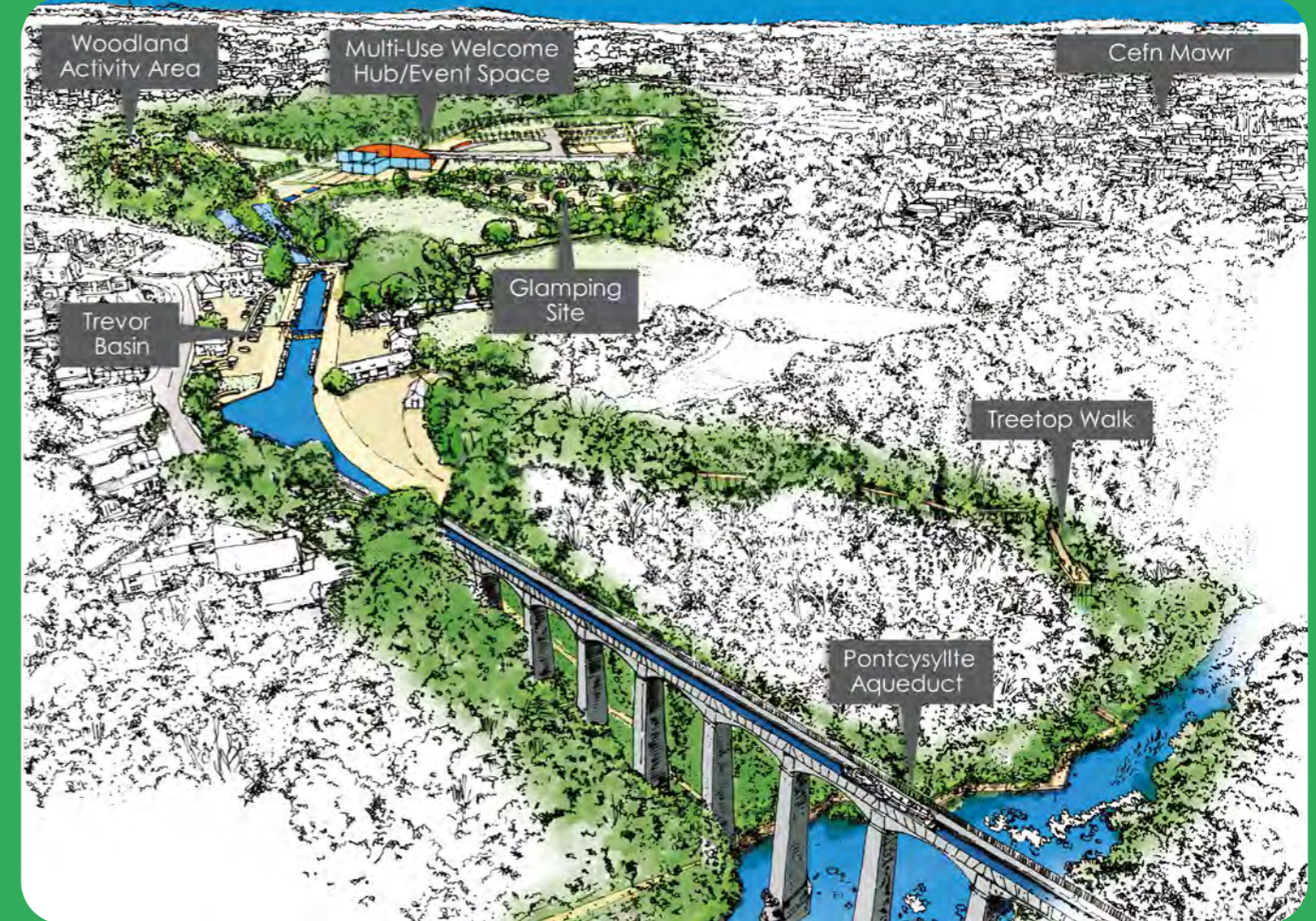
A £150,000 upgrade to Wrenbury Lift Bridge on the Llangollen Canal was finished just before Christmas. The manual swing arm barrier has been replaced by an automated drop-arm barrier at both ends, new waterside safety fencing and a new bridge control pedestal has been installed.

Using a grant from Swansea City Council, Swansea Canal Society purchased one of our properties alongside the canal. We are working with the society to look at how we can create a 'canal centre' with their new building and an adjoining building that we have retained.



**£254k**

grant from the Welsh Government



Above: Trevor Basin Masterplan

Water supply for the Mon & Brecon Canal continues to be an issue. Following discussions with Natural Resources Wales and Welsh Water on the difficulties in delivering proposed changes to our abstractions from the River Usk to supply the canal, we engaged with the Welsh Government concerning the regulatory issues and timescales.

“£150,000 upgrade to Wrenbury Lift Bridge on the Llangollen Canal was finished just before Christmas.”

# Generating income to fund our work

The past twelve months have brought to the fore the pressing need to ensure we have a broad and resilient income base so we can ensure we have the funds we need to ensure our waterways are safe, accessible and available to everyone to enjoy.

Our investment portfolio and Joint Venture activities continued to make a significant contribution to our work. Despite the challenges of the pandemic, the total value increased by 3% to £1,041 million, generating £48 million in income and performing ahead of market benchmarks. Our utilities and water sales activities generated a further £36.9 million.

## Moorings

Covid-19 lockdowns and delays to power connections at our new scheme in Docklands impacted on our mooring sales however, once we emerged from lockdown in July 2020 sales picked up and have remained steady for the remainder of the year, indicating a continued healthy demand for our moorings offer.

## Boating Business

The sector was heavily affected in the early part of the season with trading all but stopped from April through to July. Once we reopened, operators, particularly hire boats, experienced strong demand for the rest of the season which allowed some recovery of earlier losses.

The Boating Business team worked closely with the trade throughout the year and a support package, including a reduction in licence fees to reflect the restrictions on trade, was agreed on a sector by sector basis. We have continued to work with individual operators throughout the year, particularly trip boat operators.

Overall, however, the sector has remained very resilient to the Covid-19 pandemic.

## Fundraising

Following the onset of the global pandemic the Trust ensured that all affected teams were communicated with and supported to pause operations and ensure the appropriate mitigations were taken, including the use of the Coronavirus Job Retention Scheme.

As with other areas of our work, we turned to digital to ensure we could continue to reach and engage with our supporters. This included relaunching our Waterfront magazine which, following feedback from our supporters, was reimaged in a new format and made available online for the first time. In early 2021, taking the Plastics

Challenge to heart, we mailed the second redesigned magazine in a potato starch wrapper, together with a non-laminated Friends card.

The sector as a whole has been hit by lost income and the Trust is no different. Our face-to-face fundraising programme on the towpaths was severely impacted; this is traditionally one of our biggest tools for engaging supporters.

Being operational for less than three months over the summer and early autumn of 2020, and operating under strict guidelines and safety policy, recruitment of new Friends via our towpath fundraisers dropped by nearly 75% compared to the previous year. However, we have used the time effectively to futureproof how we engage with supporters; and we finalised plans to relaunch our towpath teams in April 2021.

“The Boating Business team worked closely with the trade throughout the year and a support package, including a reduction in licence fees to reflect the restrictions on trade, was agreed.”



**New ways of engaging supporters**

– Throughout last year we took the opportunity to test a range of new offers with potential donors and supporters. From installing contactless donation machines in our museums to launching a new interactive online in-memory dedications platform and even testing new regular giving offers such as our Blue Guardians Scheme, we wanted to expand the options for the public to support the Trust's work.

In total nearly 450 new supporters pledged a direct debit to one of the trialled regular giving schemes.

**Fundraising Appeals** – Two fundraising appeals were launched during 2020.

In May 2020 we took part in "Giving Tuesday Now" and launched our Waterway Charity Appeal to help support small waterway-based charities in our local communities. Without help, the Covid-19 pandemic could prove disastrous for these organisations.

Thanks to donations from hundreds of people, the Trust has been able to award £31,500 in grants through the Waterways Charities Appeal. This funding was shared across 43 local charities based on inland waterways in England and Wales.

During the run up to Christmas we had a festive appeal that, thanks again to our supporters, was successful in generating over £47,000 (including gift aid). We intend to make this an annual feature for our supporters to engage with, working with them to bring them closer to the impact their donations are making to our waterways at this time of year.

**Supporter Care & Stewardship** – Over the last year we have continued to develop how we communicate with our supporters, including the expansion of our digital communications as well as reviewing communications such as our Waterfront magazine, to ensure we are

making the maximum impact for the least amount of cost. This is a journey we are set to continue together – reviewing how we work with our customer service and marketing colleagues to better showcase the work of the Trust.

**Legacies** – During the year we were touched to receive gifts in wills from supporters of the Trust who are no longer with us. The bequests, from four generous donors, totalled more than £128,000. We promoted legacies through Remember a Charity Week in September and received a further 10 enquiries and pledges of support for future years.



“Throughout last year we took the opportunity to test a range of new offers with potential donors and supporters.”



**£128k**

from four generous donors

Left: Face-to-face fundraisers, Victoria Park, Regent's Canal



# Supporting our people

It was a very challenging year for all our colleagues and volunteers. Our teams responded well to the sudden switch to home working that lockdown restrictions required.

Over 650 of our colleagues were on furlough leave for a period and our priority was to ensure they remained connected to the Trust and were able to confidently return to work when their roles could resume.

Leading with compassion and flexibility ensured we were able to support teams to work from home as effectively and collaboratively as possible, adopting video meetings on a large scale. Increased autonomy allowed our colleagues to control what they were able to do, and make appropriate decisions about their work. We also sought to celebrate accomplishments and recognise efforts wherever possible.

The wellbeing of our colleagues and volunteers is always a priority and during the course of the year we undertook risk assessments to ensure managers were able to identify those in need of support. Regular health, safety and wellbeing check-ins provided opportunities for colleagues to raise concerns and access any support, with additional training also available.

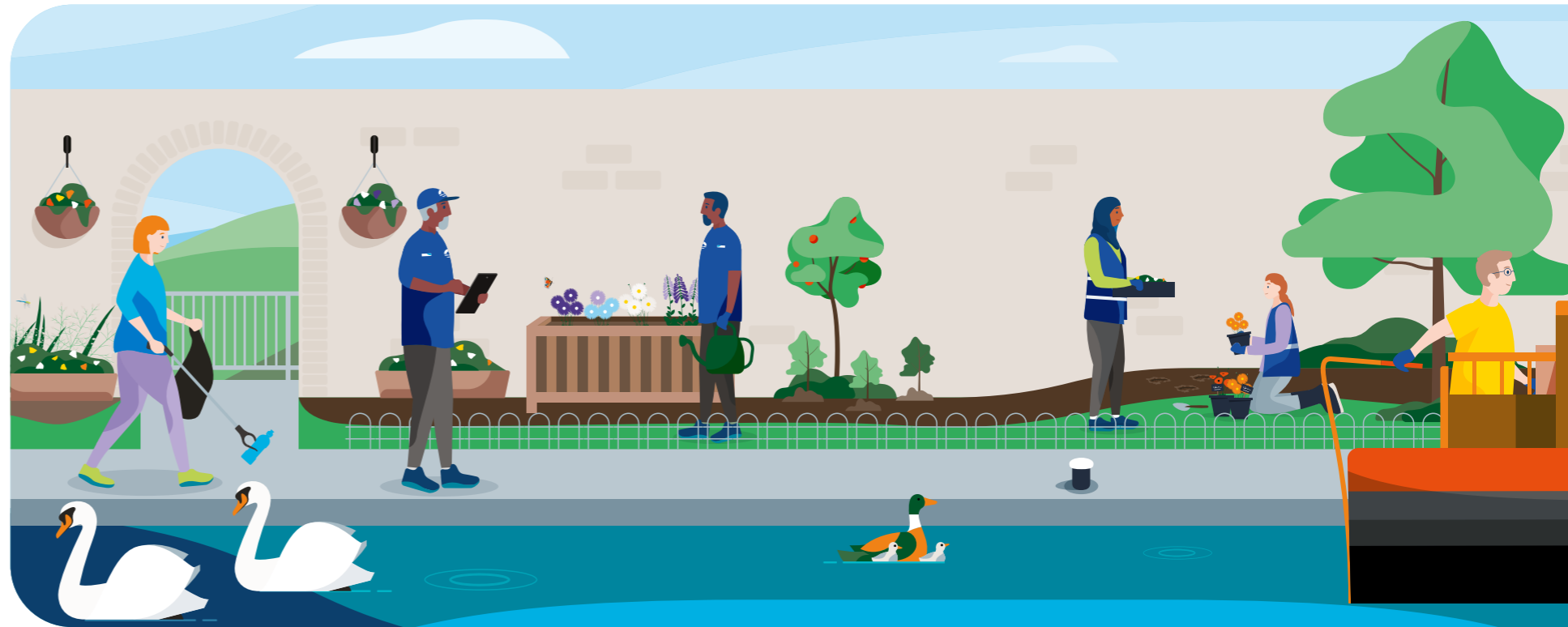
During the year we also sought to create an environment to encourage creativity,

innovation and change. Colleagues were encouraged to do things differently and to establish new ways of working as appropriate. Teams and individuals also embraced technology to keep in touch and engage with colleagues.

## Supporting inclusivity and diversity

We have continued with our ambitions to better reflect the communities we serve by creating an inclusive environment, which is crucial to attracting and retaining a more diverse workforce. Employee-driven 'inclusion circles' are providing forums where colleagues can share experiences and raise questions in a safe space.

We also introduced an Inclusion Index as part of our Colleague Engagement survey reflecting the perception of colleagues across a range of relevant measures. Our overall Inclusion index for the Trust for 2021 is 69%. This represents our employees' perception of how inclusive the Trust is. The higher the percentage, the better the perception. Moving forward, this measure will become a baseline for how we measure the impact of our inclusion and diversity work across the Trust.



**£14.4m**

Social value of volunteering activities

## The value of volunteering

Our volunteers are integral to our work. We could not achieve as much as we do without their support. During the year we took the opportunity to survey our volunteers to better understand the benefits of volunteering both for the individual and for the Trust.

- The wellbeing of Trust volunteers increases with frequency of volunteering, following the pattern of national data, with volunteering weekly being more beneficial for wellbeing.
- Our volunteers spend on average

3.42 hours per week volunteering with the Trust.

- Formal volunteering as part of a group (e.g. the Trust) is up to four times more significant in improving wellbeing.
- Trust volunteers also revealed lower anxiety levels on average, than both non-volunteers and volunteers of a similar age and working status.
- The total social value of volunteering activities associated with the Trust is approximately £14.4 million per year.

“We have continued with our ambitions to better reflect the communities we serve by creating an inclusive environment.”

# Our performance

We measure our performance against our internal key measures incorporating our Defra Waterway targets as outlined below:

Defra Waterway targets – improving our waterways/assets (Defra targets are explained in more detail on pages 63 and 64)	2019/20 Actual	2020/21 Actual	2020/21 Target <sup>1</sup>
Towpath condition Grade C or better <sup>2</sup>	81.2%	81.3%	>80%
Principal assets grade C or better <sup>2</sup>	87.1%	87.1%	>86.5%
Condition of flood management assets grade C or better <sup>2</sup>	99.2%	99.4%	>99%

Waterway measures	2019/20 Actual	2020/21 Actual	2020/21 Target
Summer boating experience survey	67%	62%	70%
Annual boater survey	60%	54%	N/A
Visitor satisfaction	87% <sup>3</sup>	84%	85%
Regular visitor numbers to reach each fortnight (from our monthly surveys)	9.2m	8.3m	9.5m
Number of visits	677m	743m	N/A
Public safety measure – number of reported incidents on our network	17	53 <sup>4</sup>	15
Internal safety measure – accident frequency rate expressed as number of accidents per 100,000 hours worked	0.22	0.25	0.15

Employee and engagement measures	2019/20 Actual	2020/21 Actual	2020/21 Target
Employee engagement <sup>5</sup>	66%	67%	70%
Volunteer engagement	71%	74%	71%
Volunteer hours <sup>6</sup>	705,704	236,803	500,000
People aware of the Trust	46%	48%	50%
Friends actively donating to the Trust each month	30,049	27,721	28,000
Diversity – % employees Black, Asian and minority ethnic	4.6%	4.8%	4.8%

<sup>1</sup> Please see publication data on pages 63 and 64 for Defra targets.  
<sup>2</sup> A structure in condition A is in a good state of repair and one in condition E is in a bad condition.  
<sup>3</sup> This was incorrectly reported as 81% in the 2019/20 Annual Report.  
<sup>4</sup> This increase may in part be due to more rigorous reporting by the public. Please also see page 18 of the Strategic Report.  
<sup>5</sup> Please note that in 2019/20 the main survey conducted in September 2019 gave a result of 63% and the year end figure was derived by combining this with the 'pulse' survey results conducted later in the year (December and March). For 2020/21 the main survey was conducted in March 2021 and that is the result reported for the 2020/21 year.  
<sup>6</sup> The total volunteer hours for 2020/21 was affected by the Covid-19 lockdown stopping volunteer activity.

# Looking to the future

## Pathways to Wellbeing

Our long-term vision – living waterways that transform places and enrich lives – is backed by a growing body of evidence on the importance of urban blue space and blue infrastructure (such as inland waterways and coastal areas) to people, places and the planet. Our waterways have a significant role to play in helping to address many of the societal challenges faced in the 21st century affecting individual, community and national wellbeing and in tackling wellbeing inequalities, particularly for those economically disadvantaged metropolitan and urban areas in England and Wales.

Waterways as blue spaces and blue infrastructure can help to address the national crises on Health, Biodiversity and Climate Emergency, responding to the urban green space deficit and providing access to outdoor space and nature on the doorstep for many urban communities.

However, the contribution that waterways are, and can continue, making in the future is dependent upon the resilience of the historic waterway infrastructure, and keeping the waterways and towpaths safe, secure and inviting places to visit and use.

Our strategy involves looking after the waterways in our care, so that our basic service 'offer' to all users and visitors is delivered safely, reliably and efficiently, along with promoting them widely to the more than eight million people who have waterways 'on their doorstep', so many more people benefit from this free, accessible and local source of wellbeing.



Tackling the National Health, Biodiversity and Climate Emergency Crises  
 Supporting Levelling Up  
 Playing a vital role in Green Recovery and urban areas with Green Space Deficit

## Our Purpose – to be a Trust for the Waterways and Wellbeing

The chart below describes how the dual components of our strategy interface to create a 'virtuous circle'. The more people who appreciate the wellbeing benefits of our waterways, the more support we can secure for their long-term future care, and the more resources we will have available for the maintenance and repair work that such old infrastructure demands.



## Strategic Goals, Measures & Programmes

Our Vision has been unchanged since 2014, and our long-term strategy remains focused around the virtuous circle: as a Trust for the waterways and wellbeing. This strategy has six strategic pillars on which our strategic plan is based.

Strategic Pillars	Strategic Goals
Delivering a Satisfying User Experience	Satisfied users and visitors, on water and by the water
Caring for Our Waterways & The Environment	Our network is safe, available and resilient, conserving its heritage and environment
Growing Our Investment & Income	Growing income and achieving the higher returns needed for long-term financial sustainability
Improving Individual & Community Wellbeing	Local people are aware of, value, use, and benefit from their local waterway
Growing Brand, Supporters & Influence	The Trust is a well-supported household brand and waterways are widely seen as a cherished national treasure
Developing the Trust's Capability & Culture	An effective and efficient organisation, with engaged colleagues and a shared purpose

Our Strategic Plan remains essentially unchanged even during these unprecedented times. However, we have revisited and refined our strategic targets and programmes to take account of opportunities and challenges arising from Covid-19 (and its aftermath) and the increasing adverse effects of the climate emergency upon the resilience of our high-risk assets.

In this new national context, the Trust recognises that it must seek to:

- Reduce costs where we can and drive greater productivity and value for money
- Find different, inclusive ways to deliver our ambitions, with fewer resources, and be more impactful
- Make it easier for the organisation and our people to deliver and adapt to change
- Become more closely aligned with, and reflective of, our communities
- Grow our support and our charitable income

## A Trust for Waterways and Wellbeing

### Six Pillars of Our Long Term Strategy

Delivering a Satisfying User Experience

Caring For Our Waterways and The Environment

Growing Our Investment and Income

Improving Individual and Community Wellbeing

Growing Brand Supporters and Influence

Developing the Trust's Capability and Culture

### Our Core, Strategic and Regional Programmes

Core Programmes

Regional Wellbeing Programmes

Brand and Support Programme

Capability and Culture Programme

Sustainability and Climate Action Programme

Across the Trust we will address the “fundamentals” required to sustain our everyday service and identify opportunities to drive continuous improvement so that the Trust remains operational, compliant and solvent whilst also delivering improvements in service, performance and efficiency.

Our core programmes – *Delivering the Basics Effectively* – continue to focus upon:

- Improving the day-to-day experience of using and visiting our waterways, towpaths and our museums and attractions;
- Delivering our planned core infrastructure maintenance and repair programmes;
- Conserving and sustaining our heritage and the environment by reducing the number of structures at risk and promoting nature recovery and access to nature; and
- Delivering our Investment Strategy and other commercial opportunities.

Our strategic transformation programmes – *Transforming & Positioning the Trust* – underpin the changes we need to make to become a more agile and capable organisation, equipped to:

- Deliver our ambition of becoming a well-supported household brand;
- Capitalise on the opportunities for change raised by how we have adapted to the Covid-19 pandemic to embed more efficient and effective ways of working;
- Address how we respond to the climate and biodiversity emergencies and position ourselves in the vanguard of the climate action and nature recovery; and
- Deliver our core programmes, all other priorities and activities safely and efficiently.

Our regional community and wellbeing programmes – *Making A Difference Locally* – deliver our ambitions:

- Achieving Green Flag Awards along our waterway network to promote ‘beauty on the doorstep’ and signal that our canals are special places for people to enjoy;
- Promoting local partnerships and adoptions to involve local communities in the care of their local canals;
- Making stronger and deeper local connections so our waterways are valued and relevant to the broad and diverse communities they pass through; and
- Being reflective of the communities we serve (our colleagues and volunteers).

## Our Top Priorities for 2021/22

Within our strategic plans we have identified the following short-term priorities:

1. **Delivering improvements in health and safety** – Safety is of paramount importance at the Trust, we want all our visitors to be able to enjoy our waterways safely. We will continue to review and enhance our risk assessments, develop water safety partnerships and deliver campaigns for water safety to highlight risks to the public and seek to address them. With a key focus on our Safety Improvement Plan, we aim to ensure colleagues, volunteers and contractors can undertake their work with the Trust safely. We are continuing to develop our safety leadership and our culture, to become a learning organisation that involves everyone in helping to deliver a safer environment for all.
2. **Maintaining and improving the resilience of reservoirs and other high risk assets in the face of the growing impact from the climate emergency** – We will invest in our reservoirs and other high risk assets to ensure public safety, support water supply, land drainage and flood mitigation, and safeguard third-party national infrastructure assets hosted and protected by our network. We plan to expend over £21 million on our reservoirs alongside our core programme of investment in key infrastructure such as locks, bridges, culverts, embankments and cuttings continuing.
3. **Supporting 'levelling up'** – With obesity and other national indicators of poor health (and health inequalities) rising, and with growing awareness of the importance of good mental health, our proximity to so many communities means that we are well-placed to make a significant contribution to improving the wellbeing of millions of people. Our canals and river navigations run through some of the most heavily populated, and most economically disadvantaged, areas in England and Wales, providing accessible green and blue space where it's needed most. This has been resoundingly amplified during Covid-19 lockdowns as people have discovered and valued local green and blue space more than ever. We will work with local, regional and national bodies, other national and local charities and communities to utilise our waterways for learning and skills development; volunteering and social action; leisure and recreation; access to green space and nature on the doorstep; social and green prescribing initiatives and participation in schemes to develop enhanced employment opportunities such as the Kickstart scheme and community rehabilitation. We are concentrating our efforts in nine outcomes focus areas of greatest need, through our 'Community Roots' programme funded by the players of People's Postcode Lottery. Working with partners from within the waterway, heritage and environmental sectors, we will help shape and promote sustainable tourism to support local economies.

- 4. Sustainability and climate action** – Utilising the Trust’s blue infrastructure and the blue and green spaces and routes that the Trust provides, we will look to implement new and innovative ways to deliver climate action, support ‘net zero’ carbon targets, optimise opportunities to support the Water Resources National Framework and facilitate sustainable and healthy urban living. Building on our Streamlining Energy & Carbon Reporting reporting, we are developing a transition to net zero strategy in response to the climate emergency. Our sustainability and climate action programme, funded by the players of People’s Postcode Lottery, is well underway. We will continue to promote use of the waterways network for improving digital connectivity, enhancing delivery of essential utilities and renewable energy provision and decarbonisation. These ambitions include developing new energy technologies (such as heat pumps), optimising opportunities to achieve integrated water management regimes as well as through active travel and sustainable transport as part of the green recovery.
- 5. Providing access to the outdoors** – Utilising our waterways and towpaths to improve health outcomes and tackle physical and mental health inequalities, through ensuring safe, free, inclusive and low-impact access to blue, green and cultural space on the doorstep of eight million people. We are promoting nature recovery as part of the national effort to tackle the biodiversity crisis, improving water, habitat and air quality, and providing access to nature on the doorstep for urban communities, particularly those living in the Midlands and the North. We are also working with local partners, stakeholders and communities to use local waterways and towpaths for active travel, water and land-based recreation.
- 6. Celebrating Coventry City of Culture 2021 and getting ready for the Birmingham Commonwealth Games 2022** – The Trust is working in partnership with Coventry City of Culture team, Birmingham 2022 Commonwealth Games Team and respective City Councils to help deliver these international events ensuring they are sustainable and inclusive, engage local communities and leave a lasting legacy of involvement in the waterways that continues beyond the festivals.
- 7. Government grant review 2021/22** – When the Trust was established in 2012 a 15-year Grant Agreement was put into place by the UK Government to run until 2026/27. The Agreement made provision for a review to take place in the financial year 2021/22 to consider the extent to which there is a case for the UK Government to continue to support the Trust by grant beyond 2027. The Trust is working with Defra as part of this formal review process which is vital for the Trust’s long-term future.

## Section 172(1) Statement

As directors of a large company limited by guarantee, registered as a charity, the Trustees are required to report how they have performed their duty under section 172(1) (“s.172(1)”) of the Companies Act 2006.

S172(1) provides that (for charitable companies where the purposes of the company is something other than the benefit of its members), the Trustees must act in the way they consider, in good faith, would be most likely to achieve its charitable purposes specifically, they must have regard (amongst other matters) to the following factors (contained in s172(1) (a) to (f)):

- a) the likely consequences of any decision in the long term
- b) the interests of the Trust’s employees
- c) the need to foster the Trust’s business relationships with suppliers, customers and others
- d) the impact of the Trust’s operations on the community and the environment
- e) the desirability of the Trust maintaining a reputation for high standards of business conduct
- f) the need to act fairly as between members of the Trust

Guidance issued by the Department for Business, Energy and Industrial Strategy suggests that companies should include information on some or all of the following:

- The issues, factors and stakeholders the Trustees consider relevant in complying with section 172(1) and how they have formed that opinion;
- The main methods the Trustees have used to engage with stakeholders (i.e. employees, suppliers, customers and others) and understand the issues to which they must have regard; and
- Information on the effect of that regard on the Trust’s decisions and strategies during the financial year.

The Trust complies with s.172 of the Companies Act 2006. Trustees recognise the crucial role of the various stakeholders listed above in supporting the Trust to achieve its charitable purpose. The Trust believes strong working relationships with partners and wider stakeholders to be of paramount importance; by working together, the Trust can achieve its long-term goals more effectively.

Trustees receive reports at each board meeting from the Executive Team which include details of the Trust’s external relations and engagement with partners. The views of key stakeholders are relayed to Trustees to enable them to consider the impact of their decision making upon such stakeholders.

The Trust has a wide range of stakeholders. The engagement with key stakeholders within the reporting period and the outcomes, are described below. This section includes the Trust’s statement on employee engagement and its engagement with beneficiaries, services users, suppliers, customers, the wider community and others in business relationships with the Trust.

Stakeholders	How they were engaged with during 2020/21	Outcomes
<b>Colleagues</b> Trustees value all colleagues (employees) and volunteers who are key to the successful delivery of our strategy and charitable purpose.	<p>Our focus during the year was to protect the employee experience and productivity, increasing inclusivity whilst maintaining the health, safety and wellbeing of our colleagues. We measured the success of our practices and engagement activities through our regular colleague and volunteer engagement surveys. Due to Covid-19 the usual annual survey was replaced by smaller, more frequent surveys during the pandemic. General staffing updates, including trade union consultations, were reported by the People Report (a standing Board meeting agenda item). Presentations on “re-imagining” plans, affording Trustees the opportunity to steer and feedback on proposals, were provided at Committee and Board level.</p> <p>During the year Trustees also engaged with colleagues at the annual (virtual) safety conference by delivering the keynote speech and receiving health and safety reports at each board meeting.</p>	<p>From April 2020, over 650 colleagues were furloughed as part of the Trust’s response to Covid-19. The Board received regular reporting upon furloughed colleagues, ensuring that furloughed colleagues were kept up-to-date with regular line manager contact and internal communications during their period of absence. The Board ensured the Trust’s Covid-19 risk assessments suitably identified risk factors and controls to enable activities to re-commence/continue safely.</p> <p>Trustees discussed the results of the colleague wellbeing survey which provided insight into colleague needs and wellbeing during the pandemic, and the results of a “returning to volunteering after lockdown” survey completed by nearly 1,000 volunteers. Trustees discussed the issues raised by colleagues and volunteers and provided strategic direction to the Executive in addressing areas for improvement.</p> <p>During the financial year, the Remuneration Committee, Audit &amp; Risk Committee and Board received presentations on the Trust’s “re-imagining” programme, to identify ways of more effective and efficient future working. As a result of the re-imagining work, the Trust consulted its office based colleagues to move to permanent home-based working. The Committees provided feedback on the proposals at an early stage, particularly upon those workstreams that related to home working proposals. In addition, the Board provided feedback and direction to management on the plans for home working, making suggestions to ensure colleagues were supported in the ensuing culture changes, recognising the long-term impact such changes will have upon the Trust, its valued colleagues and future recruitment.</p> <p>Trustees received regular health and safety updates, spanning colleagues, volunteers and members of the public, at each meeting. In March 2021 Trustees reviewed the decline in safety performance, challenging the Executive and providing direction on improving the Trust’s safety culture. Recognising the importance of this matter to the Trust’s long-term success, this matter will remain a standing item and one of the Trustees’ priorities for 2021/22.</p>

Stakeholders	How they were engaged with during 2020/21	Outcomes
<b>Communities</b> Trustees engage with the communities the Trust operates within – nationally and regionally – to understand the issues that are of importance to them.	<p>During the financial year the Trustees met virtually as the usual practice of holding meetings in each of the regions was not possible due to Covid-19. The Trustees engaged with communities through the virtual Annual Public Meeting held in September 2021. The Trust has established Regional Advisory Boards who help the Trust use local knowledge, ideas and capacity to build relationships, reach the diverse local communities that we serve and translate national priorities into local initiatives. Elsewhere, the Trust puts a significant amount of resource into community-based activities, such as its Community Roots, Education and Youth programmes, although their activities during the year were hampered by Covid-19.</p> <p>The Trust consulted the community local to Toddbrook Reservoir regarding the proposed design solutions.</p> <p>The Trust considered the issues of importance to communities when reviewing the Trust’s re-imagining programme. In particular, the Trust was mindful of the financial impact of Covid-19 upon communities.</p>	<p>The virtual Annual Public Meeting enabled Trustees to hear the questions and views of communities it serves, enabling Trustees to have these views in mind when making decisions that have a wider impact upon communities and the environment. Trustees received annual reports from the National Advisory Groups, providing the Trustees with the opportunity to understand the key areas for consideration in those disciplines.</p> <p>In particular, Trustees took into consideration the views of local communities and stakeholders when reviewing the proposals around Toddbrook Reservoir’s permanent repair works. The Trust’s Board and Infrastructure Committee provided feedback and challenge on the Executive’s proposals, to ensure a long-term suitable reservoir for the community to use and enjoy.</p> <p>When reviewing the Trust’s “re-imagining” programme, the Trustees were mindful of the Trust’s unique and inherent role in waterways stewardship and the longer-term benefits it could offer to local communities, particularly in inner city areas. In particular, Trustees considered the opportunities the Trust may be able to create for young people and were supportive of the Trust applying to the Government’s Kickstart Scheme.</p> <p>In response to Covid-19, the Trust created a Waterways Charities Appeal to provide support to small waterway-based charities in the Trust’s local communities, recognising the financial impact of Covid-19 upon the waterways community. The appeal, chaired by a trustee, awarded over £30k of grants across 43 local charities based on inland waterways in England and Wales.</p>

Stakeholders	How they were engaged with during 2020/21	Outcomes
<b>Customers and Visitors</b> (including waterway users, towpath users, heritage and environment groups, and any other customers).	Customer views and requirements were gained through a range of mechanisms with regular surveys to provide insight on customer satisfaction and other measures of service. The Trust's online Annual Public Meeting provided customers and visitors with the opportunity to ask questions of the Chair and Chief Executive. In addition, Regional Advisory Boards also held local online Annual Public Meetings, giving local stakeholders further opportunity to engage with the Trust. The Trust also has a range of National Advisory Groups, made up of customer and user representatives, which help inform Trust policy in particular areas such as navigation, heritage and the environment.	During lockdown Trustees discussed and provided strategic challenge on the Trust's Covid-19 recovery plan, noting the increase in towpath use during lockdown. Trustees considered the diverse views of customers, from liveaboard boaters to towpath users, which informed the Trust's Covid-19 recovery plans and risk assessment proposals, to ensure the safe re-opening of the network.
Trustees recognise the variety of the Trust's customers and beneficiaries and aim to uphold the highest service standards for all its customers and visitors.	Trustees also receive reports on customer and visitor views as part of the appendices to the Chief Executive's report. In addition, Trustees consider the views of customers and visitors as part of their decision-making on matters requiring their approval.	The Investment Committee, during the pandemic, held fortnightly conference calls to monitor the Trust's investments. This included monitoring rent recovery, with the Trust offering rent arrangements to tenants experiencing financial difficulties as a result of the pandemic.
		Trustees considered the views of licence holders when reviewing – and approving – the proposal to increase narrowboat licence fees by 2% from 01/04/2021, ensuring such rises were reasonable. Similarly, Trustees considered the expectations of customers and visitors when reviewing the high risk asset and reservoir capital programme.
		Trustees were also provided with updates on results from the Trust's Waterways Engagement Monitor through regular KPI reporting at each Board meeting. This helped inform decision-making in terms of expenditure on marketing and awareness/engagement raising, as well as the development of Trust strategy, as detailed elsewhere in this Annual Report.
		Furthermore, in response to the Government lockdown, the Trust awarded leisure boaters a one month's extension on their licence.

Stakeholders	How they were engaged with during 2020/21	Outcomes
<b>Suppliers and Businesses</b>	An approved Procurement Policy is in place which defines for suppliers the Trust's standards of business ethics and conduct. Trustees have approved a Modern Slavery Statement and Anti-Fraud and Bribery Policy which suppliers must adhere to. The Trust has a policy in place to ensure its compliance with competition law in terms of its activities in areas where it is the network operator and a commercial participant (e.g. waterside moorings).	Trustees received an annual report on modern slavery compliance, recognising the importance of the Trust's relationship with suppliers and businesses. Trustees considered suppliers and businesses when they determined the awarding of contracts, as specified in the scheme of delegation. During the financial year, the Infrastructure Committee received regular updates on the plans for the new civil engineering contract and directed this should be presented to the Trust Board during 2021/22 due to the significance of the contract for the Trust.
Trustees recognise that the Trust's relationship with its suppliers and other businesses is of significance to the Trust's charitable objects and long-term success.		During the financial year the Investment Committee undertook a deep dive on the work of the Trust's Utility team and the income it generates for the Trust. In addition, the Grant Review Trustee Working Group received a report on the number of services the Trust carries over bridges and in towpaths, with Trustees noting the reliance of businesses on these services and the important role the Trust plays in delivery of service.
		The Board considered the robustness of key suppliers during the pandemic and held rent discussions with customers facing financial difficulties due to Covid-19.

Stakeholders	How they were engaged with during 2020/21	Outcomes
<b>Government and Regulators</b> Trustees uphold the Trust's adherence to legislation and regulation.	Trustees engage with Government and regulators. During the financial year, the key area of focus for Trustees was the commencement of discussions with Defra regarding the upcoming grant review.  Trustees are updated on legal and regulatory developments at each board meeting and take these into account when considering making decisions.	<p>During the year, the Trustees noted the importance of the upcoming Government Grant Review and created a Trustee Working Group to oversee the Trust's interaction with the grant review process and help develop the Trust's case for continued funding post-2027. The Working Group reports to the Trust Board who retain ultimate accountability for the Trust's negotiations. During the year, the Trust Board provided frequent feedback and strategic direction to the Trust's developing strategic case. In addition, the Chair of the Board and Chief Executive met with key Defra officials during the financial year.</p> <p>During the financial year, Trustees also received updates on legislation and regulation, such as the priorities of the Charity Commission and the outcome of the Commission's regulatory investigations into other charities in the sector. Trustees have used this information to ensure their decision-making is in line with their statutory duties and consistent with the wider regulatory environment.</p> <p>The Trustees also reviewed the Trust's lobbying with Government for relief for waterways-based businesses and for the re-opening of the waterways during Government lockdowns.</p>

## SECR (Streamlined energy & carbon reporting)

In accordance with the requirements of Streamlined Energy & Carbon Reporting (SECR), imposed by the 2018 SECR Regulations, we are required to disclose energy and carbon information including:

- Our UK energy use (as a minimum gas, electricity and transport, including UK offshore area);
- The associated greenhouse gas emissions;
- At least one emissions intensity ratio;
- Previous year's figures for energy use and greenhouse gas emissions (except in this first reporting year);
- Methodologies used in calculation of disclosures; and
- Information about energy efficiency action taken in the organisation's financial year.

Within this report, prepared for the Trust by Consultus International, is a summary of our energy and transport consumption, emissions along with requirements of intensity ratio, methodologies and a narrative on energy efficiency action.

### Carbon Footprint 2020/21

Activity	Energy (kWh)	Emissions (tCO <sub>2</sub> e)
<b>Scope 1 Total</b>		<b>2,294</b>
Natural Gas (Mains)	2,400,682	442
Other Gas	76,514	16
Company Cars	7,180,008	1,836
<b>Scope 2 (Location-Based) Total</b>		<b>3,145</b>
Electricity (Location-Based)	13,489,926	3,145
<b>Scope 3 Total</b>		<b>345</b>
Business Travel – Train & Air	9,007	2
Business Travel – Employee Owned Vehicles	1,382,332	343
<b>Total</b>	<b>24,538,469</b>	<b>5,784</b>
<b>Emissions per Expenditure on Charitable Activities (tCO<sub>2</sub>)</b>		<b>31.43</b>



Carbon Footprint 2019/20

Activity	Energy (kWh)	Emissions (tCO <sub>2</sub> e)
<b>Scope 1 Total</b>		<b>3,066</b>
Natural Gas (Mains)	4,007,466	737
Other Gas	99,966	21
Company Cars	9,430,134	2,308
<b>Scope 2 (Location-Based) Total</b>		<b>4,226</b>
Electricity (Location-Based)	16,533,983	4,226
<b>Scope 3 Total</b>		<b>1,049</b>
Business Travel – Train & Air	571,166	140
Business Travel – Employee Owned Vehicles	3,494,115*	909
<b>Total</b>	<b>34,136,830</b>	<b>8,341</b>
<b>Emissions per Expenditure on Charitable Activities (tCO<sub>2</sub>)</b>		<b>42.97</b>

\* This figure was mistakenly reported as 317,709 kWh in the 2019/20 Annual Report.

Carbon Footprint comparison

Activity	Difference (tCO <sub>2</sub> e)	Difference (%)
<b>Scope 1 Total</b>	<b>(772)</b>	<b>(25%)</b>
Natural Gas (Mains)	(295)	(40%)
Other Gas	(5)	(24%)
Company Cars	(472)	(20%)
<b>Scope 2 (Location-Based) Total</b>	<b>(1,081)</b>	<b>(26%)</b>
Electricity (Location-Based)	(1,081)	(26%)
<b>Scope 3 Total</b>	<b>(704)</b>	<b>(67%)</b>
Business Travel – Train & Air	(138)	(99%)
Business Travel – Employee Owned Vehicles	(566)	(62%)
<b>Total</b>	<b>(2,557)</b>	<b>(31%)</b>
<b>Emissions per Expenditure on Charitable Activities (tCO<sub>2</sub>)</b>	<b>(12.76)</b>	<b>(29%)</b>

Quantification & Methodology

The organisation has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol – Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from their energy suppliers and HH/AMR data, where available, for those supplies with HH/AMR meters. For a number of NHH supplies, invoices weren't available from the energy supplier, therefore the organisation has used estimation techniques to provide an estimated usage figure for each site (based on the 2019/20 report). Transport mileage data was provided for their company and employee owned vehicles plus their business travel (rail) usage as a voluntary disclosure. CO<sub>2</sub>e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information and retained within the organisations Data File for reference where required.

Energy Efficiency Action

The Covid-19 pandemic, with associated reductions in boating use of our waterways (reducing water demand and so electricity used for pumping) and closure of many of our offices with colleagues working from home and site visits substantially reduced, has clearly reduced key areas of energy use for the Trust.

We expect some of these changes to be permanent, with many colleagues moving to a flexible working pattern with less reliance on office use enabling us to reconfigure our office estate to a smaller, more efficient model, and continued high levels of use of video conferencing services to replace many face-to-face meetings also reducing travel.

Other aspects will be temporary; we hope that 2021/22 will be a more typical year in terms of boat movements and so water pumping power usage will rebound.

However, the Trust remains committed to continuing to invest in improved energy efficiency. In 2020/21, with support from the People's Postcode Lottery Climate Action Fund, we invested in a new, more efficient, heating system for one of our main offices and continued our programme of upgrading water pumping stations with changes to control systems and refurbishment or replacement of pumps making operations more energy-efficient. We also continue to invest in new renewable energy generation on our waterways with a 60kW photovoltaic unit installed at our Leeds office during 2020 and plans underway for construction this year of a small hydroelectric unit to power Anderton Boat Lift and Visitor Centre. We have also purchased the first new generation hybrid commercial vans for our road fleet and are testing the use of new biofuels instead of mineral diesel in our workboats.

Electrification of our road fleet, and the increased demand for shore-based power for boating customers (either for propulsion or domestic use), will provide an upward pressure on electricity use for the foreseeable future, but the Trust procures electricity on a certified all-renewables tariff and this winter will see us begin to plant community woodland on our estate to offset residual emissions from direct energy use year-on-year.

# Finance review

## Introduction

This Finance Review outlines the financial performance of the Trust in the year ended 31 March 2021.

The Trust continued to operate throughout the 2020/21 financial year under the Government restrictions arising from the global Covid-19 pandemic, with the UK under various restrictions including national and regional “lockdowns”. The Trust has reduced certain activities in line with Government restrictions and has utilised the Government’s Coronavirus Job Retention Scheme to support employees whose roles could not be performed as normal.

The restrictions throughout the 2020/21 financial year have seen a shift towards home working across numerous sectors, and the Trust has embraced this in line with Government guidance.

The Trust has worked with its commercial property and boating customers to understand their circumstances and the impacts of Covid-19, and has provided support where appropriate. As a result, commercial rental income reduced by £0.7m due to concessions provided to customers, and boat licence income reduced by £2.1m in the year due to payment holidays, concessions and cancellations. The Trust has tried to balance short and long term considerations to maximise the extent to which sources of income can continue into the future.

## Overview of financial performance

Despite the challenges of the financial year, income remained broadly consistent with prior year and the Group net movement in funds was positive. The Trust reported net expenditure before gains on investments of £5.9m (2019/20: £16.7m). This deficit included the recognition of major infrastructure costs of £18.0m relating to the future costs to be incurred on a number of reservoirs under the Trust’s management and is in addition to the £24.4m charge related to repairs to Toddbrook Reservoir recognised in the previous year. As a result, and allowing for expenditure so far against these provisions, the major infrastructure provision increased to £36.3m at 31 March 2021. The Trust reported net gains on investments of £39.3m due to market valuation gains on its non-property investment portfolio partially offset by valuation losses in the investment property portfolio. After taking account of the actuarial loss on pension schemes of £27.8m, the net increase in funds was £5.6m (2019/20: £30.8m).

	2020/21 £m	2019/20 £m
Income	215.4	216.1
Expenditure on raising funds	(38.0)	(38.7)
<b>Net income available for charitable activities</b>	<b>177.4</b>	<b>177.4</b>
Charitable spend	(183.3)	(194.1)
<b>Net expenditure before gains on investments</b>	<b>(5.9)</b>	<b>(16.7)</b>
Gains on investments and disposals	39.3	4.0
<b>Net Income /(Expenditure)</b>	<b>33.4</b>	<b>(12.7)</b>
Pension actuarial (losses)/gains	(27.8)	43.5
<b>Net Movement in Funds</b>	<b>5.6</b>	<b>30.8</b>

**Income:** Decreased by £0.7m overall. Income from donations and legacies increased by £5.1m to £11.5m due mainly to £3.8m income from the Coronavirus Job Retention Scheme grant. Income from charitable activities of £78.6m decreased by 5.4% due to third-party funded projects being delayed during large periods of the year as a result of Government restrictions. Trading income of £77.3m increased by £2.4m with the benefit of settlement agreements secured in the year, net of a reduction of £2.1m in boat licence income due to concessions and payment holidays offered to customers as well as cancellations during the pandemic. Investment income of £48.0m was £3.7m lower than the previous year due to rent concessions and renegotiations during the year.

**Expenditure on raising funds:** Decreased by £0.7m, mainly due to lower face-to-face activity levels on the towpaths and in offices.

**Charitable spend:** Decreased by £10.8m. Despite an overall reduction in expenditure due to the impact on the Covid-19 pandemic and the ability for the Trust to carry out some activities, underlying expenditure on major infrastructure works increased by £2.8m to £52.5m compared to prior year. This includes £18.1m provided during the year but relating to future infrastructure works (2019/20: £21.9m).

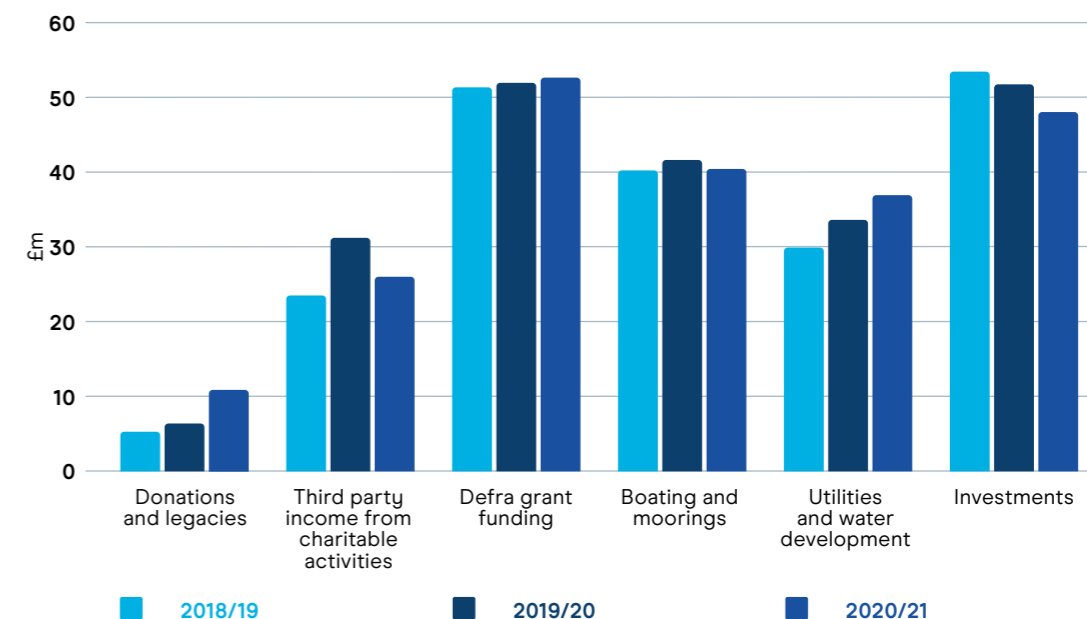
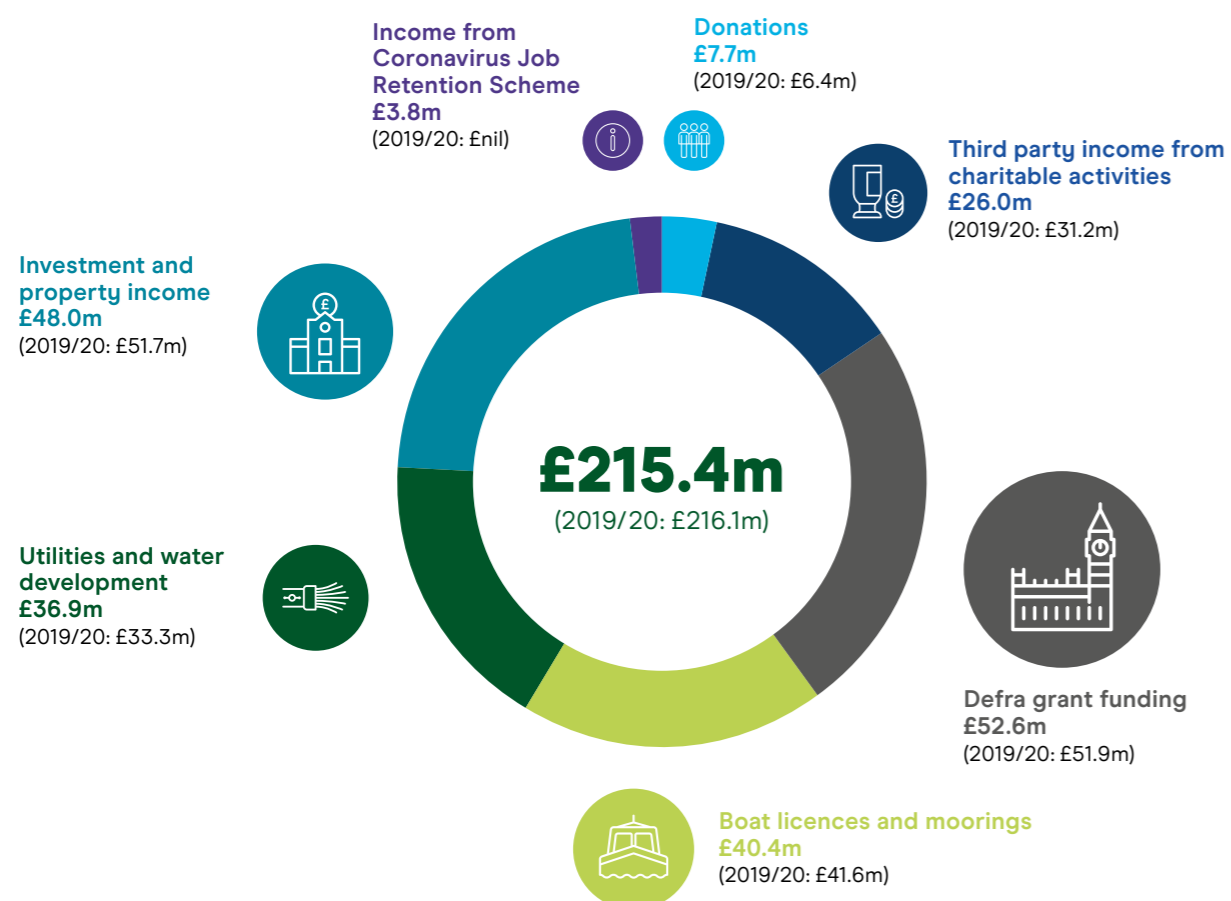
**Net expenditure before gains on investments:** Improved by £10.8m due to lower charitable spend activity, with income broadly flat overall.

**Gains on investments:** Our non-property portfolio of diversified investments benefitted from market recovery, with full year gains of £48.7m. These gains were offset by revaluation losses of £11.1m on our investment property portfolio as a result of the Trust's exposure to the sectors affected by Covid-19, particularly the retail and office sectors. As the Trust exposure is relatively low, the market benchmarks were comfortably exceeded across the short, medium and longer periods. The Trust's property advisors, Avison Young, have independently valued approximately 90% of our property by value as at 31 March 2021. There were additionally realised gains of £1.7m.

**Pension actuarial loss:** This loss of £27.8m was driven by the significant increase in expectations of future inflation from low levels in the previous year, increasing the value of the scheme's liabilities by more than the gains on the scheme's assets as a result of improved market performance.

## Income

Income sources can be summarised as follows:



**Donations and legacies** The Trust is a direct beneficiary of the People's Postcode Lottery, raising a net £4.6m from seven draws (2019/20: £2.9m from five draws). The number of 'Friends' regularly supporting the Trust has decreased from 30,049 to 27,721, with income from Friends remaining consistent at £3.0m. Corporate fundraising income reduced by £0.4m due to a large one-off receipt of £0.3m in 2019/20. Also included in donations and legacies is £3.8m from the Government's Coronavirus Job Retention Scheme.



**Third party income from charitable activities** represents amounts received for third party funded improvement projects from local and national partners. Also included in this category is income from museums and visitor attractions run by the Trust. The income received in 2020/21 decreased by 16.7% on 2019/20, due to delays experienced on third party funded activities and the closure of museums and attractions for large parts of the year.



**Defra grant funding** represents amounts due under the Defra grant agreement. Part of this income is conditional based on performance criteria being met, described further on pages 63 to 64. The core amount received in 2020/21 was £42.6m, with an additional £10.0m received due to satisfactory performance against these performance conditions.



**Boating and moorings** The table below shows how the income in this category breaks down between our private boat licence income, income from our long-term moorings activity, and from business boating (income received from businesses undertaking trading activities on or in facilities connected to the waterways, or premises leased from the Trust):

	2020/21 £m	2019/20 £m	change %
Boat licences	21.3	21.6	(1.4)
Mooring permits	8.2	8.1	1.2
Boating trade *	9.8	10.3	(4.9)
Other	1.1	1.6	(31.3)
<b>Total</b>	<b>40.4</b>	<b>41.6</b>	<b>(2.9)</b>

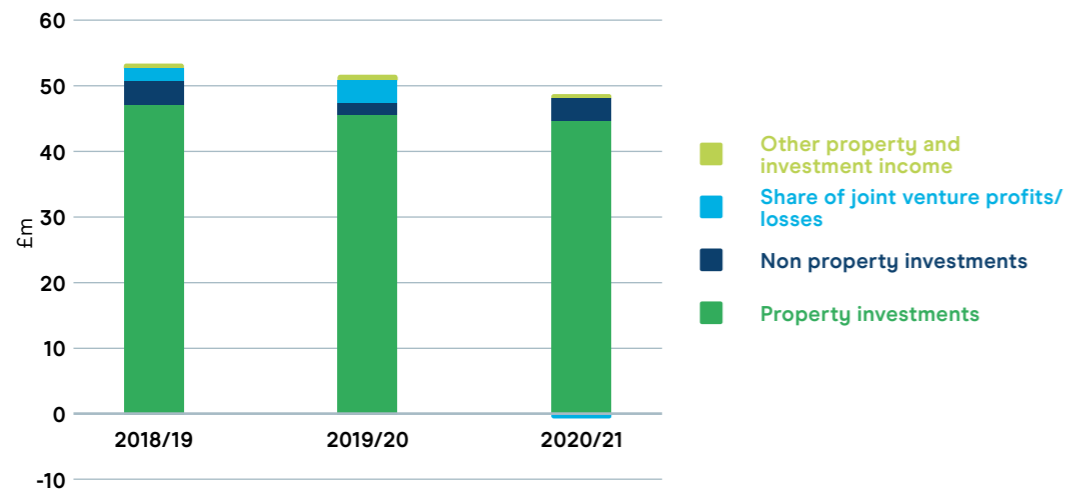
\* Boating trade income includes both business licences and boating property rents

Boat licence income decreased by 1.4% due to cancellations and concessions to the annual fee during the pandemic. Income from mooring permits increased 1.2% due to general inflationary price rises and improved occupancy levels.

**Utilities and water development income** Utilities income is received from third parties who use the towpaths or bridges for their infrastructure cables for data, telecoms or electricity. Income from water development arises through extraction of water from the canal as well as discharges of excess water into the canal and the use of water for heating and cooling buildings. Utilities and water development income increased by £3.6m (10.8%) in the year due to inflationary increases and new surface water discharge agreements.

**Investment income** including joint ventures is derived from the Trust's Protected Asset Fund.

Total investment income reduced by 7.2% to £48.0m, with each key area considered separately below.



**Property investments:** These form the largest part of investment income at £44.6m, being rents and premiums from our large property portfolio which has performed consistently well over the past three years. The decrease in investment income against the prior year of 7.2% to £48.0m is due to rent concessions provided and rent agreement changes negotiated, recognising the difficulty for certain customers during the pandemic but ensuring some security over the income for future periods.

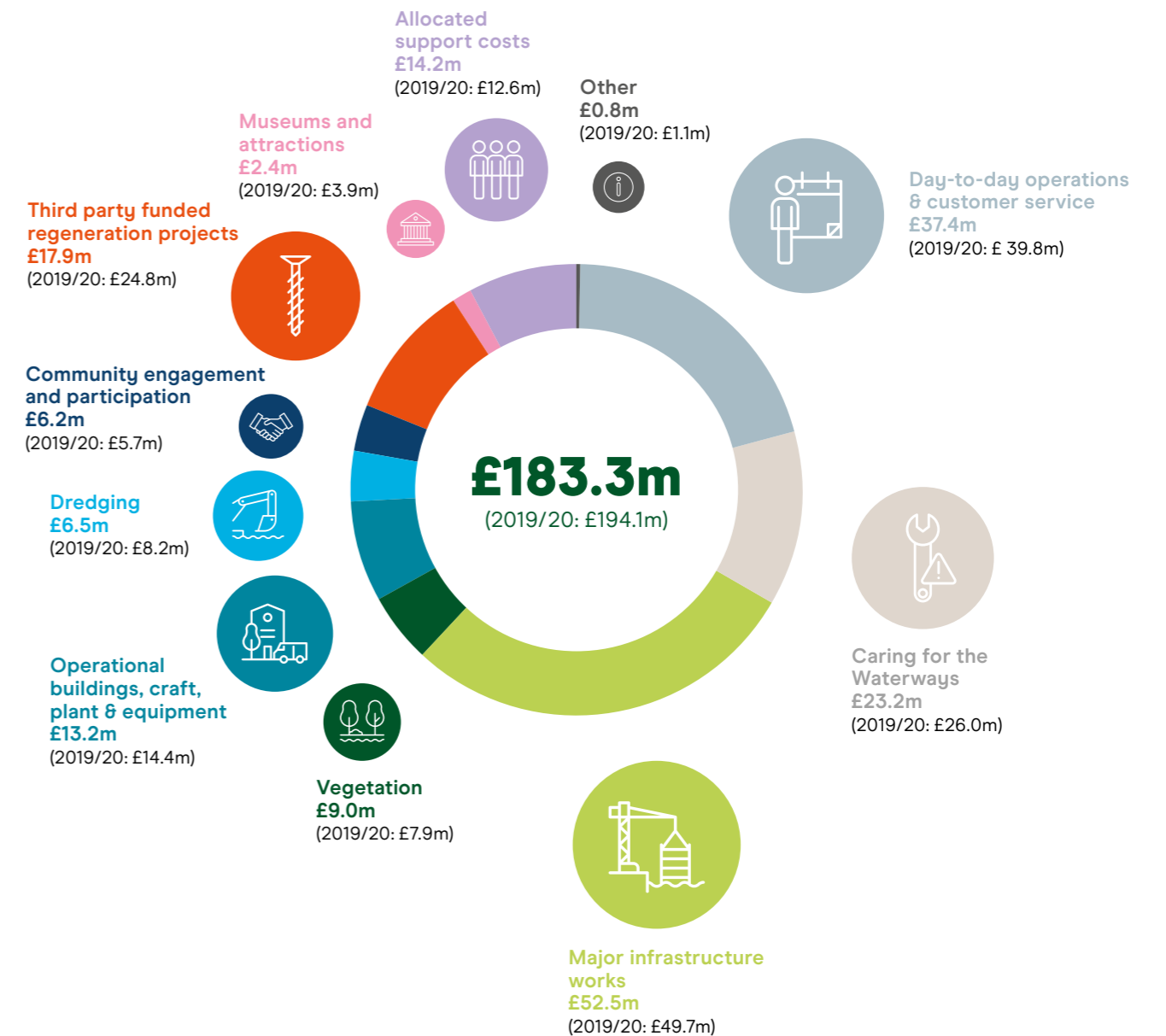
**Non-property investments:** Dividend income from the non-property portfolio was £1.7m higher than 2019/20 due to market recovery following the prior year economic uncertainty in the wake of the Covid-19 pandemic.

**Share of Joint Venture (losses)/profits:** The main joint venture interests of the group, Waterside Places (General Partner) Limited and H2O Urban (No2) LLP, engage in waterside property developments from which a share of income is derived. The £0.7m loss experienced is due to a provision for rectification costs to the building in Waterside Places recognised in the year.

**Other property and investment income:** This income includes wayleaves and interest receipts and has remained in line with 2019/20.



## Expenditure on charitable activities



Spend on charitable activities decreased from 2019/20 although underlying expenditure on core maintenance, repairs and infrastructure works continues to grow.

**Major infrastructure works** These costs comprise:

- Provisions for future costs made following reservoir inspections under s10 of the Reservoirs Act 1975 of £17.3m (2019/20: £2.6m).
- £2.9m for repair costs to the Aire & Calder Navigation which suffered a breach during the year, £1.2m of which is a provision for future expenditure.

- The costs of other major infrastructure works carried out during the year, which were higher compared to the prior year.

**Third party funded regeneration projects** The reduction in cost is largely due to the delays experienced in the year due to the Covid-19 pandemic.

## Gains on investments

The property portfolio produced valuation losses of £11.1m (2019/20: valuation gains of £12.1m) which, combined with £0.8m (2019/20: £0.6m) of realised gains on disposals, produced a negative capital return of 1.6% for the year. This was ahead of the MSCI UK all commercial property quarterly benchmark which was a negative capital return of 3.4% for the year. The Trust has limited exposure to some of the sectors most affected by the Covid-19 pandemic e.g. retail and leisure, as well as having defensive assets such as ground rents which are sought after in times of uncertainty for their secure income. Avison Young independently valued approximately 90% of our property by value as at 31 March 2021.

Our non-property portfolio of investments produced capital gains before fees of £48.7m (2019/20: capital losses of £8.9m). The valuation at 31 March 2021 represents the recovery experienced from a volatile and uncertain position at 31 March 2020 as well as high performing private equities and Government bonds.

In addition there were £0.9m (2020: £0.2m) gains on disposal of tangible fixed assets.

## Pension actuarial losses

The defined benefit Waterways Pension Fund (WPF) was closed to future benefit accrual on 30 September 2016. The Group pension deficit increased by £23.3m to £45.6m during the year mainly due to increased expectation for future inflation. Inflation assumptions impact the cash value of future pension payments. Higher inflation means these payments are expected to be higher in future.

The Trust has placed investment property within a pension funding partnership, Canal & River Pension Investments LP (the SLP), of sufficient value to meet the minimum collateral required for the WPF trustees to cover any funding shortfall on the WPF of up to £125m when the arrangements mature on 8 July 2031. At the same time, the SLP pays a contribution of £5m each year to the WPF until 31 March 2031. On consolidation, the WPF's interest in the partnership does not represent a plan asset for the purposes of the Group consolidated financial statements as the underlying assets have been included in the Trust's investment properties.

The position of the pension scheme for funding purposes is calculated on a different basis. A formal valuation is undertaken once every three years and was last undertaken as at 31 March 2019. As at that date the market value of the Scheme's assets (excluding members' additional voluntary contributions) amounted to £584m and the value placed upon the benefits that had accrued to members was £590m. The Scheme was therefore £6m in deficit and 99% funded on an ongoing basis. The market value of the Fund's investment in the SLP is included within the valuation of the Fund's assets. As the arrangements could give rise to proceeds above market value at valuation date, additional contributions were not deemed necessary to eliminate the deficit at 31 March 2019.

## Summary Consolidated Balance Sheet

	Unrestricted Funds £m	Restricted Funds £m	Total 31 March 2021 £m	Total 31 March 2020 £m	Variance £m
Tangible fixed assets	30.2	21.2	51.4	55.9	(4.5)
Investments	35.8	1,005.2	1,041.0	1,010.5	30.5
Current assets	88.5	35.9	124.4	104.4	20.0
Current liabilities	(91.7)	(4.1)	(95.8)	(92.7)	(3.1)
Long-term liabilities	(1.7)	(150.0)	(151.7)	(152.4)	0.7
Provisions	(41.7)	(0.2)	(41.9)	(27.2)	(14.7)
Pension liability	(0.1)	(45.6)	(45.7)	(22.4)	(23.3)
<b>Total net assets</b>	<b>19.3</b>	<b>862.4</b>	<b>881.7</b>	876.1	5.6

### Overview

The Trust's group balance sheet position is strong with the majority of the net assets being held in the restricted Protected Asset Fund. Unrestricted funds have total net assets of £19.3m which is £7.5m lower than 2019/20, due mainly to the deficit of £5.9m previously explained. The Trust holds cash and other current assets in the General Fund sufficient to support our current liabilities as they fall due.

Within restricted funds is a long-term, fixed rate loan of £150.0m. This is explained in further detail in note 19 to the financial statements. These funds have been invested in accordance with the Trust's investment strategy.

The principal consolidated balance sheet movements during the year were as follows:

**Tangible fixed assets** reduced principally due to transfers of previously utilised operational property assets to investment assets following a change in use.

**Investments** increased due largely to growth in value of non-property investments, partially offset by the downward revaluation of our investment property portfolio.

**Current assets** increased primarily due to the timing of customer cash collections as well as the inclusion of £12.3m of long-term assets, principally representing deferred consideration receivable for the sale of property investments in the year.

**Provisions** increased due to further provisions recognised relating to the future costs of reservoir restoration works.

**Pension fund liability** increased mainly due to higher scheme liabilities as a result of expected higher future inflation, which more than offset the actuarial gain on scheme assets.

## Investment policy, powers and performance

Currently, all of our long-term investments, with the exception of £14.7m held for the Pension Contingency Fund, are held within the Protected Asset Fund. The Protected Asset Fund is defined under the 2012 Defra Grant Agreement and comprises all the investment assets and liabilities of the Trust such as investment properties, investments in subsidiary companies, financial investments, cash available for investment and protected operational buildings and is net of any liabilities that are effectively secured on, or due for payment from, the assets in the Protected Asset Fund as transferred to the Trust under the Statutory Transfer Scheme on 2 July 2012.

The 2012 Grant Agreement with Defra provides that the parties shall jointly appoint a person as the Protector of the Protected Assets. The key requirements of the Protector are to ensure that there is no material diversion or material diminution of the Protected Assets. In his report to the Secretary of State for Environment, Food and Rural Affairs dated 18 December 2020, the Protector stated that he did not identify any material diversion or material diminution to the Protected Assets for the year ended 31 March 2020.

The Protected Assets are the corporate property of the charity and are not held on trust. As such, and subject to the specific terms of the grant agreement, it is up to the Trust to decide how much of the annual return is spent on charitable activities and how much is retained to increase the capital value of the fund. The investment policy carefully balances present needs with those of the future, consistent with the aims of the Defra Grant agreement.

The Grant agreement covers the period to 2027 and states that the Trust should aim to grow the Protected Asset Fund in real terms i.e. by more than inflation. Our investment policy specifies real estate property investments in the UK as the main asset class but allows up to 40% of the portfolio to be invested in a more diverse range of asset classes such as equities, absolute return funds, bonds and private equity. Whilst the Trust can tolerate modest short-term volatility, the main objective of the investment policy is to provide regular income while increasing investment value in the portfolio.

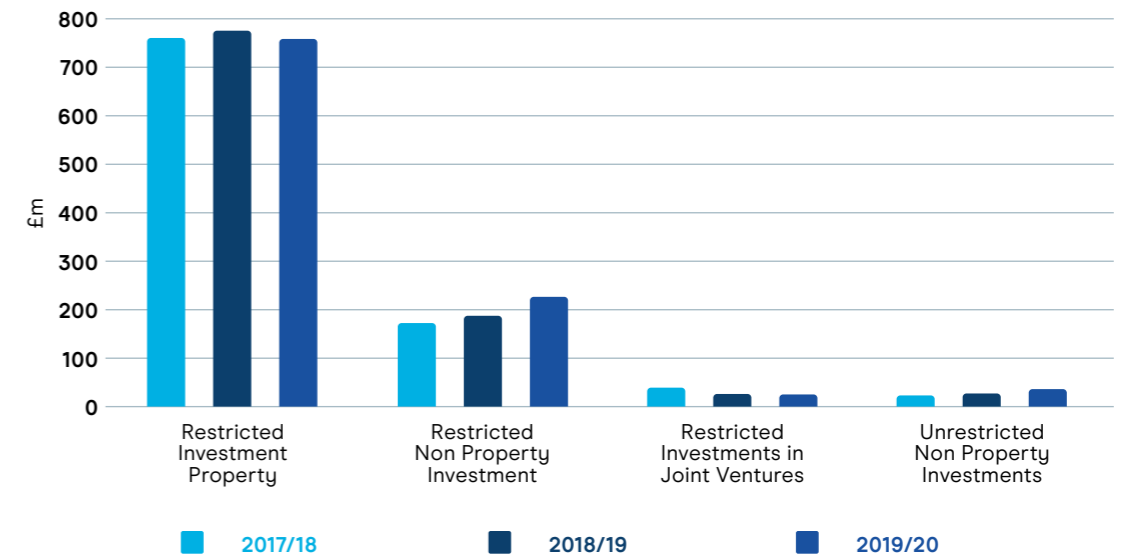
The Trust's investment policy is to allow withdrawal of capital from the Protected Asset Fund to fund expenditure provided it has first retained at least CPI+1% growth measured over the medium to long term (5 to 10 years).

In normal circumstances, for property assets, the Trust spends the net property rents received and accumulates the capital gains. For non-property assets the Trust spends dividends and interest received and accumulates capital gains.

The primary purpose of the investment assets is to fund and support the charitable objects of the Trust. Over time, the Trust is committed to incorporating environmental, social and governance (ESG) considerations into its investment decision making so that the long-term financial performance of the investment assets is aligned to the objectives of the Trust and society at large, recognising that the Trust invests all returns from the investment assets for public benefit.

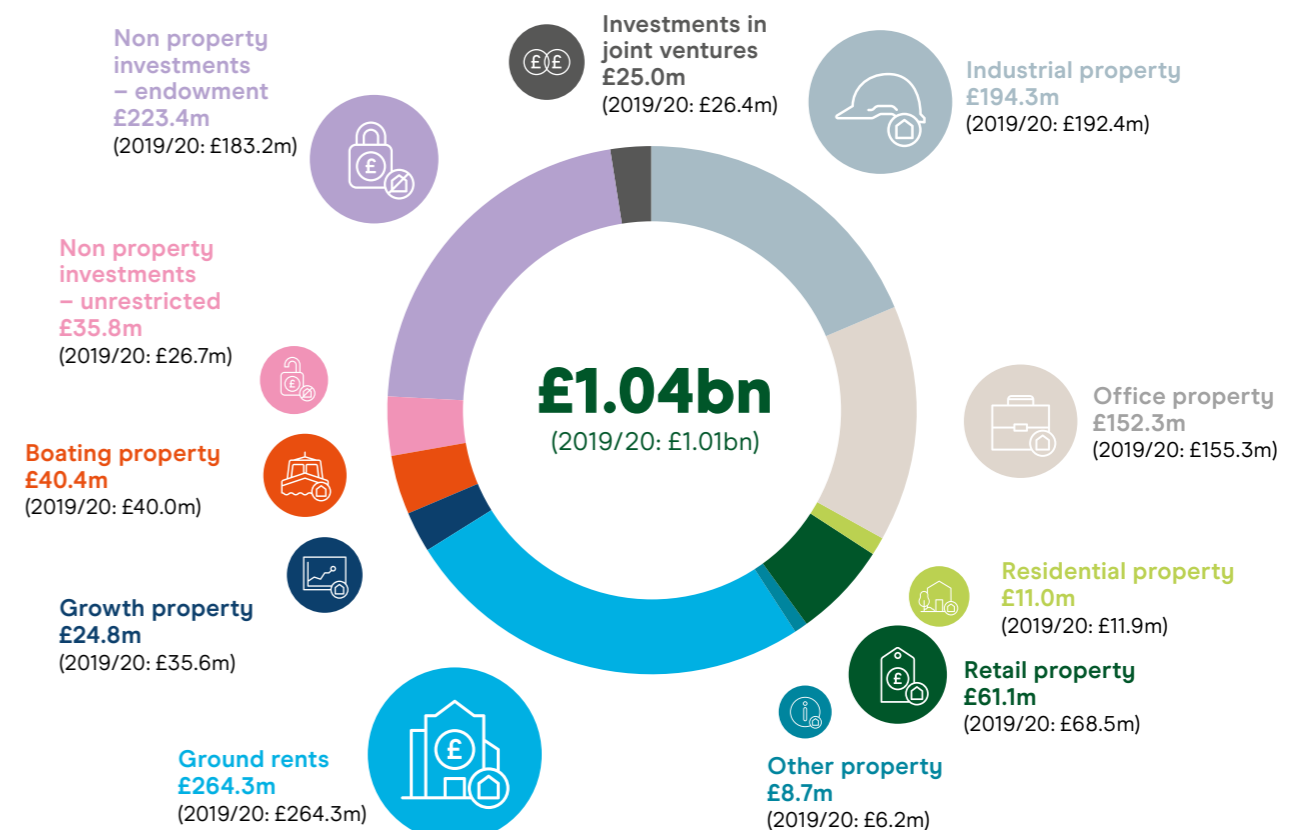
### Total Investments

The total investment portfolio is £30.5m higher than the position at 31 March 2020 and stands at £1,041.0m. The increase in value is due to the non-property investment revaluation gains partially offset by investment property revaluation losses and disposals. The investment portfolio is made up as follows:



These investments generated £48.0m of income to spend on charitable activities.

### Investment by Type



## Property investments

	Actual		Benchmark*		Variance	
	2020/21	5 year annualised	2020/21	5 year annualised	2020/21	5 year annualised
Total return	2.8%	7.5%	1.1%	3.9%	1.7%	3.6%
Income return	4.4%		4.5%		(0.1%)	

\* MSCI UK all commercial property quarterly benchmark

The Trust's investment property portfolio produced a total return of 2.8% for 2020/21, 1.7% ahead of the benchmark. This was after negative capital returns of 1.6% comprising +0.1% realised gain from property sales and -1.7% revaluation on properties held. This compares favourably with the benchmark of -3.4% capital return on revaluation, due principally to the Trust's low exposure to the retail sector (which performed badly) and its holdings in the sought-after ground rent portfolio.

The Trust's investment property performance is benchmarked against the UK commercial property market over the medium term. The portfolio has comfortably exceeded the benchmark with 5-year annualised average returns at 7.5% p.a. compared to 3.9% p.a. for the benchmark.

## Non-property investments

	Actual		Benchmark*		Variance	
	2020/21	5 year annualised	2020/21	5 year annualised	2020/21	5 year annualised
Total return (including foreign currency exchange effects)	21.3%	9.6%	28.0%	9.5%*	(6.7%)	0.1%

\* based on the Strategic Asset Allocation which is a composite benchmark based on a range of external benchmarks comprising fixed income, credit, absolute return, hedged equities, global equities and private equity.

The above table shows performance of the non-property investment portfolio as at 31 March 2021. The valuation for the private equity component is based on valuations as at 31 December 2020.

Our non-property investment manager's objective over the medium term has been achieved with annualised nominal returns over 5 years of 9.6% compared to the benchmark of 9.5% over the same period. The 2020/21 return of 21.3% was 6.7% lower than the market benchmark for the year. The effects of overweight tactical allocation to credit assets and underweight to Government bonds detracted from performance.

Investments related to the designated Unrestricted Income Fund are £35.8m (see note 16). These are all held in separate investment funds with our investment managers, Partners Capital.

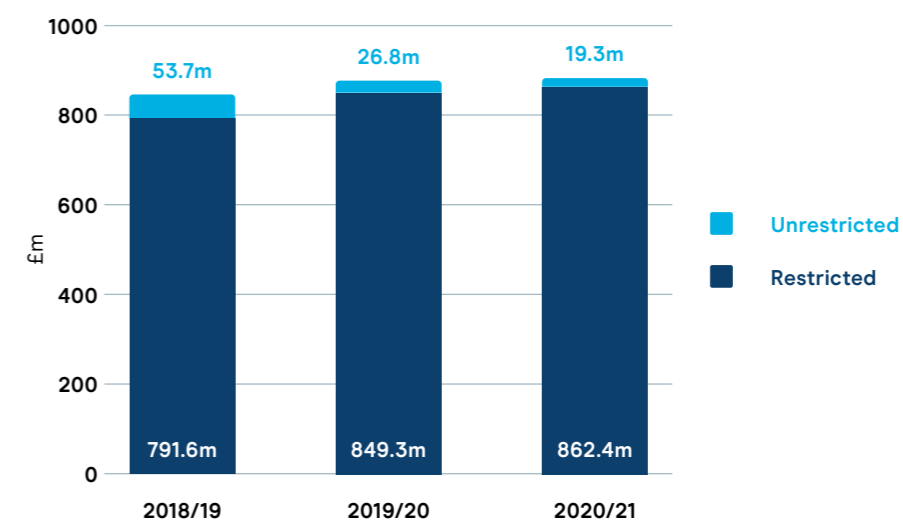
For non-property investments the Trust decided not to withdraw any additional funds beyond the natural income yield of 1% but to retain all capital growth for the future to help protect against potential income volatility. The Trust plans to draw on this excess income over the next three years to help fund infrastructure spend.

## Reserves

## Total Reserves

The total reserves of the Trust have increased from £876.1m at 31 March 2020 to £881.7m at 31 March 2021 as shown in the chart below. This is principally due to gains on investments of £39.3m offset by actuarial losses on the defined benefit pension scheme of £27.8m and net expenditure of £5.9m.

## Funds Movement



## Reserves policy

All charities are required to consider how much funds (if any) they need to hold in reserves. This consideration is based on a number of factors such as the scale and nature of the charity's activities, the charity's age, the stability of its income and so forth.

Our purpose is to be a trusted guardian of the historic inland waterway network of England and Wales, seeking to enrich places of historic interest or natural beauty permanently for the benefit of the nation. The waterways and the associated structures represent a substantial financial commitment of the Trust and have an annual maintenance and repair requirement that significantly exceeds the related income generated. Accordingly, the economic value of the waterways is estimated to be substantially negative.

In 2012 when the Trust was formed the Government transferred the Trusteeship of Waterways and related infrastructure assets to the Trust under the terms of a Trust settlement. These infrastructure assets have no market value and cannot be sold but the income earned from them can be applied to the Trust's charitable purposes.

In 2012 the Government also transferred investments and other non-infrastructure assets to the Trust subject to the conditions of the Defra Grant agreement. The Trust refers to these assets as the Protected Assets and, whilst the capital value is required to grow in real terms, the Trust can apply the income from them to its charitable purposes. The financial

strategy for the Trust is therefore to maximise net income from all sources and to increase the contribution to the Trust's activities through volunteering and local engagement, whilst ensuring the value of the Protected Assets grows in real terms.

The Trust aims to provide secure and increasing income to fund the maintenance, repair and enhancement of the waterways and to maintain a strong and sufficiently liquid balance sheet. The net income is applied to the charitable purpose after providing for the costs of administering and managing the Trust's income generating activities.

In formulating a reserves policy, the Trust must balance the need to maintain the waterways in a safe condition, with the need to have sufficient financial resources to carry on its activities. In addition, unlike many other charities, the Trust has the resilience of being able to utilise capital within the Protected Asset Fund as a source of funds or a source of collateral for borrowings, provided it replaces those funds over time.

The Trust is also a relatively young charity and has not had the benefit of building up substantial free reserves. Consequently, the reserves policy of the Trust is to maintain free reserves close to zero over the long term (note that free reserves exclude the value of the Protected Asset Fund). The Trustees take this into account when formulating the Trust's long-term strategic plan. To the extent that these forecasts indicate significant positive reserves, they will be transferred to a major asset failure fund to meet unexpected infrastructure failure. Conversely, where significant negative reserves are forecast, the Trustees will develop an action plan to bring free reserves back to zero over the long term through increased income or reduced costs.

Notwithstanding this long-term policy, in the short term the impact of the Covid-19 pandemic, together with the costs of infrastructure repairs and maintenance, means the Trust anticipates negative free reserves in the short term. In order to offset these impacts, the Trustees have set challenging growth assumptions for the Trust's various income streams over the longer term coupled with retention of unrestricted premium receipts from our property holdings. The Trust does have the option of utilising capital from the Protected Asset Fund as mentioned above.

### Unrestricted Funds

*General Fund – £0.8m (2020: £0.1m)*

The Charity Commission defines free reserves to be the level of reserves held after making allowance for any restricted funds, and the amount of designations, commitments (not provided for as a liability in the financial statements) or the carrying value of functional assets which the charity considers a commitment of the reserves they hold.

As a young charity with a 2,000 mile heritage waterway network to maintain, the Trust has not yet had an opportunity to accumulate free reserves. With the £36.3m major infrastructure provision for future infrastructure repairs, and once £30.2m of unrestricted fixed assets are excluded, then free reserves would be negative by £29.4m. The implication being that some fixed assets would need to be sold to meet the repair costs. However, the infrastructure repairs will be carried out over a number of years funded from income generated in future periods and it is not expected any asset sales will be needed. As the repairs are completed and the provision is released the level of free reserves should return to zero over the long term.

The Trustees have designated funds for two specific purposes:

*Pension Contingency Fund – £18.5m (2020: £26.7m)*

The Trust has created a designated fund, the Pension Contingency Fund, with the purpose of enabling the Trust to meet potential future obligations to the Waterways Pension Fund. The Pension fund has a significant deficit which is expected to be eliminated by the pension funding partnership arrangements in the period to 2031. However, there is a risk that deficits may increase in future and the employer will need to increase contributions or make payments under the pension funding partnership guarantee. The Trust is not obligated to maintain this fund and the amount paid in each year is at the Trust's discretion.

The Pension Contingency Fund reduced during the year due to the transfer to the General Fund to address the more immediate commitment to the spend on reservoir and other asset repairs.

The pension fund closed to future benefit accrual on 30 September 2016 and the Trust intended for this fund to cover any deficit existing in 2031 up to £125m thereby releasing the assets contained in the Pension Contingency Fund referred to above.

*Major Asset Failure Fund – £nil (2020: £nil)*

The Trust has considerable exposure to major asset failures, notably in relation to reservoirs and embankments and is providing for £36.3m of future committed repair costs.

### Restricted Funds

*Protected Asset Fund – £861.8m (2020: £848.7m)*

The Protected Asset Fund has increased by £13.1m during the year, primarily as a result of non-property investment revaluation gains partially offset by property investment revaluation losses and an increase in the Waterways Pension Fund deficit due to actuarial losses driven by higher inflation assumptions.

*Restricted Income Fund – £0.6m (2020: £0.6m)*

The Restricted Income Fund comprises funds that have been donated to the Trust with specific restrictions on how the funds may be applied.



**Cash Flow**

Cash and cash equivalents increased by £13.3m in the year to 31 March 2021 as shown and explained below.

	2020/21 £m	2019/20 £m
Net cash used in operating activities	(44.9)	(56.6)
Net cash provided by investing activities	62.4	45.5
Cash flows from financing activities	(4.2)	(3.8)
Change in cash and cash equivalents	13.3	(14.9)
Cash and cash equivalents at 1 April 2020	23.1	38.0
Cash and cash equivalents at 31 March 2021	36.4	23.1

**Operating activities:** net cash used in operating activities is £11.7m lower than last year largely due to timing of customer receipts at year end.

**Investing activities:** the property portfolio remains a major source of income for the Trust and the net revenue generated is integral to supplementing the costs of maintaining the waterways and delivering the Trust's objectives. Net cash generated from our investing activities has increased by £16.9m in the year, primarily due to lower levels of investment property purchases with assets retained in cash during the period of uncertainty.

## Publication Data – required under the Defra Grant Agreement

One of the obligations of the Grant Agreement is to publish annually the defined Publication Data which is set out in the table below.

The Network Stewardship Score is a combined measure of functionality of, and the public benefit delivered by, the waterway network. The baseline index was set at 100 in 2008 and it is calculated annually based on a range of indicators, with good performance being reflected by higher results. All Principal Waterway Assets are measured and categorised according to condition. A structure in condition A is in a good state of repair and one in condition E is in a bad condition. Embankments and culverts are included within the definition of Principal Assets but towpaths are dealt with as a separate category and are graded according to condition grades from A to E where A is described as very good and E is bad.

The heritage asset measure in the table below covers both the waterway assets categorised as Heritage Assets in the accounting policies as well as operational and investment properties that have heritage qualities.

### Publication Data

Measure	Description	Outcome Result
Network Stewardship Score	A combined measure of waterway functionality and public benefit as at 31 March 2021.	136 (2020: 142) <sup>1</sup>
<b>Safety</b>		
Number of reported incidents involving customers relating to infrastructure failure	The numbers of injuries for the year ended 31 March 2021.	53 <sup>2</sup> (2020: 17) customer incidents where an infrastructure defect was a significant contributory cause.
Number of reported incidents involving employees	The numbers of injuries for the year ended 31 March 2021.	111 (2020: 164) total employee recorded injuries of which 7 (2020: 8) were HSE Riddor reportable, 6 were "over 7 day" absences (2020: 4) and 1 was a major injury (2020: 0).
Percentage of waterway assets in classes D and E <sup>3</sup>	Based on Principal Asset condition grades. The Relevant Standard is for the aggregate of assets in classes D&E not to exceed 25% of the total.	Aggregate percentage of principal assets in condition classes D&E was 12.89% as at 31 March 2021 (2020: 12.94%).
<b>Towpaths</b>		
Number of towpath visitors (based on annual survey data)	Number of visits and visitors for the year ended 31 March 2021. This is based on a survey of members of the public, expressed in millions.	Total visits 743m (2020: 677m) Average visitors during a two week period 8.3m (2020: 9.2m)
Number and duration of unplanned towpath closures	Defined as unplanned closures that are caused by asset or infrastructure failure for the year ended 31 March 2021.	Number of closures 19 (2020: 20) Number of closure days 429 (2020: 347)
Percentage of towpaths in conditions A to C <sup>3</sup>	The Relevant Standard is no less than 60% aggregate in conditions A to C.	Aggregate percentage of towpaths in condition classes A, B and C was 81.33% as at 31 March 2021 (2020: 81.24%).

### Flood management<sup>3</sup>

Percentage of principal culverts and embankments in classes D and E	The Relevant Standard is for the aggregate of flood management assets in classes D&E not to exceed 4% of the total flood management assets.	Aggregate percentage of flood management assets in condition classes D&E was 0.57% as at 31 March 2021 (2020: 0.75%).
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### Sites of Special Scientific Interest (SSSIs)

Percentage area of SSSIs under Trust management in favourable or unfavourable recovering condition	The data is available only for sites in England and is obtained from Natural England. It covers a total of 701 <sup>4</sup> (2020: 718) hectares of SSSI sites under the Trust's management.	Favourable 39.5% (2020: 39.5% <sup>5</sup> ) Unfavourable recovering 27.8% (2020: 27.8% <sup>5</sup> )
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### Heritage

Percentage of Heritage Assets assessed on completion of work as good or adequate with double weighting given to good assessments	This measure includes work on several assets that have heritage qualities and is not limited to waterway infrastructure assets only.	96.30% (2020: Due to the effect of Covid-19 on the year end heritage assessment surveys due to be undertaken in March and April 2020, causing most to be canceled, the figure of 83.78% included in the 2019/20 Annual Report was incorrect. No result was recorded for this measure for 2019/20.)
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### Volunteer participation

Number of volunteer days contributed to the Trust	Number of volunteer days for the year ended 31 March 2021.	31,573 days (2020: 94,093 days)
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### Trust owned housing forecast figures

Based on the property development activity on the Trust's sites (including joint ventures) – actual for the year ended 31 March 2021 and forecast for the year ending 31 March 2022.	2020/21: 197 residential units completed
<i>(These figures also include development sites previously disposed of by the Trust. These are not formally monitored by the Trust and are reported on the basis agreed previously with the Homes and Communities Agency)</i>	2021/22: Over 469 units under construction currently. Over 1,427 units anticipated to commence construction in 2021/22. Approximately 1,382 units forecast to be completed in 2021/22.

<sup>1</sup> Please note that the NSS was re-based in 2019/20 following the change to the basis on which the visitor numbers element of the measure is calculated – the figure shown for 2020 is different from that in last year's report, calculated on the previous basis.

<sup>2</sup> This increase may in part be due to more rigorous reporting by the public. Please also see page 18 of the Strategic Report.

<sup>3</sup> These comprise the Relevant Standards for the purpose of the conditional element of the Defra Grant. The information in the table above demonstrates that the Relevant Standards have been met for the period to 31 March 2021 and accordingly the Trust will apply for payment of the conditional portion of the Defra Grant funding for the year ending 31 March 2021 which comprises £10m.

<sup>4</sup> A review of Natural England data on SSSI sites under Trust management resulted in a reduction of 17 hectares.

<sup>5</sup> The change in these figures is due to corrections of errors made in the aggregation of historic data in the prior year, meaning the figures reported in the 2019/20 Annual Report were incorrect. The corrected figures are reported for 2020/21 and amended figures shown for 2019/20. The actual status of SSSIs is unchanged. The balance is made up of Unfavourable no change (29.5%) and Unfavourable Declining (3.2%) which are not required by Defra to be reported.

# Governance

## Governance Overview

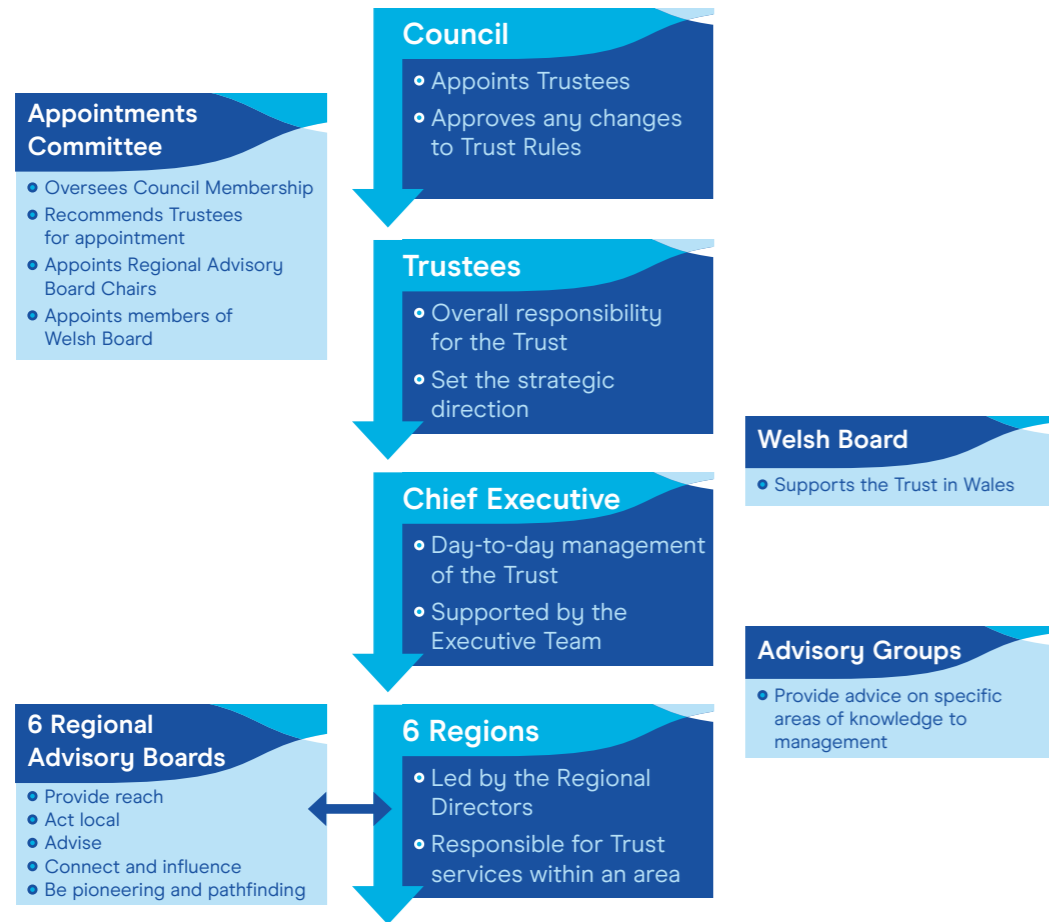
The Canal & River Trust is a charity registered with the Charity Commission in England and Wales (charity number 1146792). It is also a company limited by guarantee (company number 07807276) and does not have share capital. The Trust's governing documents are its Articles of Association and Trust Rules which are available on the Trust's website.

In 2020/21, the Trust had one principal wholly owned trading subsidiary, Canal & River Trading CIC. The Canal & River Trading CIC is a community interest company that carries out trading and investment activities. The main activities are in property development and investing in joint ventures. Profits arising in the Trust's subsidiaries are donated to the Trust. In turn, the Trust uses the revenues in support of its charitable purpose of maintaining and operating the inland waterway network and carrying out other charitable work in relation to inland waterways, such as conservation and education. A summary of the Trust's subsidiaries and results appears in note 17 in these accounts.

In setting objectives and planning our activities the Trustees have given due consideration to the Charity Commission's guidance on public benefit. Further details on our strategy and public benefit can be found on pages 34 to 38.

As a charitable company, the Trust upholds the highest standards of governance. The Trust applies the Charity Governance Code (recently updated and revised) which sets out the principles and recommended practice for good governance in larger charities. In addition, the Trust voluntarily endeavors to follow the Wates Corporate Governance Principles. In February 2021 the Audit & Risk Committee assessed the Trust's compliance against both the revised Charity Governance Code and the Wates Principles. The Trust publishes its adherence to the Code and the Wates Principles on the Trust's website on a comply or explain basis.

The Trust's governance arrangements are organised as below:



## The Council

### Role

The Council consists of the members of the Trust. The Council has several duties including being responsible for appointing and removing Trustees. The role of a Council member is voluntary and unremunerated, although reasonable expenses may be paid.

### Membership

The Council may have up to 50 members. At 31 March 2021, it had 36 members drawn from the different communities that use or benefit from the waterways, including boaters, canoeists, walkers, cyclists, heritage, local government, environment and community groups. 11 members are elected and a further 15 nominated by specified organisations. 3 Council members are co-opted on the recommendation of the Joint Council & Trustees Appointments Committee to provide the Council with the full complement of skills and expertise required. The 6 Regional Advisory Board Chairs sit on Council as ex-officio members along with 1 member of Bwrdd Glandŵr Cymru (Welsh Board). At the start of the 2020/21 financial year, a number of newly elected members and new nominated members joined Council. A list of membership can be found at page 152.

One Council member is elected as a User Representative Observer to the Waterways Ombudsman Committee. This is a non-voting post, appointed annually. From June 2020 until June 2021, the User Representative Observer nominated by Council was Stella Ridgway.

### Key Activities

The Council ordinarily meets twice a year, in September (which is usually the Trust's Annual General Meeting) and in March. Unfortunately, Covid-19 had an impact upon the year-end timetable, with the result that the 2019/20 Annual Report and Accounts were delayed by a number of months. In consequence, this resulted in a general Council meeting being held in September 2020, with the AGM held in November 2020. A further Council meeting was held in March 2021. Due to Covid-19, all Council meetings were held virtually, rather than face to face. All resolutions proposed to Council were passed unanimously.

The Trust values the experience and input of Council members. In addition to the scheduled meetings, the Trust maintained regular contact with Council from the early stages of the pandemic in the following ways:

- Regular email correspondence was sent by the Chief Executive to Council members during the early stages of Covid-19, keeping Council members informed of events.
- A bi-monthly report from the Executive Team on key business areas was circulated to Council.
- Recognising the number of new Council members joining in March 2020, two virtual induction events were held, with presentations delivered from key business areas and members of the Executive Team. Existing Council members were invited to attend, alongside members of the Regional Advisory Boards.
- A virtual Q&A session was held with the Chief Executive, Trust Board Chair and Trust Board Deputy Chair, offering Council members the opportunity to ask questions and hear recent Covid-19 developments.

Council undertook the following key activities at its September 2020 meeting:

- Approved amendments to the Trust's Articles of Association to enable virtual meetings to be held in future (the Council was able to use the provisions of the Corporate Governance Insolvency Act 2020 that allowed companies (which included the Trust as a charitable company) to temporarily override the provisions of their Articles between 26 March and 30 September 2020 to enable virtual meetings to be held). The approval to amend the Articles ensures that Council meetings can be held virtually in the future if needed. In addition, the Trust also tidied up provisions of the Articles relating to Waterways Partnerships to formally re-name them Regional Advisory Boards (from the previous 'Waterway Partnerships').

- Approved the re-appointment of three Trustees, namely, Ben Gordon, Susan Wilkinson & Sir Chris Kelly.
- Approved changes to the Trust Rules to allow the Chair of Bwrdd Glandŵr Cymru to become an ex-officio member of Council (consistent with the Regional Advisory Board Chairs) and tidy up existing naming conventions.
- Received a financial update and an overview of the revised Annual Report and Accounts approval process.
- Received an activity update from the Chief Executive, including further information on Toddbrook Reservoir, the Trust's continued Covid-19 response and operational matters.
- Discussed the Trust's proposed ethical policy framework approach.

At the November 2020 meeting, the Trust's Annual General Meeting, Council:

- Approved the Trustees' Annual Report and Accounts 2019/20 and received the External Auditor's Report.
- Approved the re-appointment of BDO UK LLP as External Auditors to the Trust and authorised Trustees to agree the External Auditor's remuneration.
- Received an activity update from the Chief Executive, including an update on Covid-19, recent funding successes, volunteer and community activities and options for Toddbrook Reservoir.
- Received an outline of the Trust's proposed approach to the upcoming Government Grant Review.

At the March 2021 meeting, Council:

- Received information on the 2021 business plan priorities.
- Received an update on the progress of the Government Grant Review negotiations.
- Received an update on proposed new boat license terms and conditions following a twelve-week consultation.
- Received a presentation on Water Act abstraction licensing.

## The Board of Trustees

### Role of the Board

The Trust Board is the principal governing body of the Canal & River Trust. The Board is responsible for governing or directing the Trust and for approving strategy and policy to deliver the Trust's charitable objects. The Trustees are also the Directors of the charitable company. The term Trustees has been used throughout this report but refers to both roles. Trustees have ultimate responsibility for the Trust's funds and assets, including its reputation. The Board has four committees and a working group, to which it has delegated specific decisions through its Scheme of Delegation:

- Audit & Risk Committee
- Investment Committee
- Remuneration Committee
- Infrastructure Committee
- Grant Review Trustee Working Group

In addition, three Trustees are also members of the Joint Council & Trustees Appointments Committee.

The Board has approved a Scheme of Delegation which identifies matters delegated to committees or postholders within the Trust. Responsibility for certain matters is retained by the Trustees, which generally fall within four areas:

- Structure and governance, including making changes to governance, overseeing risk management, approving the formulation of subsidiaries and the initiation of any major litigation.
- Planning and reporting, including approving the annual budget and long-term plans, recommending the Annual Report and Accounts and monitoring performance against plans.
- Financial aspects, including approving a framework of financial controls, expenditure or certain commitments over a limit, and novel or contentious projects.
- Certain matters related to pensions.

In addition to the Scheme of Delegation, specific matters are reserved to Committees or individuals by the Trust's Articles of Association, Trust Rules and Terms of Reference for Committees.

**Board Membership**

Trustees are appointed by the Council, which is supported in this process by the Joint Council & Trustees Appointments Committee.

Ten Trustees have been appointed, drawn from a variety of different backgrounds. Their biographies can be found on pages 146 to 149. All Trustees are Non-Executive appointments. Trustees may serve a maximum of three terms (nine years in total) and are subject to re-election by Council at the conclusion of their term of office. Trustee appointments are voluntary and unremunerated.

Trustees are appointed to several different committees during their term of office. One Trustee is nominated as one of two Trust members on the Waterways Ombudsman Committee (the other nominee being the Head of Legal & Governance Services). This is a non-voting role on the Committee and the post is presently held by Janet Hogben. In addition, a further Trustee is appointed as a Safeguarding Trustee and is a member of the Trust's Safeguarding Steering Group Committee. This post is presently held by Susan Wilkinson.

The Trust has appointed a Company Secretary, who Trustees are able to access for advice. The responsibilities of the Chair, Deputy Chair and Executive Team are clearly set out. In addition, each Committee has approved Terms of Reference which are subject to regular review.

**Meetings**

The Trust Board meets, together with the Executive team, six times a year to review progress and ensure that the Trust is on track to meet its strategic plan and objectives. Ordinarily, meetings are held around the country, with one meeting held in each of the Trust's six regions across the financial year. In addition to a board meeting, the two-day programme includes a site visit and, where possible, a regional reception. At the end of each meeting, Trustees hold a private session, without the Executive team present. Unfortunately, due to Covid-19, the Trust Board was unable to meet in person but instead met virtually throughout the financial year.

The Board held six scheduled meetings and one ad-hoc email meeting during the financial year. In addition, the Trustees held an informal briefing session in June 2020. Attendance of Trustees at board meetings and committees can be found in the table below.

**Board Evaluation**

During the 20/21 financial year the Trustees conducted an internal annual effectiveness review. The review considered how effectively members worked together along with diversity and composition of the Board. The Trustees do not presently undertake individual evaluations, but performance and attendance are monitored by the Chair. The Trustees meet at least annually to appraise the Chair's performance.

In line with the Charity Governance Code, an external review of the Board's effectiveness is being undertaken and will be reported to the July 2021 Trust Board meeting.

**Attendance**

Where Trustees could not attend meetings, they received papers and submitted questions/comments to the Chair in advance of the meeting. The Executive Team were available for discussion, should the Trustee require any further information.

	Trust Board <sup>^</sup>	Audit & Risk Committee	Joint Council & Trustees Appointments	Investment Committee <sup>^^</sup>	Remuneration Committee	Infrastructure Committee	Grant Review Trustee Working Group
Allan Leighton	7/7		1/1	6/6			
Dame Jenny Abramsky	7/7	5/5	1/1				5/5
Nigel Annett CBE	7/7	5/5		6/6		4/4	
Ben Gordon	7/7				3/3	4/4	
Janet Hogben	7/7		1/1		3/3	4/4	
Sir Chris Kelly	7/7	5/5				4/4	5/5
Jennie Price CBE	7/7	5/5				4/4	5/5
Tim Reeve	7/7			6/6			3/5
Sarah Whitney	7/7			6/6			
Susan Wilkinson	7/7				3/3		
Robert Milburn*		5/5					
Ian McCarthy*			1/1				
Andrew Phasey*			1/1				
Phil Prettyman*			1/1				
Nick Ritblat*				6/6			
Tim Sketchley*				6/6			
Diane Seymour-Williams*				2/2			

<sup>^</sup> Board meetings include one ad hoc meeting

<sup>^^</sup> Investment Committee meetings include two ad hoc meetings

\* Committee Member but not a Trustee

**Board Induction and Training**

The Trust provides appropriate resources for Trustees' professional development. During the financial year, Trustees attended externally facilitated training sessions and a refresher training session on directors' duties. Deep-dive sessions are arranged as and when required and are usually delivered at the relevant committee. During the financial year the Trustee and Co-optee's induction and ongoing development framework was refreshed.

**Independence and Conflicts**

As a matter of good governance, it is important that the Trustees are independent. The Trust Board is constituted solely of non-executive Trustees. All Trustees, including the Chair, are considered to be independent, as defined by the UK Corporate Governance Code.

The Trustees have ensured there are adequate processes in place to prevent conflicts of interests arising. All Trustees, co-opted members of committees and Executive Team members complete an annual declaration of interests return and are under a further duty to notify of any conflicts at the start of a meeting. When considering any conflict, real or potential, Trustees and Co-opted members are able to draw upon the advice of their Company Secretary but the decision on how to manage the conflict rests with the Chair of the Committee or Board.

#### Key Decisions in the Year

Trust Board meetings during the financial year covered a number of matters. Key matters considered by the Board during the financial year include (not exhaustive):

- Responding to Covid-19
- Developing the business plan and long-term model
- Reviewing strategic programmes
- Planning for the upcoming Government Grant Review
- Reviewing reservoirs and high risk assets
- Undertaking the annual strategic review of risk

#### Trust Culture and Values

Trustees recognise the importance of setting high business standards, including culture, and embedding this across the Trust. Trustees, upon appointment, confirm that they will execute their duties to the standard required by law and regulation and will uphold the Trust's culture and values.

#### Diversity

The Canal & River Trust values the rich social and cultural diversity of the communities in which we operate and seeks to ensure that equality, diversity, and inclusion are embedded in everything we do. We promote and facilitate access to our services and waterways by all sections of society whilst recognising the challenges our infrastructure and environments can present due to their age, heritage, and relatively inaccessible design. We commit to providing accessible services as far as practicable at our main attractions, museums and key offices. We also try to involve a range of users to help shape our services. Embracing diversity and inclusion is imperative to the success and sustainability of the Trust, to ensure we reflect the involvement of the communities around us and access the widest possible talent base, enhancing our overall capability whilst also providing a richer range of experiences and perspectives, improving the quality of our plans and decision-making.

The Trust has an established people champion network, LGBTQ+ network and, as part of a refreshed approach, during 2020/21 introduced a working parents' network. The Trust has recently appointed an Inclusion & Diversity Partner and during 2021/22 will be reviewing its overall governance of Inclusion & Diversity. Further network groups are planned for 2021/22. The Trust is committed to supporting people with mental health issues and has established a team of Mental Health First Aiders from all areas of the Trust to support colleagues as needed.

Trustees have agreed an Equality and Diversity Statement and Dignity and Respect Statement which sets out the Trust's commitment to promoting the fair treatment of all colleagues, notably those with protected characteristics, including through our approach to recruitment, selection, training, development, and promotion. The Trust is reviewing these statements, with an updated policy to be published in 2021/22.

#### Gender Pay Reporting

The Trust strives to achieve gender equality across all aspects of our employment and monitors the pay gap between male and female employees on an annual basis.

The Trust is required to calculate its gender pay gap annually based on a snapshot date of 5th April. It then has 12 months to publicly report this data meaning that the reporting is often 12 months in arrears. This year, we have taken the decision to bring forward our gender pay calculation to allow us to report in the same year as the staging date. This means that two sets of data are included below; those figures relating to the 2020 snapshot date as well as those relating to 2021.

#### Our Population

In 2020/21 30% of all Trust employees were female. 56% of all women within the Trust are employed in professional level roles or higher (55% in 2019/20) and 37% of our senior management population is female (39% in 2019/20). People employed in professional level roles attract higher rates of pay.

#### Our Gender Pay Gap

For 2019/20 our mean (average) gender pay gap was -4.36%. This means that on average women are paid 4.36% more than men. For 2020/21 this figure was -2.79%. Whilst this is a slight drop overall, the Trust is still reporting a positive pay gap with, on average, women paid slightly more than men.

Further information on the Trust's gender pay reporting can be found on both the GOV.UK website (search for Canal & River Trust) and the Trust's website.

#### Safeguarding

The safeguarding of children, young people and adults at risk is a legal and organisational priority for the Trust. The Trust takes seriously any report of suspected harm, abuse or neglect. We are committed to identifying and minimising safeguarding risks across all of our activities through appropriate training, risk assessments, policies and processes. The Trust operates safe and transparent recruitment practices, which incorporate appropriate DBS checks. The Trust risk assesses criminal records and does not engage anyone who is deemed to present an unacceptable level of risk. The Trust has an approved Safeguarding Policy, which provides clear details of the Trust's approach to safeguarding and reporting process. The Safeguarding Policy is supplemented by working protocols, guidance documents and training.

The Trust's Safeguarding Steering Group, which is responsible for key strategic safeguarding decisions, is chaired by our Chief Executive and has a Safeguarding Trustee Member, Susan Wilkinson. The Trust has a Safeguarding Team, headed up by a Designated Safeguarding Officer and Deputy Safeguarding Officer. The team is responsible for: regularly reviewing and enhancing the Safeguarding Policy and associated practices in line with organisational developments and Charity Commission Guidance; effective management of safeguarding cases; providing advice and guidance; and reporting to the Trust's Safeguarding Steering Group.

During the 2020/21 financial year the Trust updated its safeguarding policy and the mandatory training module for employees and relevant volunteers was refreshed. To

demonstrate the importance of safeguarding at the Trust, Trustees also completed the mandatory safeguarding module. Enhanced safeguarding training is provided for certain roles. The Safeguarding Trustee, Susan Wilkinson, received safeguarding training as part of the induction to her role (and has previous experience of safeguarding in a large charity).

In line with the Trust's commitment to continuous improvement in this area, the Trust continues to enhance safeguarding protections within its relationships with third parties.

### Fundraising

The Trust is committed to ensuring that our fundraising practices go above and beyond guidance and regulation. The Trust is a member of the Institute of Fundraising and registered with the Fundraising Regulator. The Trust adheres to the Code of Fundraising Practice and is committed to the Fundraising Promise. There were no issues of non-compliance with the Code of Fundraising Practice during the 2020/21 financial year. This section of the annual report covers the requirements charities must follow as set out in the Charities (Protection and Social Investment) Act 2016.

The Trust requires a significant amount of funds to fulfil its charitable purpose. Further details on resources, both income and sources, can be found in notes 3 to 6 of the accounts.

The Trust's fundraising effort involves encouraging donations and gifts in wills. The Trust's in-house fundraising team sometimes engage professional fundraisers to help deliver face-to-face fundraising and the Trust uses third-party suppliers to help deliver fundraising activity where the Trust does not have the expertise in-house. The Trust aims to ensure those agencies also observe the highest standards in terms of fundraising practice. The Trust, when working with suppliers and agencies, ensures that they are registered with all the appropriate regulatory bodies, reviewing all their policies as part of the procurement process. The Trust is actively involved with the training that agency fundraisers undertake, investigates any complaints and takes necessary action. The Trust continually monitors its agencies to ensure they adhere to the strict guidelines set by the Trust.

The Trust does not pressure supporters to make gifts and respects supporters decisions to stop giving. The Trust has a Fundraising & Adults in Vulnerable Circumstances Policy which all of our fundraisers adhere to.

The Trust's website outlines the complaints policy and clearly explains how an individual can complain. Complaints resulting from any fundraising practices are monitored and recorded in accordance with the Fundraising Regulator's Fundraising Promise. In the 2020/21 financial year six complaints were received (2019/20: 18 complaints).

The Trust has also signed up to the Fundraising Preference Service to enable individuals to opt out from receiving fundraising communications from us. The Trust actioned two requests from this service during the 2020/21 financial year.

## The Executive Team

The Chief Executive reports directly to the Trust Board and has been delegated responsibility for the day-to-day management of the Trust, as well as the implementation of the Trust's strategy and policies. The Chief Executive is assisted by his Executive Team. There is a clear division of responsibilities between the Trust Board and the Executive Team, with clear role descriptions in place. Biographies of each member of the Executive Team and their areas of responsibility can be found at page 149 to 151.

## Joint Council and Trustees Appointments Committee

### Role

The purpose of the Committee, as stated in the Trust's Articles of Association, is to oversee Council membership, help the Council appoint Trustees, appoint Regional Advisory Board Chairs and appoint the Chair of the Bwrdd Glandŵr Cymru.

### Membership

The membership of the Committee is determined by the Trust's Articles which stipulate there to be an equal number of Council members and Trustees, with a minimum of two drawn from each constituency group.

Each member's appointment to the Committee runs alongside their appointment to Council or Trust Board. Trustees are recruited to the Committee dependent upon their skills and experience. Council members are recruited to the Committee by an open election amongst eligible members. During the 2020/21 financial year an election was held for the Council members posts on the Committee. The three existing members were re-elected to the Committee's membership.

During 2020/21, the membership of the Committee comprised of:

Dame Jenny Abramsky	Trustee (Chair)
Allan Leighton	Trustee
Janet Hogben	Trustee
Ian McCarthy	Council Member
Andrew Phasey	Council Member
Phil Prettyman	Council Member

### Key activities

The Committee meets as and when required. During the 2020/21 financial year, the Committee met once (September 2020) and recommended to Council the re-appointment of three Trustees.

### Succession Planning, Recruitment & Diversity

Council membership is comprised of elected, co-opted and members nominated by organisations identified within the Trust Rules. Upon the Committee's recommendation, three Trustees were re-appointed by Council upon the Committee's recommendation. The Committee does not have a role in the recruitment and appointment of the Executive Team.

*Recruitment of Council Members*

The constitution of Council membership for elected and nominated members has the effect that the Committee has no direct role in the appointment of such members. The Committee welcomes nominations of candidates from a diverse background and considers diversity when appointing the posts to Council for which it is responsible.

*Recruitment of Trustees*

When undertaking recruitment activities, the Committee takes diversity and inclusion into consideration within the search criteria. During the 2020/21 financial year there were no vacancies for Trustees. Where a Trustee vacancy occurs, a skills audit is used to inform the search process. The Trust's focus upon diversity is interwoven through the recruitment process. Vacancies are advertised widely through open advert. Individual applications are assessed upon merit and against objective criteria, to identify a short-list of candidates. The preferred candidate is usually proposed to the September AGM of that year.

The Trust voluntarily complies with Hampton-Alexander Review which has set a target of at least 33% of Board membership to be female. The Trust currently performs well above target, with a gender-balanced Board of 50% male and female members.

**Audit & Risk Committee****Role**

The main responsibilities of the Audit & Risk Committee are to provide assurance and recommendations to the Trustees on the effectiveness of its governance, internal control and risk management framework.

**Membership**

The membership of the Committee is comprised mostly of independent Trustees and one co-opted member with recent and relevant financial experience. The Chair of the Trust Board is not a member of the Committee.

Sir Chris Kelly	Trustee (Chair)
Dame Jenny Abramsky	Trustee
Nigel Annett CBE	Trustee
Jennie Price CBE	Trustee
Robert Milburn	Co-opted Member

The Committee held four scheduled meetings during the financial year. In addition to the scheduled meetings, the Committee held a meeting in September 2020 to consider the 2019/20 annual report and accounts, as the timetable for the accounts had been interrupted by Covid-19.

**Key Activities**

At each meeting the Committee receives and discusses a number of standing items such as the Chief Executive's report, risk reporting and internal audit progress reports. The Committee undertook the following key activities within the year:

- Reviewed the 2019/20 annual report and accounts
- Received risk management updates, including reviewing the corporate risk register; and preparing for the annual strategic risk discussion at Trust Board
- Received updates on the policy and assurance framework
- Received and discussed annual reviews of cyber security and subsidiary companies
- Reviewed the proposed approach to the Trust's "re-imagining" programme
- Received any reports of whistleblowing, fraud, bribery
- Reviewed internal audit reports (see below)

**Audit & Risk Committee's Performance & Training**

During the year the Committee completed an effectiveness review and undertook 'deep-dive' sessions on safeguarding, GDPR and pensions.

**Review of Systems of Internal Controls**

The Trust Board has overall responsibility for the Trust's risk management and internal control systems but has delegated specific areas of oversight to the Committee. The Trust undertakes a continual review of risks and internal controls. The Trust Board, via the Audit & Risk Committee, monitors the effectiveness of those internal controls. In addition, assurance is provided by Grant Thornton, the Trust's internal auditors.

**Internal Audit**

The Committee undertook the following activities in relation to internal audit:

- Reviewed internal audit reports, progress reports and the internal auditor's annual report
- Assessed effectiveness, engagement and remuneration of the internal auditors
- Approved the internal audit charter and plan 2021/22
- Held a private meeting with Grant Thornton, without the Executive Team present



**External Audit**

The Committee undertook the following activities in relation to external audit:

- Assessed the effectiveness, engagement and remuneration of BDO, the Trust's external auditors
- Approved the external audit strategy
- Reviewed and monitored BDO's independence
- Held a private meeting with BDO, without the Executive Team present
- Reviewed audit findings report

The Trust has in place a non-audit services policy which safeguards BDO's independence and objectivity. This is also reflected in the Terms of Reference for the Audit & Risk Committee. The Trust has voluntarily adopted the Financial Reporting Council's 70% cap on fees for non-audit services provided by the External Auditors. Proposed fees in excess of £20k require the Committee's prior approval. Non-audit fees are reported to the Committee, at least annually, to ensure oversight from the Committee.

**Risk Management**

The Trust is responsible for a historic waterways network which is subject to a range of safety risks, given the inherent age and condition of the infrastructure and the more extreme weather conditions (associated with the changing climate) that it is exposed to, together with the relatively open and easily accessible nature of the waterways.

In light of this, we adopt an approach to risk in which we seek to minimise all public safety risks, given the potential harm to people and communities if the network is not well managed and maintained, whilst recognising that these risks can never be completely removed.

We are also committed to creating a safe environment and safe ways of working for all our people, as well as the general public, and those partners who help us in our stewardship of the waterways.

The Trust will generally accept a higher risk tolerance in other areas of our work, for example in seeking investment returns and income.

Our key risks include:

- Ensuring that our infrastructure is safe and fit for purpose in the context of more extreme environmental factors. Much of the network is hundreds of years old and deteriorates through time and use. Our inspection, assessment, preventative maintenance, and remedial works regime is designed to prioritise assets with the highest consequence of failure, whilst spreading resources to maintain and improve the baseline quality throughout the system. Any significant failures of major assets result in not only a risk to life and property but necessitate the diversion of resources from other areas of need.
- Providing a safe environment for the public, customers, contractors, colleagues and volunteers across a network of widely varied nature, usage and condition. We are committed to maintaining and continually improving the high standard of our safety processes. Training and safe methods of work for our teams, clear signage and communication for users, and regular partnering with national and local groups on safety initiatives focussed on high use and high-risk areas all serve to make the waterways as safe as possible.
- Maintaining our financial sustainability in an ever changing and challenging financial environment. We face uncertainties on future income from Defra and are always exposed to financial risk from a significant asset failure and our core legal obligations to ensure the network remains open, safe and accessible. We seek to maintain financial sustainability through prudent allocation of our resources to address asset risk, maintaining and growing diverse and innovative income streams and carefully managing our investment assets. Our legacy defined benefit pension scheme deficit is being addressed by working closely with Trustees of the Waterway Pension Fund and their specialist investment advisors.
- Balancing the needs of our various user groups and stakeholders whilst protecting the heritage and environment of our network for future generations. We work inclusively to minimise conflict and address antisocial and unacceptable behaviours and use of our network whilst working with local councils and user groups to bring more diversity and vibrancy to the canals.

**Investment Committee****Role**

The Investment Committee provides non-executive oversight and assurance for the Board in respect of the Trust's investments and other commercial activities of the Trust, supervising the implementation of the Group Investment Policy for the Protected Asset Fund Portfolio, including investments in subsidiaries and joint ventures, as well as oversight of its own property and utilities activities. The Committee also manages the ongoing relationship with the Protector who is jointly appointed by the Trust and Defra under the terms of the Grant Agreement.

**Membership**

The Committee's membership is drawn from Trustees and three co-opted members. During the reporting period, the following were members of the Committee:

Sarah Whitney	Trustee (Chair)
Allan Leighton	Trustee
Tim Reeve	Trustee
Nigel Annett CBE	Trustee
Nick Ritblat	Co-opted Member
Tim Sketchley	Co-opted Member
Diane Seymour-Williams	Co-opted Member

During the year, Diane Seymour-Williams, a co-opted member, joined the Committee.

The Committee met six times during the financial year, two of which were ad-hoc meetings. In addition, the Committee held regular conference calls to monitor the impact of Covid-19 upon the Trust's investments and other commercial activities. Calls were initially held fortnightly, but by year-end had reduced to monthly calls.

**Key Activities**

At each scheduled meeting, the Committee reviews a number of standing items relating to financial performance and investment updates for property, joint ventures and financial assets which includes a full quarterly review with the Trust's investment manager, Partners Capital (operating on a fully delegated mandate subject to the terms of the Trust's Group Investment Policy).

During the year, the Committee undertook the following key activities:

- Received the annual property valuation
- Received updates on, and discussed the impact of, Covid-19 on the Trust's investments and commercial activities
- Discussed and recommended the Group Investment Policy to the Trust Board
- Reviewed the Trust's liquidity, received updates on the Trust's joint ventures and updates on property environmental risk
- Received the Protector's report
- Received the MSCI (market benchmark) report to the 30 March 2020 year end
- Discussed and commented upon the Investment Directorate's business plan

Ad-hoc meetings were held during the year to consider the purchase or disposal of property and to discuss the impact of Covid-19.

**Investment Committee's Performance & Training**

During the year the Committee reviewed its performance against its terms of reference. Training for members is available as and when required. The new co-opted member received a tailored induction programme. During the year a deep-dive session was held for Committee on the work of the Trust's Utilities team.

**Remuneration Committee****Role**

The Remuneration Committee oversees the remuneration policies for the Trust, with particular focus on the remuneration of the Executive Team. The Committee determines the overall reward and remuneration strategy for the Trust, including any annual or periodic pay award. It approves the design of, and determines targets for, any performance-related pay scheme operated by the Trust for any Executive Directors. The Committee is able to take independent advice, as necessary, to inform those judgements.

When making decisions the Committee also takes into consideration affordability for the Trust, and the fact that the Trust operates in the third sector. The Committee continues to be satisfied that the level of Executive pay is appropriate to the responsibilities of the posts concerned.

**Membership**

Membership of the Remuneration Committee is constituted solely of independent Trustees. During 2020/21 the following served on the Remuneration Committee during the year:

Ben Gordon	Trustee (Chair)
Janet Hogben	Trustee
Sue Wilkinson	Trustee

The Executive Team are not present when any decisions regarding their remuneration are made.

The Committee met three times during the financial year.

**Key activities of the Remuneration Committee**

The Committee undertook the following key activities:

- Updated its terms of reference and reviewed its governance arrangements
- Received an update on the Trust's structure review
- Reviewed bonus schemes
- Reviewed market data on bonus and executive pay
- Received and discussed gender pay gap analysis and pay ration information

## Infrastructure Committee

### Role

The Infrastructure Committee was created during the 2020/21 financial year. The Committee is advisory only and provides oversight, assurance and expert advice in relation to the Trust's major asset improvement programme and considers issues of delivery, risk together with questions of economy and efficiency.

The Committee advises the Board with regard to:

- the delivery of the Trust's asset improvement programme, including consideration of risk, organisational capability and the efficiency, effectiveness and economy of delivery of the programme;
- the approval of the annual projects plan and specific major projects by the Board, ensuring they are reviewed and developed thoroughly;
- the adequacy of progress in delivery of the programme and major projects;
- other aspects of the asset improvement programme as it considers appropriate; and
- examination and commentary upon the Trust's Asset Strategy and Asset Management Plan.

### Membership

Membership of the Infrastructure Committee is constituted solely of independent Trustees. During 2020/21 the following members served on the Infrastructure Committee:

Nigel Annett CBE	Trustee (Chair)
Ben Gordon	Trustee
Janet Hogben	Trustee
Sir Chris Kelly	Trustee
Jennie Price CBE	Trustee

The Committee met four times between September 2020 and the year-end.

### Key Activities

The Committee undertook the following key activities:

- Reviewed the proposed asset management content for Business Plan 2021
- Reviewed selected major schemes in 2021-2024
- Received an update on the new civil engineering contract
- Reviewed the high risk infrastructure programme
- Discussed the Government Grant Review 20 year plan

As the Committee was established mid-year, its first effectiveness review will be undertaken in the coming financial year.

## Grant Review Trustee Working Group

### Role

In recognition of the importance of the Defra grant to the Trust, a working group of Trustees was created in the 2020/21 financial year to support the Trust in the review of the grant agreement with Defra.

The Grant Review Trustee Working Group oversees the Trust's interaction with Defra's Grant Review process, providing high-level input, advice and commentary and helping to develop the Trust's own case for continued Defra funding post-2027, including identifying strengths and weaknesses in the Trust's case, and to assist in engagement with Ministers, Officials and other stakeholders as appropriate (not limited solely to Defra and the Treasury) to help communicate the Trust's position.

### Membership

Membership of the Grant Review Trustee Working Group is constituted solely of independent Trustees. During 2020/21 the following served on the Grant Review Trustee Working Group:

Jennie Price CBE	Trustee (Chair)
Dame Jenny Abramsky	Trustee
Sir Chris Kelly	Trustee
Tim Reeve	Trustee

### Key Activities

The Grant Review Trustee Working Group's activities have been focused upon reviewing the development of the Trust's strategic case for future funding. The Grant Review Trustee Working Group has made suggestions on the structure and framing of the case and acted as a critical friend as the case has developed.

As the Grant Review Trustee Working Group was established mid-year, its first effectiveness review will be undertaken in the 2021/22 financial year.

## Other Governance Arrangements

The Trust has several committees that sit outside its central decision-making framework. These Committees are advisory in nature and help the Trust embed and develop its strategy.

### Bwrdd Glandŵr Cymru (Welsh Board)

The Bwrdd Glandŵr Cymru ("the Bwrdd") has an advisory remit and takes a strategic perspective in developing the Trust's work in Wales. It works to ensure the Trust has a good understanding of the needs, issues and opportunities relevant to the waterways of Wales. The Bwrdd has an important role in working with the Welsh Government and the main all-Wales public institutions. It also works closely with the Trust's Regional Advisory Boards which border Wales.

The membership of the Bwrdd can be found at page 153.

**Regional Advisory Boards**

The Trust has six Regional Advisory Boards in England which mirror the Trust's operational regional structure. The Regional Advisory Boards are advisory in nature. They help the Trust use local knowledge, ideas and capacity to build relationships, reach the diverse local communities that we serve and translate national priorities into local initiatives. The membership of the Regional Advisory Boards can be found at page 152.

**Advisory Groups**

The Trust's work is supported by Advisory Groups. These sit outside the formal governance structure of the Trust and are advisory in nature. Their role is to help develop specific aspects of the Trust's strategy. Members of the Advisory Committees are drawn for their skills and experience in specific areas. At present the Trust has Advisory Committees in the following areas: Environmental, Museums, Fisheries & Angling, Navigation, Youth Engagement and Cultural Heritage. The membership of the Advisory Groups can be found at page 154.

**Trustees' Responsibilities Statement**

The Trustees are responsible for preparing the Strategic Report, the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- So far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware.
- The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Going Concern**

The Trust has a broad range of secure income streams that provide a reliable source of income to fund the Trust's charitable activities. This income is supplemented by around £50m of grant income from Defra under a Grant Agreement dated 28 June 2012, which is for a fixed term of 15 years. A £10m portion of the Defra grant income is subject to performance conditions.

Having reviewed the operational financial projections, and associated cash flow forecasts, as detailed in note 1.2, the Trustees have concluded that the Trust has sufficient resources to continue funding the charitable activities at the current level of operation for the foreseeable future.

This report, including the strategic report, was approved by the Board of Trustees on 22 October 2021 and signed on their behalf by:



**Allan Leighton**

## Independent Auditor's Report to Members of Canal & River Trust

### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Canal & River Trust ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the Consolidated statement of financial activities, the Consolidated and Parent Charitable Company Balance sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Group and of the Charitable Parent Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Introduction from Chair and Chief Executive, the Trustees' Report and Directors' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Strategic Report and Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of Company Law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management, the Audit and Risk Committee and the Trustees. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, Companies Act 2006, UK GAAP, Charities SORP, employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and management and inspection of regulatory and legal correspondence if any.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit response to risks identified:

- We reviewed the financial statement disclosures and sample tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Audit and Risk Committee, management and the Trustees;
- We reviewed the serious incident log submitted to the Audit and Risk Committee which includes instances of fraud and non-compliance with laws and regulations and we read minutes of meetings of those charged with governance;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the valuation of investment properties, the assumptions applied in valuing the pension scheme assets and liabilities, the determination of the useful economic lives of operational fixed assets and assumptions applied in determining provisions.

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Issuing detailed Group reporting instructions which set out key aspects of the audit such as component materiality, significant audit and accounting issues from a Group perspective and the key audit procedures to be performed in order to address these; and
- Reviewing the group reporting documents submitted by the component auditors along with the work performed on their audit files to ensure the work performed was sufficient for our purposes and consistent with Group instructions.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
*Kyla Bellingall*  
A11A16013DD84AC...

**Kyla Bellingall**  
(Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor  
Birmingham, UK

26 October 2021

BDO LLP is a limited liability partnership registered in England and Wales  
(with registered number OC305127).

## Consolidated statement of financial activities (incorporating the income and expenditure account) for the year ended 31 March 2021

	Note	2020/21			2019/20	
		Unrestricted funds £m	Restricted funds			Funds Total £m
			Restricted income funds £m	Protected Asset Fund £m		
<b>Income and endowments from:</b>						
Donations and legacies	3	3.8	3.1	4.6	11.5	6.4
Charitable activities	4	78.4	0.2	-	78.6	83.1
Trading activities	5	77.1	-	0.2	77.3	74.9
Investments	6	42.2	-	5.8	48.0	51.7
<b>Total Income</b>		<b>201.5</b>	<b>3.3</b>	<b>10.6</b>	<b>215.4</b>	<b>216.1</b>
<b>Expenditure on:</b>						
Raising funds	7	(35.2)	-	(2.8)	(38.0)	(38.7)
Charitable activities	8	(180.0)	(3.3)	-	(183.3)	(194.1)
<b>Total expenditure</b>		<b>(215.2)</b>	<b>(3.3)</b>	<b>(2.8)</b>	<b>(221.3)</b>	<b>(232.8)</b>
<b>Net (expenditure)/income before gains on investments</b>		<b>(13.7)</b>	<b>-</b>	<b>7.8</b>	<b>(5.9)</b>	<b>(16.7)</b>
Net gains on investments	11	8.0	-	31.3	39.3	4.0
<b>Net (expenditure)/income</b>		<b>(5.7)</b>	<b>-</b>	<b>39.1</b>	<b>33.4</b>	<b>(12.7)</b>
<b>Transfers between funds</b>		<b>(1.8)</b>	<b>-</b>	<b>1.8</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains</b>						
Actuarial (losses)/gains on defined benefit schemes	26	-	-	(27.8)	(27.8)	43.5
<b>Net movement in funds</b>		<b>(7.5)</b>	<b>-</b>	<b>13.1</b>	<b>5.6</b>	<b>30.8</b>
Reconciliation of funds:						
Total funds brought forward		26.8	0.6	848.7	876.1	845.3
<b>Total funds carried forward</b>		<b>19.3</b>	<b>0.6</b>	<b>861.8</b>	<b>881.7</b>	<b>876.1</b>

The above amounts represent all gains and losses recognised during the year. All 2020/21 activities are continuing activities.

The accompanying notes on pages 94 to 145 form part of these financial statements.

## Balance Sheets as at 31 March 2021

	Note	Group		Canal & River Trust	
		31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
<b>Fixed assets</b>					
Tangible assets	13	51.4	55.9	51.4	55.9
Heritage assets	14	-	-	-	-
Investments:					
Property	15	756.8	774.2	592.0	605.8
Diversified investment funds	16	259.2	209.9	259.2	209.9
Subsidiaries	17	-	-	94.6	94.3
Joint ventures	17	25.0	26.4	-	-
		<b>1,092.4</b>	<b>1,066.4</b>	<b>997.2</b>	<b>965.9</b>
<b>Current assets</b>					
Stock		1.1	1.0	1.1	1.0
Debtors: Amounts falling due within one year	18	71.6	74.4	73.9	75.0
Debtors: Amounts falling due after more than one year	18	12.3	2.9	8.1	2.9
Investments	16	3.0	3.0	-	-
Cash at bank and in hand		36.4	23.1	22.3	11.0
		<b>124.4</b>	<b>104.4</b>	<b>105.4</b>	<b>89.9</b>
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	19	(95.8)	(92.7)	(91.7)	(87.8)
<b>Net current assets</b>		<b>28.6</b>	<b>11.7</b>	<b>13.7</b>	<b>2.1</b>
<b>Total assets less current liabilities</b>		<b>1,121.0</b>	<b>1,078.1</b>	<b>1,010.9</b>	<b>968.0</b>
Creditors: Amounts falling due after one year	19	(151.7)	(152.4)	(152.2)	(152.9)
Provisions for liabilities	21	(41.9)	(27.2)	(41.7)	(26.6)
<b>Net assets excluding pension fund (liability)/asset</b>		<b>927.4</b>	<b>898.5</b>	<b>817.0</b>	<b>788.5</b>
Pension fund (liability)/asset	26	(45.7)	(22.4)	38.4	76.8
<b>Net assets including pension fund (liability)/asset</b>		<b>881.7</b>	<b>876.1</b>	<b>855.4</b>	<b>865.3</b>
<b>Funds</b>					
Unrestricted Funds:					
General Fund	23	0.8	0.1	5.5	-
Designated Funds	23	18.5	26.7	18.5	26.7
		<b>19.3</b>	<b>26.8</b>	<b>24.0</b>	<b>26.7</b>
Restricted Funds:					
Restricted Income Funds	23	0.6	0.6	0.6	0.6
Protected Asset Fund	23	861.8	848.7	830.8	838.0
		<b>862.4</b>	<b>849.3</b>	<b>831.4</b>	<b>838.6</b>
<b>Total funds</b>		<b>881.7</b>	<b>876.1</b>	<b>855.4</b>	<b>865.3</b>

Approved and authorised by the Board of Trustees on 22 October 2021 and signed on their behalf by:



Allan Leighton  
Chair

22 October 2021

Company number 07807276

The accompanying notes on pages 94 to 145 form part of these financial statements.

## Consolidated statement of cash flows for the year ended 31 March 2021

	2020/21		2019/20	
	£m	£m	£m	£m
<b>Cash flows from operating activities</b>				
Net cash used in operating activities		(44.9)		(56.6)
<b>Cash flows from investing activities</b>				
Rental proceeds from property and utilities investments	57.9		58.4	
Purchase of tangible fixed assets	(6.1)		(6.9)	
Purchase of investment property	(3.5)		(14.8)	
Proceeds from sale of tangible fixed assets	2.2		0.3	
Proceeds from sale of investment property	14.2		12.1	
Net investment in diversified funds	(0.6)		(21.7)	
Loans to joint ventures	(11.1)		(3.8)	
Repayments from joint ventures	9.4		20.1	
Dividends from joint ventures	-		0.2	
Receipts from short term deposits	-		1.6	
<b>Net cash from investing activities</b>		<b>62.4</b>		<b>45.5</b>
<b>Cash flows from financing activities</b>				
Net interest paid	(4.2)		(3.8)	
<b>Net cash flows from financing activities</b>		<b>(4.2)</b>		<b>(3.8)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>13.3</b>		<b>(14.9)</b>
Cash and cash equivalents at 1 April		23.1		38.0
<b>Cash and cash equivalents at 31 March</b>		<b>36.4</b>		<b>23.1</b>



a) Reconciliation of net income/(expenditure) to net cash used in operating activities

	2020/21		2019/20	
	£m	£m	£m	£m
<b>Net income/(expenditure)</b>		<b>33.4</b>		(12.7)
<b>Adjustments for:</b>				
Realised gains on disposals of investment assets	(0.8)		(0.6)	
Net unrealised gains on revaluation of investment assets	(37.6)		(3.2)	
Net finance expense	4.2		3.8	
Rents from property and utilities investments	(54.4)		(57.1)	
Share of net losses/(gains) from joint ventures	0.7		(3.5)	
Depreciation	5.7		4.7	
Diversified funds investment return: dividend income	(3.5)		(1.8)	
Gain on sale of tangible fixed assets	(0.9)		(0.2)	
Difference between payments to defined benefit scheme and amount charged to expenditure	(4.5)		(3.3)	
		<b>(91.1)</b>		(61.2)
(Decrease)/Increase in stock		(0.1)		0.3
Increase in debtors		(4.2)		(15.9)
Increase in creditors		2.4		10.1
Increase in provisions		14.7		22.8
<b>Net cash used in operating activities</b>		<b>(44.9)</b>		(56.6)

b) Analysis of changes in net debt

	At 1 April 2020	2020/21		At 31 March 2021
		Cash flows	Other non-cash changes	
	£m	£m	£m	£m
<b>Cash and cash equivalents</b>				
Cash	23.1	13.3	-	36.4
<b>Borrowings</b>				
Debt due within one year	-	-	-	-
Debt due after one year	(150.0)	-	-	(150.0)
<b>Total net debt</b>	(126.9)	13.3	-	(113.6)

	At 1 April 2019	2019/20		At 31 March 2020
		Cash flows	Other non-cash changes	
	£m	£m	£m	£m
<b>Cash and cash equivalents</b>				
Cash	38.0	(14.9)	-	23.1
<b>Borrowings</b>				
Debt due within one year	-	-	-	-
Debt due after one year	(150.0)	-	-	(150.0)
<b>Total net debt</b>	(112.0)	(14.9)	-	(126.9)

## Notes to the accounts

### 1. Accounting policies

#### 1.1 Basis of preparation

The financial statements of the Canal & River Trust ('the Trust') have been prepared under the historical cost convention, except for the modification to a fair value basis for investment properties and certain financial instruments, as specified in the accounting policies below.

The financial statements have been prepared in accordance with Charities SORP (FRS102) – Second edition October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Trust has adopted IAS39 in relation to its financial assets and liabilities.

The Trust meets the definition of a public benefit entity under FRS 102. The Trust is a Charity registered with the Charity Commission in England and Wales, and a Company limited by Guarantee.

A separate Statement of Financial Activity (SoFA) for the parent company is not presented with the Group financial statements as permitted by section 408 of the Companies Act 2006. The net movement in funds of the parent company is disclosed in note 23 of the financial statements.

#### 1.2 Going concern

The Trust's annual financial planning process, including financial projections, has taken into consideration the current economic climate, as well as the significant financial resources required to maintain and repair the canal network, especially in light of climate change. In particular, the Trust has considered the impacts of restrictions as a result of the Covid-19 pandemic experienced over the previous year and the Government plans to ease restrictions during 2021.

The planning process and financial projections have included scenario analysis using most likely case as well as stress testing. This confirms that the Trust has sufficient liquidity to withstand a significant reduction in income with little cost mitigation and continue in operation whilst meeting its debt covenants. In reality, where the Trust's income is materially impacted, costs can in some cases be reduced to offset the reduction in income, which would reduce liquidity requirements even further. In this stress test scenario, the Protected Assets are assumed to be utilised to support liquidity in the short term.

Although the Trust has, and is likely to continue to have, negative free reserves in the short-term, being able to utilise capital from the Protected Asset Fund as a source of funds or a source of collateral for borrowings, offers resilience.

Consequently, in view of these significant resources available to the Trust, the Trustees consider that there are adequate resources to continue in operation for the foreseeable future, and at least 12 months from the signing of the accounts and audit report. In particular at 31 March 2021, the Trust had £36.4m in cash and access to £32.0m in liquid funds within 60 days within the Diversified Income Fund. In the longer term, the value of property and non-property assets could fund the activities of the Trust for several years. Accordingly, the Trustees have adopted the going concern basis in preparing the financial statements.

#### 1.3 Significant judgements and sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

#### 1.3.a Revenue recognition

The Trust often receives payments for right of access to its water space and surrounding areas which are classified as either revenue receipts or lease premiums and accounted for in accordance with FRS 102, depending upon the circumstances of the particular agreement. This classification requires some judgement. For example, a contract that does not place any obligation to provide services to the third party in respect of the income received would be accounted for as income on receipt, whereas a contract that is for a fixed period over which the Trust will provide services is a lease premium accounted for over the period of the lease.

#### 1.3.b Pension scheme

As described further within the defined benefit pension scheme policy, a judgement is made regarding the pension scheme's investment in a subsidiary of the Trust, which is not recognised as a scheme asset within the consolidated financial statements as this is considered to be a non-transferrable financial instrument issued by the Group (IAS 19 Employee Benefits is referred to, as FRS 102 is silent on the definition of scheme assets). An asset is recognised in Canal and River Trust, the entity as the Trust's investment in the pension fund is recognised as an investment in the pension scheme accounts, reducing the funding deficit. Judgements and estimates are also made, using actuarial guidance, regarding key assumptions in valuing scheme assets and liabilities, and in recognising a scheme asset at entity level. Note 26 sets out the sensitivities regarding the principal assumptions applied in valuing the assets and liabilities of the pension scheme.

#### 1.3.c Joint ventures

Significant judgement has been required in assessing the carrying values of the Trust's investments in joint ventures. Judgement is required in determining the carrying value which has been evaluated based on recent accounts, access to joint venture board papers and discussions with our partners.

#### 1.3.d Loan notes

The Trust issued £150m loan notes by way of a private placement in 2018. These loan notes are repayable in Sterling, but some contain an embedded derivative that would be realised should the loan notes be repaid before their due date. The Trust has chosen to adopt IAS39 to value these loan notes which values the considerably smaller derivative element rather than adopt FRS102 which would value the entire loan notes. This derivative has been valued at £nil at the year-end (2020: £nil) as it is not material.

#### 1.3.e Useful economic lives of operational fixed assets

As explained further within the tangible fixed assets policy, buildings, plant, machinery and vehicles held by the Trust are depreciated from acquisition based on their useful economic life, to write off the cost of the asset less any residual value. Judgement is required to assess the length of this life, and this is evaluated based on past experience, asset classification and condition reviews. Depreciation rates for classes of assets are reviewed annually, to ensure they remain appropriate with reference to external and internal factors, including the level of proceeds (and resulting profit / loss) recognised on disposal of such items.

#### 1.3.f Major infrastructure provision

Due to the significant requirement to safely maintain the infrastructure of the network, the Trust routinely accommodates independent reviews of major infrastructure assets to comply with the Reservoirs Act 1975 and to assess requirements for rectification or improvement. Following the reviews the Trust receives reports outlining the requirements for action. As a result of the legal requirements outlined in the reports, or due to the Trust's constructive obligation as a result of a published intention to rectify breaches or failures, the Trust establishes a project to address the requirements, including an estimate of the likely costs to satisfactory completion. Due to the legal or constructive obligation to carry out some of the recommended works the Trust provides for the cost when the requirements are known and the costs can be reasonably estimated. The provision balance is estimated at the balance sheet date covering all known requirements at that date. Actual costs will be incurred in future periods and any under or over provision as a result of differences between the estimated costs provided and the actual costs incurred will be recognised in the operating costs in the period they arise.

## 1. Accounting policies (continued)

### 1.3.g Property investments

Independent professionally qualified surveyors value the Trust's investment property in line with the "Red Book" methodology of the Royal Institute of Chartered Surveyors yet the valuation is based on judgement. Every five years all properties are externally valued, and this exercise was last undertaken in March 2018. In between the five year full valuation cycle, in each year, external surveyors value the top 100 properties by value as at 30 September and 31 March (covering more than 90% of the portfolio by value) plus 25% of the volume of the remainder as at 31 March, such that all properties are valued externally at least once in the four year window prior to full valuation exercises, ensuring property values are materially correct. Those properties that are not valued externally are valued internally by the Trust's in-house surveying team who are all members of the Royal Institute of Chartered Surveyors.

### 1.3.h Protected Asset Fund

Legal advice obtained during the prior year confirmed that the Protected Asset Fund is not held on legal trust, rather it is the corporate property of the Trust, subject to contractual restrictions imposed by the Department for Environment, Food & Rural Affairs (Defra) Grant Agreement which permit capital to be used for funding revenue in certain circumstances. Prior to the legal advice being obtained, this was presented as an endowment fund. In light of the advice received, our judgement is that it should be categorised as a restricted fund rather than part of the general funds of the Trust. However, the income generated from the fund is not subject to the same restrictions and can be applied to all of the charitable objectives of the Trust. Such income therefore forms part of the unrestricted income available to the Trust and is recognised directly in the General Fund.

### 1.3.i Infrastructure Trust Property Capital Receipts

In 2012, the Trust received under a Trust Settlement Agreement, Infrastructure Property (see note 14).

The Trust received legal advice in early 2020 that receipts from capital disposals of Infrastructure Trust Property (a permanent endowment) should be accounted for as restricted funds. In previous years, the Trust has accounted for capital receipts as unrestricted funds, even though, in practice, the proceeds of such receipts have been more than offset by expenditure on improvements to the Infrastructure Trust Property. Hence, although there has been no misallocation of funds, the Trust believes that this historic accounting treatment is not strictly compliant with the Waterways Infrastructure Trust and Charities SORP (FRS102).

Whilst the Trust Settlement Agreement with Defra is clear that 'income' from Infrastructure Trust Property is unrestricted and can be allocated for broad purposes, 'income' is not defined, save that 'capital disposals' are not 'income'. 'Capital disposals' are defined as the sale of freehold or a grant of a leasehold interest (or option to extend) for a term in excess of 60 years, however the Settlement Agreement does not specify how receipts from these disposals should be applied.

We continue to seek concurrence from Defra that the following accounting treatment, which we are currently applying, is appropriate.

- i) Freehold sales and leases that qualify as finance leases are capital disposals and as the Infrastructure property is held on Trust, are restricted funds of the charity. The Trust is permitted to accumulate such funds and invest them to earn income or to spend them on improvements to the Infrastructure assets themselves. The Charity has significant demands for improvements to the infrastructure property and so the Trust's policy is to expend such funds in the year of receipt so there is always a nil balance remaining on the restricted fund.
- ii) Operating leases are not capital disposals and income generated therefrom is treated as unrestricted income of the Charity as permitted under the terms of the settlement agreement.

iii) Income from incidental exploitation of the infrastructure property where the Trust retains an obligation (e.g. income from agreements for surface water discharge), is recognised as unrestricted income over the life of the agreement per para 23.A34 of FRS102.

iv) One-off income from incidental exploitation of the Infrastructure property where the Trust retains no obligations (e.g. airspace rights for bridge crossings or rights to install pipes or cables) is recognised as unrestricted income in the year of sale per para 23.A35 of FRS102.

### 1.3.j Lease classification

The Trust's leasehold agreement with the Royal Armouries is a 999 year lease of land which has 980 years unexpired of its term. At inception this was judged to be an operating lease and has been accounted for as such. This judgement was reached as the lease term is not for the major part of the land's economic life, the asset does not transfer to the lessee at the end of the lease, nor does the lessee have the option to purchase the land, and the land is not of a specialised nature. £673m is included as an operating lease commitment for this lease in Note 25.

1.3.k During the year the Trust entered into a deed of variation in relation to an option granted by the Trust on land at Icknield Port Loop. The Trust has considered the terms of variation against the asset derecognition criteria in FRS102 and has concluded that the land should be treated as a disposal. The key elements of this judgement being the assessment that the significant risks and rewards of ownership have passed and that the transfer of economic benefit is probable given the time horizon built into the phased backstop dates. Had the judgement been reached that the recognition criteria had not been met then the deferred consideration in long term debtors would have continued to be recognised as a fixed asset of the Trust. This would have no impact on the SOFA.

## 1.4 Basis of consolidation

The Group comprises the Canal & River Trust and its subsidiaries which are set out in note 17 to these financial statements. The principal subsidiaries are Canal & River Trading CIC, a community interest company, and the Canal & River Pension Investments LP (SLP).

Subsidiaries are entities controlled by the Trust. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The turnover and expenditure of the subsidiaries are included within the consolidated SoFA. The assets and liabilities are included on a line by line basis in the consolidated balance sheet in accordance with FRS 102, section 9.13 'Consolidated and Separate Financial Statements.' The financial statements of all Group companies are prepared using consistent accounting policies.

The Group has a number of contractual arrangements with other parties that represent joint ventures. These joint ventures are established through an interest in a limited company, partnership or other entity. The Group recognises its interest in the entity's assets and liabilities using the equity method of accounting in accordance with FRS 102 section 15 'Investments in Joint Ventures.' The names of joint ventures, the nature of the business and details of the shares held by the Group are disclosed in note 17 to these financial statements.

Intra-Group balances and transactions, and any unrealised gains arising from intra-Group transactions with joint ventures, are eliminated in preparing the consolidated financial statements. Unrealised gains resulting from transactions with joint ventures are eliminated against the carrying value of the investment in the joint venture.

Waterways Infrastructure Trust (WIT) (Charity number 1146792-2) is a linked charity of Canal & River Trust and is included in the financial statements of the Trust and Group on a branch accounting basis, whereby funds are aggregated. The only assets held by WIT are heritage assets, as disclosed in note 14 to the accounts. The WIT does not have income, expenditure, liabilities or accumulated funds. As heritage assets are held at nil value, the funds of WIT are £nil in these financial statements and separate fund disclosures have therefore not been made.

## 1. Accounting policies (continued)

### 1.5 Income recognition

#### 1.5.a Donations and legacies

- i) Donation income is recognised when received. Where the use of the income has been restricted in accordance with the donor's wishes, appeals and gifts, income is credited to restricted funds until spent for the purpose for which it was given.
- ii) Entitlement to legacy income is considered to be on the earlier of the date of receipt of finalised estate accounts, the date of payment or where it is probable that the legacy will be received and the value is measurable with sufficient reliability. For pecuniary legacies this is the point when formal notification has been received from the estate and for residuary legacies when the Trust's interest can be measured, which is normally on grant of probate.
- iii) Income received where the Trust is a direct beneficiary of People's Postcode Lottery draws is recognised when the draw is held. The Trust recognises the net amount due. The gross amounts are disclosed in note 3.
- iv) Income from the UK Government's Coronavirus Job Retention Scheme is accounted for as a government grant and is recognised in the period to which it relates.

#### 1.5.b Charitable activities

- i) Waterway infrastructure income is income to maintain an area of the waterway network and is recognised on a straight-line basis over the term of the agreement.
- ii) Third party funded project income is contributions towards restoring and improving the waterways network and is accounted for as a contract for services. Income is unrestricted income to the extent that the service has been delivered. Any amounts received in advance are treated as deferred income creditors and amounts due but not paid are accrued income debtors. Revenue is recognised in proportion to the stage of completion of the work in accordance with relevant funding agreements.  
  
Funding received for restricted purposes is recognised as restricted income when conditions of Trust entitlement are met.
- iii) Museums and attractions income from entrance fees and sale of goods from museums and visitor centres are recognised at point of sale.
- iv) Defra funding is accounted for as a government grant and is recognised when the conditions for the receipt of the grant have been complied with and it is probable that the grant will be received.

#### 1.5.c Trading activities

- i) Boat licences and mooring permits are invoiced in advance and income is recognised over the term of the licence or permit, with amounts relating to future periods shown as deferred income. Where the Trust has granted concessions to boating customers as a result of Covid-19, the income has been reduced in the period the concession relates to.
- ii) Utilities and water development income is received in return for access to the Trust's land, e.g. for underground pipes. Where agreements are for fixed time periods, revenue is recognised on a straight-line basis over the term of the agreement. Sales of water supplied from the Trust's waterway network under a water sales agreement allow access to a continuous supply of water over the period contracted. These are invoiced in arrears and revenue is accrued on a straight-line basis.

#### 1.5.d Investments

- iii) Investment property income (including lease premiums) is income received from operating leases and is recognised on a straight-line basis over the term of the lease. Where the Trust has granted

rent concessions as a result of Covid-19, the income has been reduced in the period the concession relates to.

Lease incentives granted are recognised as a reduction of rental income. The cost of the incentive is allocated over the lease term unless another systematic basis is representative of the time pattern of the benefit from the use of the leased asset. The lease term is the non-cancellable period for which the lessee has contracted to rent the property. This only includes optional extensions where it is reasonably certain that the lessee will exercise such an option.

Where lease incentives are provided, the fair value of the incentive is deferred and recognised in line with this accounting policy.

- iv) Income from diversified investments includes dividend and interest payments distributed from investment funds and is recognised in the period in which it is earned.
- v) The SoFA reflects the Trust's share of the joint ventures' results after interest and tax.

### 1.6 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised when a constructive or legal obligation is created, where outflows are probable and can be reliably measured. Irrecoverable VAT is either charged to the appropriate heading or it is capitalised as appropriate.

### 1.7 Support costs

Support costs representing expenditure on administration, financial management, human resources and information systems are allocated to expenditure on generating funds and charitable activities, on the basis of headcount or on the estimated service delivered by the support service or other bases if these are more appropriate.

Governance costs are those associated with the governance arrangements rather than the day-to-day management of the Trust. These include the costs of meetings and associated support costs for the Trustees, Trust Council and Waterway Partnerships. It also includes the costs of internal and external audit and preparing the Trustees' Report and Accounts. These costs are allocated to expenditure on raising funds and charitable activities based on estimated service usage within each area.

### 1.8 Tangible fixed assets

Expenditure on the purchase of land and the cost of construction and major improvement of buildings is capitalised. Expenditure on the purchase, addition to and improvement of boats, plant and equipment in excess of £1,000 is also capitalised.

Tangible fixed assets are stated at cost, net of depreciation and any provision for permanent diminution in value. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Freehold buildings: 40 years
- Leasehold land and buildings: Over the unexpired term of the lease
- Maintenance craft and floating plant: Between 10 and 25 years
- Other plant and machinery: Between 5 and 10 years
- Vehicles: 5 years

## 1. Accounting policies (continued)

### 1.9 Leased land and buildings, plant and equipment

#### 1.9.a Group as a lessor

Where any part of land and buildings owned by the Trust and used for operational purposes is let out under an operating lease to a third party the part let out is reclassified as an investment property asset and is then held at fair value. The remaining part of the land and/or building occupied by the Trust is treated in the same way as other operational properties which are held at cost and depreciated over their estimated useful lives. Rental income, adjusting for the effect of lease incentives, is recognised on a straight-line basis over the lease term, including any rent-free periods.

#### 1.9.b Group as a lessee

Costs in respect of operating leases are charged on a straight-line basis over the lease term, including any rent-free periods.

#### 1.9.c Grant of long lease over investment property

In transferring property rights for consideration there may be instances where the Trust wishes to retain a level of control over the use of property where this issues onto or borders the waterway. This is achieved through the grant of a finance lease, and profit or loss is recognised at inception of the lease. The freehold reversion, whilst initially an insubstantial value, remains held for future capital growth and is fair valued each year.

In order for a long lease to be treated as a disposal it would be usual for the lease term to be for the major part of the economic life of the property (typically more than 50 years) and at the inception of the lease the present value of minimum lease payments would amount to substantially all of the fair value of the leased property.

### 1.10 Heritage assets

Heritage assets are assets of the Waterways Infrastructure Trust (WIT) and are aggregated into the financial statements on a branch basis as set out at 1.4. The charity does not consider that reliable cost or valuation information can be obtained for the Trust's heritage assets. The Waterway Infrastructure is generally around 200 years old and the costs of maintaining the Waterway Infrastructure in a safe and accessible state significantly exceed any income generated from them. The WIT does not consider that any meaningful value can be placed on the Waterways Infrastructure, nor the museum artefacts and archives and therefore does not recognise those assets on its balance sheet. The WIT also considers, in line with section 18.14 of the Charities SORP (FRS 102), that obtaining a meaningful valuation of these assets would not be achievable at a cost commensurate with the benefit to the users of the financial statements. Expenditure to maintain, repair and preserve these assets is charged to the SoFA of Canal & River Trust as incurred.

Further information on the management and preservation of heritage assets is given in note 14 to the financial statements.

The Trust has two classes of heritage assets:

#### 1.10.a Waterways infrastructure

Canal & River Trust maintains inland waterways that include the assets listed in note 14 to these financial statements. These waterway assets are maintained regularly as an integrated network to ensure that the waterways can be used for continuous navigation and access. The assets are referred to as the Waterways Infrastructure and are held under a perpetual trust from Defra, known as The Waterways Infrastructure Trust, which specifies that the waterways are to be held in trust and retained in perpetuity for the following purposes:

- to operate and manage the waterways infrastructure for public benefit, use and enjoyment including navigation; walking on towpaths; and for recreation or other leisure-time pursuits of the public in the interest of their health and social welfare.

- to protect and conserve, for public benefit, sites, objects and buildings of archaeological, architectural, engineering or historic interest on, in the vicinity of, or otherwise associated with the Infrastructure Property.
- for public benefit, the conservation, protection and improvement of the natural environment and landscape of the Infrastructure Property.
- also included within this category are a number of assets which the Trust doesn't own, but for which agreements are in place which transfer responsibility for maintenance and inspection to the Trust. The Trust acts as Trustee for these assets.

#### 1.10.b Waterway museum artefacts collections and archives

Canal & River Trust maintains many thousands of heritage artefacts in its collection and many more archive records of the construction and operation of the historic waterways. These items are held for display to the public or in secure storage facilities.

Canal & River Trust incurs significant expenditure in relation to the management and preservation of the heritage assets owned by the WIT. This expenditure is primarily day to day repairs and maintenance but elements of enhancement occur when assets are damaged or modern materials, design, or technology are applied. As this expenditure is incurred by Canal and River Trust to directly deliver its own charitable objects, this expenditure is taken to the SOFA. This spend does not represent a donation or grant to WIT and is not therefore considered for capitalisation in WIT. This reflects the branch accounting approach applied in these accounts to WIT as a linked charity as noted at 1.4.

#### 1.11 Investment properties

Investment properties are measured initially at cost and subsequently at fair value at the reporting date. Valuation movements arising from the annual revaluation exercise are included within "net gains on investment" in the SoFA. The Trust accounts for disposals of investment properties upon completion of sale or when the sale is unconditional.

#### 1.12 Diversified investments

Quoted investments are stated at open market value and unquoted investments are stated at most recent underlying net asset values from fund managers, adjusted for subsequent capital calls or distributions. Both are deemed to represent the fair value of the investments. Income from the investments is recognised as 'investment income' in the General Fund. Realised and unrealised investment gains and losses are recognised as 'net gains on investment' in the Protected Asset Fund.

#### 1.13 Investment in subsidiaries

The investment in Canal & River Pension Investments LP (SLP) is shown at fair value. All other investments are stated at cost less impairment.

#### 1.14 Impairment

The carrying values of the Trust's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of fair value less costs to sell the asset and its value in use. An impairment loss is recognised as additional depreciation of the impaired asset whenever the carrying amount of an asset exceeds its recoverable amount, except in the case of investment property where it is included within recognised gains and losses on investment assets.

#### 1.15 Taxation

As a registered charity, the Canal & River Trust is exempt from taxation of income and gains falling within Part 11 Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

The trading subsidiary company Canal and River Trading CIC has adopted a policy of paying all taxable profits to the charity as qualifying charitable donations. These payments are recognised as distributions through equity rather than as an expense through the statement of comprehensive income in these subsidiaries.

## 1. Accounting policies (continued)

### 1.16 Pension schemes

The Trust operates defined benefit and defined contribution pension schemes.

#### 1.16.a Defined benefit scheme

The defined benefit scheme is a multi-employer scheme with the Trust being the principal employer.

The pension liabilities and assets are recorded in line with FRS 102 section 28 'Employee Benefits,' with a valuation undertaken by an independent actuary. FRS 102 measures the value of pension assets and liabilities at the balance sheet date, determines the benefits accrued in the year and the interest on assets and liabilities. The value of benefits accrued is used to determine the pension charge in the SoFA and the net interest cost on the Fund's assets and liabilities are allocated across the appropriate incoming/outgoing resource categories. The net interest cost reflects application of the discount rate on the scheme's assets and liabilities over the course of the year.

The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in the SoFA within actuarial gains/ losses on defined benefit pension schemes.

The resulting pension fund liability or asset is shown on the balance sheet.

An accounting judgement has been taken that the Scheme's interest in Canal & River Pension Investments LP (known as the 'SLP'), which is a subsidiary of the Trust, does not represent a plan asset for the purposes of the Group consolidated financial statements because it is a financial instrument issued by the Group and therefore, has not been taken into account in arriving at the Group pension scheme deficit presented in these financial statements.

The Scheme's interest in the SLP is included in the valuation of the Scheme in the Trust's company balance sheet. The assumptions required for accounting purposes under FRS102 differ from the assumptions used for the Scheme's Technical Provisions funding assumptions and as a result, under FRS102, the Scheme valuation may result in a surplus position. A pension fund asset will be recognised in accordance with IFRIC 14, as under the Scheme trust deed and rules, the Trust has an unconditional right to its share of any surplus following the winding up of the Scheme.

#### 1.16.b Defined contribution scheme

Pension contributions are charged to the SoFA as incurred.

### 1.17 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation because of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The measurement of these amounts must be known, or reliably estimable, for a provision to be recognised.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognised for future operating losses.

### 1.18 Financial instruments

The Group has opted to apply IAS39 for accounting policy choices in relation to financial instruments.

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial

asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for any amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or expire. The specific application of these principles in relation to the Trust's financial instruments means that:

**1.18.a** Diversified investments have been designated as at fair value through profit and loss.

**1.18.b** Trade and other receivables are recognised and carried at the lower of their original invoiced value or recoverable amount. A provision is made when there is evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

**1.18.c** Current asset investments represent investments with maturity dates of over three months and under one year and are held at fair value through profit and loss.

**1.18.d** Cash and cash equivalents comprises cash balances and short-term deposits with banks with initial maturity less than three months and are held at face value.

**1.18.e** Trade and other payables are recorded at cost.

**1.18.f** The Trust's investment in the SLP is measured at fair value within the Trust's company only financial statements. The value is determined using a discounted cash flow model, based on the profit sharing conditions of the partnership agreement. This agreement states that the Trust receives the value of the properties held within the SLP less the net present value of the obligation to pay £5m per annum to the Waterways Pension Fund (WPF) until 2031 as well as a lump sum up towards any deficit at 31 March 2031 up to a maximum of £125m. The discount rate applied to the WPF interest is the mid-point between gilts and AA corporate bond.

**1.18.g** Loan notes are assessed on issue as to whether they should be classified as being held at amortised cost or fair value through profit and loss based on the terms of the bond and in accordance with IAS 39 Financial Instruments. Those loan notes where the embedded derivative relating to the prepayment of the bond is closely related to the host contract are carried at amortised cost. The host contract on those loan notes where the embedded derivative relating to the prepayment of the bond is not closely related to the host contract are valued at amortised cost. The embedded derivative is separated out and valued at fair value through profit and loss.

### 1.19 Fund accounting

Reserve policies are set out on pages 59 to 61 of the Finance Review as well as here in the accounting policies.

The trustees have agreed how the following funds are managed, taking into account best practice and guidance from the Charity Commission.

#### 1.19.a Protected Asset Fund

The Protected Asset Fund is a restricted reserve subject to the terms of the Defra Grant Funding Agreement (dated 28 June 2012) established when the Protected Assets, as defined in that Grant Agreement, were transferred to the Trust on 2 July 2012 by the UK Government.

The fund consists of these Protected Assets, less the value of the liabilities for the Trust's borrowings and pension fund liabilities that are effectively secured on the Protected Assets, less any other capital liabilities and creditors. Income arising from these net assets is available to be spent on the charitable activities of the Trust.

## 1. Accounting policies (continued)

The Protected Asset Fund includes the net value of any unrealised revaluation surpluses that have arisen on the protected assets since the transfer and the net value of funds held in reserve for waterway infrastructure asset dowries where such funds have been invested into assets contained within the Protected Asset Fund. As agreed with the fund's Protector, it also includes long-term loan notes and associated assets acquired using these funds.

The Protected Assets are not held on legal Trust rather they are the corporate property of Canal & River Trust, subject to contractual restrictions imposed by the Grant Agreement which permits capital to be used for funding revenue in certain circumstances.

The assets of the Waterways Infrastructure Trust are a permanent endowment held in perpetuity and are heritage assets shown with no value in the financial statements. The investment and operational assets transferred from the Government in 2012 are classed as an expendable endowment for the purposes of fund accounting.

### 1.19.b General Fund

The General Fund comprises unrestricted funds that are accumulated from surpluses of net income that are held specifically to fund the permitted activities of the Trust, the Trust's other charitable objects, and the Trust's statutory obligations, in each case net of the support costs and cost of ancillary activities that support, facilitate or promote that expenditure.

### 1.19.c Designated funds

Designated Funds are unrestricted funds that are set aside at the discretion of the trustees for specific purposes. They would otherwise form part of the general reserves.

#### i) Pension Contingency Fund

The Pension Contingency Fund comprises funds that are designated from the General Fund to create a fund for the purpose of funding any deficit that exists on the Waterways Pension Fund in 2031 when the SLP comes to an end.

#### ii) Major Asset Failure Fund

The Trust has considerable exposure to major waterway asset failures, notably in relation to reservoirs and embankments. Therefore, the Major Asset Failure Fund was set up so that once fully established it can allow for such additional expenditure without adversely impacting on our annual financial plans.

### 1.19.d Restricted Income Fund

The Restricted Income Fund comprises funds that have been donated to the Trust with specific restrictions on how the funds may be applied imposed by donors or by the nature of an appeal or endowment. The purpose of each restricted fund is set out in the notes to the financial statements. Restricted donations of less than £100,000, unless part of a larger project, are reported in aggregate.

### 1.19.e Transfers between funds

Transfers between funds include gift aid payments from surplus profits and dividends from subsidiary companies to the Trust from the Protected Asset Fund to the General Fund as well as movements between the General and Designated Funds.

## 2. Comparative consolidated statement of financial activities

	Note	2019/20			Funds Total £m
		Unrestricted funds £m	Restricted income funds £m	Protected Asset Fund £m	
<b>Restricted funds</b>					
<b>Income from:</b>					
Donations and legacies	3	-	3.5	2.9	6.4
Charitable activities	4	82.4	0.6	0.1	83.1
Other trading activities	5	74.9	-	-	74.9
Investments	6	41.8	-	9.9	51.7
<b>Total income</b>		<b>199.1</b>	<b>4.1</b>	<b>12.9</b>	<b>216.1</b>
<b>Expenditure on:</b>					
Raising funds	7	(35.8)	-	(2.9)	(38.7)
Charitable activities	8	(189.8)	(4.2)	(0.1)	(194.1)
<b>Total expenditure</b>		<b>(225.6)</b>	<b>(4.2)</b>	<b>(3.0)</b>	<b>(232.8)</b>
Net (expenditure)/income before gains on investments		(26.5)	(0.1)	9.9	(16.7)
Net (losses)/gains on investments	11	(0.4)	-	4.4	4.0
<b>Net (expenditure)/income</b>		<b>(26.9)</b>	<b>(0.1)</b>	<b>14.3</b>	<b>(12.7)</b>
Other recognised gains					
Actuarial gains on defined benefit schemes	26	-	-	43.5	43.5
<b>Net movement in funds</b>		<b>(26.9)</b>	<b>(0.1)</b>	<b>57.8</b>	<b>30.8</b>
Reconciliation of funds:					
Total funds brought forward		53.7	0.7	790.9	845.3
<b>Total funds carried forward</b>		<b>26.8</b>	<b>0.6</b>	<b>848.7</b>	<b>876.1</b>

### 3. Income from donations and legacies

	2020/21			
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Donations and legacies	-	3.1	-	3.1
Coronavirus Job Retention Scheme grant	3.8	-	-	3.8
Lottery income	-	-	4.6	4.6
<b>Total income from donations and legacies</b>	<b>3.8</b>	<b>3.1</b>	<b>4.6</b>	<b>11.5</b>

	2019/20			
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Donations and legacies	-	3.5	-	3.5
Coronavirus Job Retention Scheme grant	-	-	-	-
Lottery income	-	-	2.9	2.9
<b>Total income from donations and legacies</b>	<b>-</b>	<b>3.5</b>	<b>2.9</b>	<b>6.4</b>

#### Lottery Income

The net lottery income proceeds received are analysed as follows:

	2020/21	2019/20
	£m	£m
Ticket value	14.3	9.1
Prize fund	(5.7)	(3.6)
Management fee	(4.0)	(2.6)
<b>Net lottery income in the year</b>	<b>4.6</b>	<b>2.9</b>

### 4. Income from charitable activities

	2020/21			
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Waterway infrastructure income	9.5	-	-	9.5
Third party funded projects	16.1	0.2	-	16.3
Museums and attractions	0.2	-	-	0.2
Third party income from charitable activities	25.8	0.2	-	26.0
Defra grant funding	52.6	-	-	52.6
<b>Total income from charitable activities</b>	<b>78.4</b>	<b>0.2</b>	<b>-</b>	<b>78.6</b>

	2019/20			
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Waterway infrastructure income	7.9	-	-	7.9
Third party funded projects	21.1	0.6	-	21.7
Museums and attractions	1.5	-	0.1	1.6
Third party income from charitable activities	30.5	0.6	0.1	31.2
Defra grant funding	51.9	-	-	51.9
<b>Total income from charitable activities</b>	<b>82.4</b>	<b>0.6</b>	<b>0.1</b>	<b>83.1</b>



## 5. Income from trading activities

2020/21				
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Boating and moorings	40.2	-	0.2	40.4
Utilities and water development	36.9	-	-	36.9
<b>Total income from trading activities</b>	<b>77.1</b>	<b>-</b>	<b>0.2</b>	<b>77.3</b>

2019/20				
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Boating and moorings	41.6	-	-	41.6
Utilities and water development	33.3	-	-	33.3
<b>Total income from trading activities</b>	<b>74.9</b>	<b>-</b>	<b>-</b>	<b>74.9</b>

## 6. Income from investments

2020/21				
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Investment property income	35.6	-	6.4	42.0
Dividends from diversified investment fund	3.5	-	-	3.5
Other investment income	3.0	-	-	3.0
Share of net expenditure from joint ventures	-	-	(0.7)	(0.7)
Interest receivable	0.1	-	0.1	0.2
<b>Total income from investments</b>	<b>42.2</b>	<b>-</b>	<b>5.8</b>	<b>48.0</b>

2019/20				
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Investment property income	39.3	-	6.3	45.6
Dividends from diversified investment fund	1.8	-	-	1.8
Other investment income	0.4	-	-	0.4
Share of net income from joint ventures	-	-	3.5	3.5
Interest receivable	0.3	-	0.1	0.4
<b>Total income from investments</b>	<b>41.8</b>	<b>-</b>	<b>9.9</b>	<b>51.7</b>

## 7. Expenditure on raising funds

2020/21				
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Voluntary income	2.0	-	-	2.0
Boating and moorings	11.0	-	-	11.0
Utilities and water development	4.7	-	-	4.7
Investment and property income	9.0	-	2.3	11.3
Interest payable	4.4	-	-	4.4
Recoverable service charges	4.1	-	-	4.1
Net interest cost on pension liabilities	-	-	0.5	0.5
<b>Total expenditure on raising funds</b>	<b>35.2</b>	<b>-</b>	<b>2.8</b>	<b>38.0</b>

2019/20				
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Voluntary income	3.1	-	-	3.1
Boating and moorings	12.2	-	-	12.2
Utilities and water development	2.9	-	-	2.9
Investment and property income	8.5	-	1.2	9.7
Interest payable	4.2	-	-	4.2
Recoverable service charges	4.9	-	-	4.9
Net interest cost on pension liabilities	-	-	1.7	1.7
<b>Total expenditure on raising funds</b>	<b>35.8</b>	<b>-</b>	<b>2.9</b>	<b>38.7</b>

## 8. Expenditure on charitable activities

2020/21				
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Waterway operation, maintenance and repair	157.3	3.0	-	160.3
Third party funded regeneration projects	19.7	0.3	-	20.0
Museums and attractions	3.0	-	-	3.0
<b>Total expenditure on charitable activities</b>	<b>180.0</b>	<b>3.3</b>	<b>-</b>	<b>183.3</b>

2019/20				
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Waterway operation, maintenance and repair	159.6	3.5	-	163.1
Third party funded regeneration projects	25.6	0.7	-	26.3
Museums and attractions	4.6	-	0.1	4.7
<b>Total expenditure on charitable activities</b>	<b>189.8</b>	<b>4.2</b>	<b>0.1</b>	<b>194.1</b>

## 9. Support costs

	2020/21					Total £m
	Governance £m	Finance & IT £m	Human Resources £m	Other £m		
Donations and legacies	-	0.2	-	-		0.2
Charitable activities	0.5	8.3	2.3	3.1		14.2
Trading activities	0.2	1.6	0.2	0.6		2.6
Investments	0.1	1.0	0.1	0.3		1.5
<b>Total support costs</b>	<b>0.8</b>	<b>11.1</b>	<b>2.6</b>	<b>4.0</b>		<b>18.5</b>

	2019/20					Total £m
	Governance £m	Finance & IT £m	Human Resources £m	Other £m		
Donations and legacies	-	0.3	-	0.1		0.4
Charitable activities	0.5	7.5	2.1	2.4		12.5
Trading activities	0.2	1.9	0.2	0.7		3.0
Investments	0.2	1.5	0.1	0.4		2.2
<b>Total support costs</b>	<b>0.9</b>	<b>11.2</b>	<b>2.4</b>	<b>3.6</b>		<b>18.1</b>

### Auditors fees and expenses include the following:

	2020/21 £000	2019/20 £000
Fees payable to the auditors of Canal & River Trust:		
in respect of the charity audit	163	164
in respect of the subsidiary audit	17	11
in respect of other audit services	-	12
Other non-audit services:		
in respect of taxation compliance	24	13
in respect of taxation advisory	6	18
in respect of other advisory	4	14
Fees payable to other auditors of subsidiary companies:		
in respect of audit	11	13
in respect of taxation compliance	6	7
in respect of taxation advisory	2	2
<b>Total fees payable to auditors</b>	<b>233</b>	<b>254</b>

## 10. Employee costs

No remuneration was paid to any member of the Board of Trustees.

Trustee expenses include the reimbursement by the Trust of costs incurred by its trustees in carrying out their duties and similar payments made by the Trust directly to third parties on their behalf. During the year there were no amounts reimbursed to Trustees or paid to third parties (2019/20: £8,747 incurred by 10 trustees for travel, subsistence and accommodation).

The average number of persons employed during the year on a full-time equivalent basis was:

	Group	
	2020/21 Number	2019/20 Number
Investment management	63	57
Engineering, projects and repairs	452	458
Operations, customer service and engagement	909	914
Museums and attractions	42	54
Support functions	124	126
<b>Total number of persons</b>	<b>1,590</b>	<b>1,609</b>

The average number of employees is calculated using the full-time equivalent method. The actual average number of employees during the year was 1,646 (2019/20: 1,674).

Total employment costs were:

	Group	
	2020/21 £m	2019/20 £m
Wages and salaries	52.3	51.5
Car cash allowances	2.8	2.8
Social security costs	5.1	5.0
Defined benefit pension costs (see note 26)	0.9	0.9
Defined contribution pension costs	4.4	4.3
Redundancy and termination costs	0.3	(0.1)
<b>Total employment costs</b>	<b>65.8</b>	<b>64.4</b>

## 10. Employee costs (continued)

The number of employees whose gross remuneration (including redundancy payments made) and taxable benefits<sup>1</sup>, but not employer pension costs paid during the year, exceeded £60,000 and fell within the following ranges were:

	2020/21		2019/20	
	Including redundancy payments Number	Excluding redundancy payments Number	Including redundancy payments Number	Excluding redundancy payments Number
£60,000-£70,000	38	36	32	30
£70,001-£80,000	11	11	14	12
£80,001-£90,000	14	12	16	12
£90,001-£100,000	6	5	9	6
£100,001-£110,000	3	3	7	3
£110,001-£120,000	1	1	3	-
£120,001-£130,000	1	-	2	-
£130,001-£140,000	4	3	4	4
£140,001-£150,000	1	1	1	1
£150,001-£160,000	-	-	-	-
£160,001-£170,000	1	1	-	-
£170,001-£180,000	-	-	-	-
£180,001-£190,000	-	-	-	-
£190,001-£200,000	-	-	-	-
£200,001-£210,000	-	-	-	-
£210,001-£220,000	-	-	1	1
£220,001-£230,000	1	1	-	-
£230,001-£240,000	1	1	1	1
	<b>82</b>	<b>75</b>	90	70

The employee bandings do not include amounts payable to employees in respect of termination payments provided for in the financial statements but not paid at the year-end; the bandings above therefore exclude no termination payments in 2020/21 (2019/20: payments for five employees). Contributions from the Trust to the defined contribution pension scheme in respect of 77 of the 82 (2019/20: 84 of 90) higher paid employees amounted to £492,000 (2019/20: £451,000).

### Key management personnel

The key management personnel are the Trustees and Executive team (listed on pages 146 to 151). The remuneration costs relating to key management personnel are:

	2020/21 £m	2019/20 £m
Salary (including pensions)	1.4	1.4
Social security costs	0.2	0.2
<b>Total</b>	<b>1.6</b>	1.6

<sup>1</sup> Salaries are adjusted for employee benefits received through salary sacrifice arrangements

The remuneration during the year for Richard Parry, Chief Executive, comprised a salary of £190,986 (2019/20: £188,456), pension allowance of £16,463 (2019/20: £16,239), car allowance of £9,768 (2019/20: £9,768), payment in lieu of previous years' banked holidays not taken £7,317 (2019/20: £nil) and benefits in kind of £1,812 (2019/20: £1,746), totalling £226,346 (2019/20: £216,209). Richard elected to forgo £9,549 of his salary to donate to the Trust's Waterway Charities Appeal. The remuneration disclosed is before deduction of this amount.

There was one employee whose remuneration during the year was higher than the chief executive. Stuart Mills, Chief Investment Officer, received a salary of £174,632 (2019/20: £172,254), pension allowance of £15,053 (2019/20: £14,848), car allowance of £9,768 (2019/20: £9,768), performance related pay of £34,926 (2019/20: £33,975) and benefits in kind of £2,557 (2019/20: £2,656), totalling £236,936 (2019/20: £233,501).

## 11. Net gains on investments

	2020/21			
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Realised gains on disposals of investment assets	-	-	0.8	0.8
Realised gains on disposal of tangible fixed assets	0.9	-	-	0.9
Unrealised losses on revaluation of investment property	-	-	(11.1)	(11.1)
Unrealised gains on revaluation of diversified investments	7.1	-	41.6	48.7
<b>Net gains on investments</b>	<b>8.0</b>	-	<b>31.3</b>	<b>39.3</b>

	2019/20			
	Unrestricted funds £m	Restricted funds £m	Protected Asset Fund £m	Funds Total £m
Realised gains on disposals of investment assets	-	-	0.6	0.6
Realised gains on disposal of tangible fixed assets	0.1	-	0.1	0.2
Unrealised gains on revaluation of investment property	-	-	12.1	12.1
Unrealised losses on revaluation of diversified investments	(0.5)	-	(8.4)	(8.9)
<b>Net (losses)/gains on investments</b>	<b>(0.4)</b>	-	<b>4.4</b>	<b>4.0</b>

## 12. Taxation

The Canal & River Trust is a registered charity and as such is entitled to certain tax exemptions. The Trust is entitled to exemptions on income and profits from investments, and surpluses on any trading activities carried out in furtherance of the Charity's primary objectives (provided these profits and surpluses are applied solely for charitable purposes). It is expected that the Trust's subsidiaries will gift all their profits to the Trust, normally resulting in no tax liability.

### 13. Tangible fixed assets

Group and Canal & River Trust	Operational land and buildings		Boats, vehicles, plant and equipment	Total £m
	Freehold £m	Leasehold £m	£m	
<b>Cost</b>				
At 1 April 2020	30.2	0.1	54.8	85.1
<b>Additions</b>	1.0	-	5.1	6.1
Transfers to investment property	(4.3)	-	-	(4.3)
<b>Disposals</b>	(1.2)	-	(5.0)	(6.2)
<b>At 31 March 2021</b>	<b>25.7</b>	<b>0.1</b>	<b>54.9</b>	<b>80.7</b>
<b>Depreciation</b>				
At 1 April 2020	5.0	0.1	24.1	29.2
<b>Charge for the year</b>	0.7	-	5.0	5.7
Transfers to investment property	(0.7)	-	-	(0.7)
<b>Disposals</b>	(0.5)	-	(4.4)	(4.9)
<b>At 31 March 2021</b>	<b>4.5</b>	<b>0.1</b>	<b>24.7</b>	<b>29.3</b>
<b>Net book value</b>				
At 1 April 2020	25.2	-	30.7	55.9
<b>At 31 March 2021</b>	<b>21.2</b>	<b>-</b>	<b>30.2</b>	<b>51.4</b>

### 14. Heritage assets

Heritage assets are defined as tangible property with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture. The assets within the Waterways Infrastructure Trust and the museum artefact collection and archives fall within this definition and are accordingly categorised as heritage assets.

Waterways heritage is for everyone and the heritage within the Trust's care is free to access and use. It provides an everyday, local connection to the past; a 'living museum without walls'.

Britain's network of inland waterways is one of the largest and most important heritage resources in the country. It is the prime responsibility of the Trust, as custodian, to ensure that the value of this precious, irreplaceable inheritance is understood, managed and protected – thereby securing the longevity of our historic waterways for the benefit and wellbeing of canal and towpath users alike and indeed, the benefit of future generations.

#### Land & buildings – the canals and rivers comprised within the Waterways Infrastructure Trust

The Canal & River Trust is the guardian of 2,000 miles of historic waterways across England and Wales. Many of our waterways were built at the height of the industrial revolution and are home to 2,710 listed structures and 46 scheduled ancient monuments.

The Trust is a trustee of The Waterways Infrastructure Trust and the settlement agreement between the parties contains a detailed working definition of the infrastructure property. In summary the infrastructure property includes all land and infrastructure which is necessary to (a) inland navigation on a waterway; or (b) public access to, and use of, a towpath. The following is a selection of the main principal assets (as defined by the Trust's Asset Management Plan) included in the infrastructure property:

Asset description	31 March 2021 Length/number	31 March 2020 Length/number
Canals	1,568 miles	1,568 miles
Rivers	345 miles	345 miles
Feeders	120 miles	120 miles
Towpaths (1)	1,710 miles	1,926 miles
Aqueducts (2)	281	278
Bridges – Accommodation (3)	1,641	1,643
Bridges – Public Road	871	871
Bridges – Turnover	458	458
Culverts (4)	1,954	1,962
Major cuttings (5)	826	829
Major embankments (6)	779	772
Docks	13	13
Dry docks	29	29
Permitted waste sites	22	22
Locks	1,582	1,582
Pumping stations	72	72
Reservoirs	71	71
Sluices (7)	526	519
Stop/Safety/Flood Gates (8)	67	66
Tunnels	55	55
Canal weirs	662	662
River weirs	132	132
Weir-ed locks (9)	83	84
Boat lifts (Navigation)	1	1

The following are other classifications of the infrastructure assets many of which are also recorded in the principal assets listed above:

Historic battlefields	6	6
Listed buildings (10)	2,710	2,707
Scheduled ancient monuments	46	46
Sites of Special Scientific Interest (SSSIs)	63	63

## 14. Heritage assets (continued)

- (1) Towpaths – There has been a change in the length of towpaths disclosed compared to the previous year, which results from a change in our measurement methodology. In the prior year, the measure was based on total waterway length, including tunnels and river navigations. In the current year, we have refined this measure to adjust for tunnels and river navigations where we can identify that a towpath does not exist. The change in methodology reflects the inherent difficulty in accurate measurement across a complex and diverse waterway network.
- (2) Aqueducts – Changes due to two assets being re-categorised from culverts and one newly identified aqueduct.
- (3) Accommodation Bridges – Decrease of two due to four bridges reassigned to footbridges or turnover/ towpaths, and newly identified bridges.
- (4) Culverts – 18 culverts reassigned or having a change in ownership, and ten newly identified.
- (5) Cuttings – Re-categorisation of two cuttings to non-principal and six removed from the asset inventory with five newly identified.
- (6) Embankments – Increase of seven due to eleven newly identified assets, the re-categorisation of two assets to non-principal and two assets removed from asset inventory.
- (7) Sluices – Increase of seven assets due to clarification of ownership or newly found assets.
- (8) Stop/Safety/Flood Gates – One newly identified.
- (9) Weir-ed locks – One asset recategorised as a lock.
- (10) Three structures newly listed in the year.

The number of principal assets in each category is subject to change from time to time due to additions, disposals and reclassification (e.g. where the dimensions of an embankment have been re-measured and found to be within the dimensions required for a 'major' embankment).

### Museum artefact collections and archives

The Trust cares for many thousands of artefacts which are designated by the Arts Council as of national significance. The collection contains over 70 historic boats – many of which are listed on the Historic Ships Register – tools, machinery, memorabilia, decorative arts, paintings and social history items. These items are held for public display at the National Waterways Museums (Ellesmere Port & Gloucester) and other Canal & River Trust attractions and locations.

The Waterways Archive consists of historic records, images, maps, plans, oral history, film and digital media and has historical, scientific and technological significance.

Both collections are maintained by the Trust to preserve the culture, knowledge and enjoyment of our inland waterways for the public benefit today and for generations to come.

## 15. Investment property

	Group			Canal & River Trust		
	Freehold £m	Leasehold £m	Total £m	Freehold £m	Leasehold £m	Total £m
<b>Carrying value (fair value)</b>						
At 1 April 2020	685.3	88.9	774.2	517.7	88.1	605.8
<b>Additions</b>	<b>3.3</b>	<b>0.2</b>	<b>3.5</b>	<b>3.3</b>	<b>-</b>	<b>3.3</b>
<b>Transfers from operational property</b>	<b>3.6</b>	<b>-</b>	<b>3.6</b>	<b>3.6</b>	<b>-</b>	<b>3.6</b>
<b>Disposals</b>	<b>(13.4)</b>	<b>-</b>	<b>(13.4)</b>	<b>(9.1)</b>	<b>-</b>	<b>(9.1)</b>
<b>Revaluation</b>	<b>(8.3)</b>	<b>(2.8)</b>	<b>(11.1)</b>	<b>(8.6)</b>	<b>(3.0)</b>	<b>(11.6)</b>
<b>At 31 March 2021</b>	<b>670.5</b>	<b>86.3</b>	<b>756.8</b>	<b>506.9</b>	<b>85.1</b>	<b>592.0</b>

Investment properties are valued annually and included at valuation on an open market basis. Avison Young, a regulated firm of Chartered Surveyors, carried out a valuation of the top 100 properties by value as well as a quarter of all other properties (together approximately 90% by value in total) as at 31 March 2021. The remaining properties were valued by qualified surveyors employed by the Trust.

Valuations are carried out in accordance with the guidance set out in the Royal Institute of Chartered Surveyors 'Professional Standards January 2014' incorporating the International Valuation Standards 2013, amended. Within these valuations, assumptions are made based on comparable yield values, taking into account, where property is let, the current and reversionary rental income along with the lease terms; and where property is vacant, holding costs, market rents and lease incentives.

## 16. Diversified investment funds

### a) Movement on diversified investment funds

	Group and Canal & River Trust					
	Non property income portfolio		Unrestricted Income Fund*		Total	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
At 1 April	183.2	172.2	26.7	23.2	209.9	195.4
Additions	-	20.4	2.2	4.1	2.2	24.5
Withdrawals	(0.5)	(1.7)	-	-	(0.5)	(1.7)
Dividend income	0.4	1.8	-	-	0.4	1.8
Investment management costs	(1.3)	(1.1)	(0.2)	(0.1)	(1.5)	(1.2)
Revaluation	41.6	(8.4)	7.1	(0.5)	48.7	(8.9)
<b>At 31 March</b>	<b>223.4</b>	<b>183.2</b>	<b>35.8</b>	<b>26.7</b>	<b>259.2</b>	<b>209.9</b>

During the year, the Investment Committee oversaw the seventh year of implementation of the Investment Strategy for the Trust involving a diversification of the Trust's investment portfolio held in the Protected Asset Fund away from pure property investment to provide some measure of risk protection. Pursuant to this strategy, the selected external investment manager, Partners Capital, have invested £170.0m on behalf of the Trust in non-property investments towards the overall objective of around 20-40% diversification away from property. The Trust maintained the minimum 20% position despite no new investments in the year 2020/21 (2019/20: £20.4m invested).

### b) Disclosure of asset classes within diversified investment funds

	Group and Canal & River Trust			
	Non property income portfolio		Unrestricted Income Fund*	
	31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
Multi asset funds	80.2	68.2	22.1	17.6
Bonds	52.7	52.5	5.7	5.4
Commodities	2.0	-	-	-
Global equities	28.0	26.1	0.7	-
Private equity funds	56.3	34.4	7.2	3.7
Cash	4.2	2.0	0.1	-
<b>At 31 March</b>	<b>223.4</b>	<b>183.2</b>	<b>35.8</b>	<b>26.7</b>

\* The Unrestricted Income Fund was called the Pension Contingency Fund in the prior year. In the prior year, it contained only assets of the unrestricted designated reserve called the Pension Contingency Fund. In the current year, it contains assets of both the Pension Contingency Fund and the General Fund and has been renamed as a result.

### c) Current asset investments

	Group		Canal & River Trust	
	31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
Funds held on short-term deposit	3.0	3.0	-	-

Current asset investments represent funds held by the Trust which are not for the purposes of long-term investment return, but instead complement cash holdings used for ordinary operating and investing activities.

## 17. Investments

### Subsidiaries

	Canal & River Trust	
	2020/21 £m	2019/20 £m
<b>Investments in subsidiaries:</b>		
At 1 April	94.3	91.5
Fair value adjustment for investment in the SLP	0.3	2.8
<b>At 31 March</b>	<b>94.6</b>	<b>94.3</b>

All subsidiaries are held at amortised cost apart from Canal & River Pension Investments Limited Partnership which is held at a fair value of £34.4m (2020: £34.1m).

### 2020/21

The contribution of subsidiary companies to the Trust's funds in the year to 31 March 2021 was as follows:

Company number			Net income before other recognised gains and losses* £m	Net assets at 31 March 2021 £m	
	Income £m	Expenditure £m			
Canal & River Trading CIC	8069602	4.9	(0.5)	4.4	38.4
Canal & River Pension Investments LP (SLP)	SL010965**	6.1	-	6.1	162.9
Canal & River Pension Partner Limited	SC426937	-	-	-	42.4
Canal & River Reinsurance Designated Activity Company	384229	0.3	(0.1)	0.2	2.7
Other minor subsidiaries		-	-	-	(1.9)
		<b>11.3</b>	<b>(0.6)</b>	<b>10.7</b>	<b>244.5</b>

## 17. Investments (continued)

### 2019/20

The contribution of subsidiary companies to the Trust's funds in the year to 31 March 2020 was as follows:

	Company number	Income £m	Expenditure £m	Net income before other recognised gains and losses* £m	Net assets at 31 March 2020 £m
Canal & River Trading CIC	8069602	3.4	(0.4)	3.0	38.3
Canal & River Pension Investments LP (SLP)	SL010965**	6.1	(0.1)	6.0	162.5
Canal & River Pension Partner Limited	SC426937	-	-	-	27.2
Canal & River Reinsurance Designated Activity Company	384229	0.3	(0.2)	0.1	2.5
Other minor subsidiaries		-	(0.1)	(0.1)	(1.8)
		9.8	(0.8)	9.0	228.7

\* Amount shown is before gift aid donations to parent.

\*\* Limited partnership registration number

The above subsidiaries are wholly owned by the Trust and are registered and operate within the United Kingdom, with the exception of Canal & River Reinsurance Designated Activity Company which is registered in and operates in the Republic of Ireland.

### Joint Ventures

	Group	
	2020/21 £m	2019/20 £m
<b>Investments in joint ventures:</b>		
At 1 April	26.4	39.4
Loans made	11.1	3.8
Loans repaid	(9.4)	(20.1)
Share of net (losses)/income	(0.7)	3.5
Disposal of Icknield Port Loop	(2.4)	-
Dividends paid	-	(0.2)
<b>At 31 March</b>	<b>25.0</b>	<b>26.4</b>

On 21 January 2021, the joint venture investment in Icknield Port Loop LLP was sold for £2.4m at nil gain/loss.

The Group's share of assets and liabilities of joint ventures, which are included in the consolidated financial statements, are as follows:

	31 March 2021 £m	31 March 2020 £m
Fixed assets	1.8	0.5
Current assets	47.2	39.2
<b>Share of gross assets</b>	<b>49.0</b>	<b>39.7</b>
Current liabilities	(24.0)	(4.2)
Long term liabilities	-	(9.1)
<b>Share of gross liabilities</b>	<b>(24.0)</b>	<b>(13.3)</b>
<b>Share of net assets</b>	<b>25.0</b>	<b>26.4</b>

The Group's share of income from joint ventures was £11.6m (2020: £33.6m) and share of expenditure was £12.3m (2020: £30.1m). All income arises from investment in property developments.

### Investments in joint ventures

All joint ventures are unlisted and are registered and operate in the United Kingdom. Apart from Roundhouse Birmingham (held in the Trust), all investments in joint ventures are held in Canal & River Trading CIC, a wholly owned subsidiary of the Trust and all have year ends of 31 December.

The profit and loss for the year ended 31 March 2021 is calculated based on financial statements prepared by the joint ventures adjusted using management accounts. The Trust's share of profit and loss for the year of each joint venture was as follows:

	Profit/(loss) for the year £m	Equity interest held* %	Main activity
<b>Joint ventures</b>			
Waterside Places (General Partner) Limited	(0.4)	50	Property development
H2O Urban LLP	(0.3)	50	Property development
Paddington Basin Business Barges Ltd	-	49	Office management
Roundhouse Birmingham	-	50	Heritage attraction operation

\* Whilst the Trust retains a 49% shareholding in Paddington Basin Business Barges Ltd, the voting rights and profit share is 50:50.



## 18. Debtors

### Amounts falling due within one year

	Group		Canal & River Trust	
	31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
Trade debtors	47.2	48.9	47.2	48.7
Amounts owed from Group undertakings	-	-	2.5	1.2
Prepayments and accrued income	16.3	18.4	16.6	18.2
Value added tax	-	2.2	-	2.5
Other debtors	8.1	4.9	7.6	4.4
	<b>71.6</b>	<b>74.4</b>	<b>73.9</b>	<b>75.0</b>

### Amounts falling due after more than one year

	Group		Canal & River Trust	
	31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
Other debtors	12.3	2.9	8.1	2.9

Debtors falling due after more than one year includes £9.5m (2020: £nil) in respect of deferred consideration relating to property investment disposals.

## 19. Creditors

### Amounts falling due within one year

	Group		Canal & River Trust	
	31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
Trade creditors	9.1	19.1	9.1	18.9
Accruals	19.8	12.8	17.3	10.3
Deferred income (Note 20)	55.6	56.0	54.2	53.7
Value added tax	2.3	-	2.3	-
Taxation and social security	1.4	1.4	1.4	1.4
Other creditors	7.6	3.4	7.4	3.5
	<b>95.8</b>	<b>92.7</b>	<b>91.7</b>	<b>87.8</b>

### Amounts falling due after more than one year

	Group		Canal & River Trust	
	31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
Loan notes	150.0	150.0	150.0	150.0
Deferred income (Note 20)	1.7	2.3	1.7	2.3
Other amounts owed to Group undertakings	-	-	0.5	-
Other creditors	-	0.1	-	0.6
	<b>151.7</b>	<b>152.4</b>	<b>152.2</b>	<b>152.9</b>

£150.0m (2020: £150.0m) of creditors fall due after more than five years.

The Trust holds a £150.0m private placement of loan notes to aid its broader investment strategy. The notes are repayable in three £50.0m tranches in 2043, 2048 and 2053 with respective fixed interest rates of 2.85%, 2.83% and 3.01%.

The private placement loan notes are considered to be non-basic as they include an embedded derivative under the scope of IAS39. The embedded derivative is designated as a financial instrument at fair value through profit and loss rather than being valued at historic cost less impairment.

## 20. Deferred income

Group				
	At 1 April 2020 £m	Released £m	Deferred £m	At 31 March 2021 £m
Rental income in advance	18.0	(17.0)	16.6	17.6
Boat licences and moorings in advance	17.7	(16.4)	16.5	17.8
Defra grant received in advance	10.7	(10.7)	10.7	10.7
Other deferred income	11.9	(11.9)	11.2	11.2
<b>Total current and long term</b>	<b>58.3</b>	<b>(56.0)</b>	<b>55.0</b>	<b>57.3</b>

Group				
	At 1 April 2019 £m	Released £m	Deferred £m	At 31 March 2020 £m
Rental income in advance	17.4	(16.1)	16.7	18.0
Boat licences and moorings in advance	17.7	(16.7)	16.7	17.7
Defra grant received in advance	10.5	(10.5)	10.7	10.7
Other deferred income	6.5	(6.0)	11.4	11.9
<b>Total current and long term</b>	<b>52.1</b>	<b>(49.3)</b>	<b>55.5</b>	<b>58.3</b>

Canal & River Trust				
	At 1 April 2020 £m	Released £m	Deferred £m	At 31 March 2021 £m
Rental income in advance	16.6	(15.6)	15.2	16.2
Boat licences and moorings in advance	17.7	(16.4)	16.5	17.8
Defra grant received in advance	10.7	(10.7)	10.7	10.7
Other deferred income	11.0	(11.0)	11.2	11.2
<b>Total current and long term</b>	<b>56.0</b>	<b>(53.7)</b>	<b>53.6</b>	<b>55.9</b>

Canal & River Trust				
	At 1 April 2019 £m	Released £m	Deferred £m	At 31 March 2020 £m
Rental income in advance	15.9	(14.6)	15.3	16.6
Boat licences and moorings in advance	17.7	(16.7)	16.7	17.7
Defra grant received in advance	10.5	(10.5)	10.7	10.7
Other deferred income	5.7	(5.2)	10.5	11.0
<b>Total current and long term</b>	<b>49.8</b>	<b>(47.0)</b>	<b>53.2</b>	<b>56.0</b>

## 21. Provisions for liabilities

Group					
	At 1 April 2020 £m	Paid £m	Charged £m	Released £m	At 31 March 2021 £m
Major infrastructure provision	21.9	(3.6)	18.5	(0.5)	36.3
Other provisions	5.3	(0.9)	3.0	(1.8)	5.6
	27.2	(4.5)	21.5	(2.3)	41.9

Group					
	At 1 April 2019 £m	Paid £m	Charged £m	Released £m	At 31 March 2020 £m
Major infrastructure provision	-	-	21.9	-	21.9
Other provisions	4.4	(1.0)	3.4	(1.5)	5.3
	4.4	(1.0)	25.3	(1.5)	27.2

Canal & River Trust					
	At 1 April 2020 £m	Paid £m	Charged £m	Released £m	At 31 March 2021 £m
Major infrastructure provision	21.9	(3.6)	18.5	(0.5)	36.3
Other provisions	4.7	(0.9)	3.0	(1.4)	5.4
	26.6	(4.5)	21.5	(1.9)	41.7

Canal & River Trust					
	At 1 April 2019 £m	Paid £m	Charged £m	Released £m	At 31 March 2020 £m
Major infrastructure provision	-	-	21.9	-	21.9
Other provisions	3.3	(0.9)	3.3	(1.0)	4.7
	3.3	(0.9)	25.2	(1.0)	26.6

## 21. Provisions for liabilities (continued)

### Major infrastructure provision

The major infrastructure provision is the estimated cost of remedial or rectification works required to the Trust's infrastructure assets. The amount provided represents the estimated cost of future works that the Trust is legally or constructively obliged to perform as a result of conditions present at the balance sheet date.

The major infrastructure provision is made up of the following elements:

1. £15.2m repair costs to the Toddbrook Reservoir (2020: £19.3m)

During 2019/20 an incident at Toddbrook Reservoir required immediate emergency rectification, following which a full review was carried out of the requirements to complete the restoration works, including an estimate of costs. The Trust has a constructive obligation to carry out the repair work as it has publicised its intention to do so including plans of the completed project. The repair work continued through the 2020/21 year and is ongoing. The future cost estimates of work yet to be completed has been assessed and reflected in the closing provision.

Activity during the year utilised £3.6m of the brought forward provision, and a further £0.5m was released as unused against the activities performed. The costs of new remedial requirements not previously known have been estimated with no provision increase recognised in the year. The costs provided for are planned to be incurred in the future years, with £6.2m in 2021/22 and the remainder thereafter.

2. £19.9m costs for action reported under s10 Reservoirs Act 1975 (2020: £2.6m)

In its capacity as Undertaker (under the 1975 Reservoirs Act) for the reservoirs it manages, the Trust arranges independent reservoir inspections, as required by the Act, by All Reservoir Panel Engineers, who report to the Trust and the Environment Agency (as the Regulator for reservoirs in England) on the condition and safety of the reservoir. Following the publication of a report issued under section 10 of the Reservoir Act the Trust has a legal obligation to carry out the required works raised as Measures in the Interest Of Safety (MIOS). Following receipt of the report the Trust establishes a project to address the requirements, including an estimate of the likely costs to satisfactory completion, and a provision is recognised for the estimated costs to be incurred in addressing the MIOS requirements.

During the year the Trust has recognised £17.3m of new provisions related to the required works in respect of reports published up to 31 March 2021, in addition to the £2.6m recognised at 31 March 2020 for work still to be completed. These costs are planned to be incurred in the future years, with £11.0m in 2021/22 and the remainder thereafter.

3. £1.2m repair costs to the breach of the Aire & Calder Canal (2020: £nil)

Following a breach incident on the Aire & Calder Canal the Trust has publicly stated its intention to rectify the breach and published its plans of the completed project, disclosing work at a cost of £1.7m was completed during the year, and therefore has a constructive obligation to complete the works. A provision of £1.2m has been recognised comprising a best estimate of the costs to complete the rectification works. These costs will be incurred in 2021/22.

### Other provisions

These are provisions which are principally for property, motor and public liability claims against the Trust, including those accounted for within the Trust's captive reinsurance company.

## 22. Financial instruments

	Group		Canal & River Trust	
	31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
<b>Financial assets that are debt instruments measured at amortised cost:</b>				
Investments in subsidiaries	-	-	60.2	60.2
Cash	36.4	23.1	22.3	11.0
Current asset investments	3.0	3.0	-	-
Trade debtors	47.2	48.9	47.2	48.7
Other amounts owed from Group undertakings	-	-	2.5	1.2
Other debtors	20.4	7.8	15.7	7.3
	107.0	82.8	147.9	128.4
<b>Financial liabilities measured at amortised cost:</b>				
Trade creditors	9.1	19.1	9.1	18.9
Accruals	19.8	12.8	17.3	10.3
Other creditors	7.6	3.5	7.4	4.1
Loan notes	150.0	150.0	150.0	150.0
	186.5	185.4	183.8	183.3
<b>Financial assets measured at fair value through profit and loss:</b>				
Investments in subsidiaries	-	-	34.4	34.1
Investment property	756.8	774.2	592.0	605.8
Diversified investment funds	259.2	209.9	259.2	209.9
	1,016.0	984.1	885.6	849.8

## 23. Movement in funds

	Group 2020/21				
	Unrestricted funds		Restricted funds		
	General fund £m	Designated funds £m	Restricted income funds £m	Protected Asset Fund £m	Total £m
At 1 April 2020	0.1	26.7	0.6	848.7	876.1
Income	201.5	-	3.3	10.6	215.4
Expenditure	(215.0)	(0.2)	(3.3)	(2.8)	(221.3)
Gains on investments	0.9	7.1	-	31.3	39.3
Gift aid receivable, dividends and other transfers from subsidiaries	3.2	-	-	(3.2)	-
Transfer to General Fund	15.1	(15.1)	-	-	-
SLP contribution to Pension Fund	(5.0)	-	-	5.0	-
Actuarial losses on defined benefit pension schemes	-	-	-	(27.8)	(27.8)
<b>At 31 March 2021</b>	<b>0.8</b>	<b>18.5</b>	<b>0.6</b>	<b>861.8</b>	<b>881.7</b>

	Group 2019/20				
	Unrestricted funds		Restricted funds		
	General fund £m	Designated funds £m	Restricted income funds £m	Protected Asset Fund £m	Total £m
At 1 April 2019	29.6	24.1	0.7	790.9	845.3
Income	199.1	-	4.1	12.9	216.1
Expenditure	(224.6)	(1.0)	(4.2)	(3.0)	(232.8)
Gains/(losses) on investments	0.1	(0.5)	-	4.4	4.0
Gift aid receivable and dividends from subsidiaries	5.0	-	-	(5.0)	-
Transfer to Designated Funds	(4.1)	4.1	-	-	-
SLP contribution to Pension Fund	(5.0)	-	-	5.0	-
Actuarial gains on defined benefit pension schemes	-	-	-	43.5	43.5
<b>At 31 March 2020</b>	<b>0.1</b>	<b>26.7</b>	<b>0.6</b>	<b>848.7</b>	<b>876.1</b>

	Canal & River Trust 2020/21				
	Unrestricted funds		Restricted funds		Total £m
	General fund £m	Designated funds £m	Restricted income funds £m	Protected Asset Fund £m	
At 1 April 2020	-	26.7	0.6	838.0	865.3
Income	201.5	-	3.3	-	204.8
Expenditure	(210.2)	(0.2)	(3.3)	(0.1)	(213.8)
Gains on investments	0.9	7.1	-	30.7	38.7
Gift aid receivable, dividends and other transfers from subsidiaries	3.2	-	-	2.6	5.8
Transfer to General Fund	15.1	(15.1)	-	-	-
SLP contribution to Pension Fund	(5.0)	-	-	5.0	-
Actuarial losses on defined benefit pension schemes	-	-	-	(45.4)	(45.4)
<b>At 31 March 2021</b>	<b>5.5</b>	<b>18.5</b>	<b>0.6</b>	<b>830.8</b>	<b>855.4</b>

	Canal & River Trust 2019/20				
	Unrestricted funds		Restricted funds		Total £m
	General fund £m	Designated funds £m	Restricted income funds £m	Protected Asset Fund £m	
At 1 April 2019	29.4	24.1	0.7	768.6	822.8
Income	199.2	-	4.1	-	203.3
Expenditure	(224.6)	(1.0)	(4.2)	(0.6)	(230.4)
Gains/(losses) on investments	0.1	(0.5)	-	2.3	1.9
Gift aid receivable and dividends from subsidiaries	5.0	-	-	12.5	17.5
Transfer to Designated Funds	(4.1)	4.1	-	-	-
SLP contribution to Pension Fund	(5.0)	-	-	5.0	-
Actuarial gains on defined benefit pension schemes	-	-	-	50.2	50.2
<b>At 31 March 2020</b>	<b>-</b>	<b>26.7</b>	<b>0.6</b>	<b>838.0</b>	<b>865.3</b>

## 23. Movement in funds (continued)

The designated fund includes the following designated reserves which have been set aside for specific purposes:

2020/21			
	Major Asset Failure Fund £m	Pension Contingency Fund £m	Total Designated Funds £m
At 1 April 2020	-	26.7	26.7
Gains	-	7.1	7.1
Expenditure	-	(0.2)	(0.2)
Transfer to General Fund	-	(15.1)	(15.1)
<b>At 31 March 2021</b>	<b>-</b>	<b>18.5</b>	<b>18.5</b>

2019/20			
	Major Asset Failure Fund £m	Pension Contingency Fund £m	Total Designated Funds £m
At 1 April 2019	0.7	23.4	24.1
New designations	-	4.1	4.1
Losses	-	(0.5)	(0.5)
Expenditure	(0.7)	(0.3)	(1.0)
At 31 March 2020	-	26.7	26.7

## Restricted Income Funds

2020/21				
Fund name	Balance at 1 April 2020 £m	Income £m	Expenditure £m	Balance at 31 March 2021 £m
<b>Canal &amp; River Trust funds:</b>				
Friends Fund	-	3.0	(3.0)	-
<b>Specific Project Funds</b>				
Brent Reservoir Project	0.2	-	-	0.2
London STEM Project	0.1	-	-	0.1
Super Slow Way 2	-	0.2	(0.2)	-
Other Specific Project Funds	0.3	0.1	(0.1)	0.3
<b>Total Group</b>	<b>0.6</b>	<b>3.3</b>	<b>(3.3)</b>	<b>0.6</b>

## Restricted Income Funds

2019/20				
Fund name	Balance at 1 April 2019 £m	Income £m	Expenditure £m	Balance at 31 March 2020 £m
<b>Canal &amp; River Trust funds:</b>				
Friends Fund	-	3.0	(3.0)	-
<b>Specific Project Funds</b>				
Brent Reservoir Project	-	0.2	-	0.2
London STEM Project	-	0.1	-	0.1
Coast to Coast Canoe Trail	0.3	-	(0.3)	-
Super Slow Way 2	-	0.6	(0.6)	-
Unlocking the Severn	0.1	-	(0.1)	-
Other Specific Project Funds	0.3	0.2	(0.2)	0.3
<b>Total Group</b>	<b>0.7</b>	<b>4.1</b>	<b>(4.2)</b>	<b>0.6</b>

Funds are restricted on the basis of activity type, activity within a defined geographical area or on a specific project basis. Funds are recorded as expended when they are transferred to meet the relevant expenditure being incurred.

Restricted funds with donations less than £100,000 are shown in one aggregate total as "Other Specific Project Funds". At 31 March 2021 there were 61 (2020: 62) separate funds within this total.

### Friends Fund

All donations made to the Trust without any specific local or project specific restriction are added to the Friends Fund from which expenditure is directed only to waterway maintenance, restoration or education activities.

## 24. Analysis of net assets by fund

Net assets are analysed between funds as follows:

As at 31 March 2021	Group			Total 31 March 2021 £m
	Unrestricted Funds	Restricted Income Funds	Protected Asset Fund	
	£m	£m	£m	£m
Tangible fixed assets	30.2	-	21.2	51.4
Investments	35.8	-	1,005.2	1,041.0
Current assets	88.5	0.6	35.3	124.4
Current liabilities	(91.7)	-	(4.1)	(95.8)
Creditors – amounts falling due after more than one year	(1.7)	-	(150.0)	(151.7)
Provisions	(41.7)	-	(0.2)	(41.9)
Pension liability	(0.1)	-	(45.6)	(45.7)
<b>Total net assets</b>	<b>19.3</b>	<b>0.6</b>	<b>861.8</b>	<b>881.7</b>

As at 31 March 2020	Group			Total 31 March 2020 £m
	Unrestricted Funds	Restricted Income Funds	Protected Asset Fund	
	£m	£m	£m	£m
Tangible fixed assets	30.7	-	25.2	55.9
Investments	26.7	-	983.8	1,010.5
Current assets	84.9	0.6	18.9	104.4
Current liabilities	(86.5)	-	(6.2)	(92.7)
Creditors – amounts falling due after more than one year	(2.3)	-	(150.1)	(152.4)
Provisions	(26.6)	-	(0.6)	(27.2)
Pension liability	(0.1)	-	(22.3)	(22.4)
<b>Total net assets</b>	<b>26.8</b>	<b>0.6</b>	<b>848.7</b>	<b>876.1</b>

As at 31 March 2021	Canal & River Trust			Total 31 March 2021 £m
	Unrestricted Funds	Restricted Income Funds	Protected Asset Fund	
	£m	£m	£m	£m
Tangible fixed assets	30.2	-	21.2	51.4
Investments	36.3	-	909.5	945.8
Current assets	93.2	0.6	11.6	105.4
Current liabilities	(91.7)	-	-	(91.7)
Creditors – amounts falling due after more than one year	(2.2)	-	(150.0)	(152.2)
Provisions	(41.7)	-	-	(41.7)
Pension asset	(0.1)	-	38.5	38.4
<b>Total net assets</b>	<b>24.0</b>	<b>0.6</b>	<b>830.8</b>	<b>855.4</b>

As at 31 March 2020	Canal & River Trust			Total 31 March 2021 £m
	Unrestricted Funds	Restricted Income Funds	Protected Asset Fund	
	£m	£m	£m	£m
Tangible fixed assets	30.7	-	25.2	55.9
Investments	27.2	-	882.8	910.0
Current assets	84.9	0.6	4.4	89.9
Current liabilities	(86.5)	-	(1.3)	(87.8)
Creditors – amounts falling due after more than one year	(2.9)	-	(150.0)	(152.9)
Provisions	(26.6)	-	-	(26.6)
Pension asset	(0.1)	-	76.9	76.8
<b>Total net assets</b>	<b>26.7</b>	<b>0.6</b>	<b>838.0</b>	<b>865.3</b>

## 25. Operating lease commitments

### Operating lease agreements where the Group is lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Group		Canal & River Trust	
	31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
<b>Leasehold properties</b>				
Within one year	0.8	1.0	0.8	1.0
Within two to five years	2.7	2.8	2.7	2.8
In more than five years	100.7	101.3	100.7	101.3
	<b>104.2</b>	<b>105.1</b>	<b>104.2</b>	<b>105.1</b>

During the year £1.4m (2020: £1.4m) was charged to the SoFA in respect of leasehold property rentals.

### Operating lease agreements where the Group is lessor

Future minimum rentals receivable under non-cancellable rental agreements are as follows:

	Group		Canal & River Trust	
	31 March 2021 £m	31 March 2020 (Restated) £m	31 March 2021 £m	31 March 2020 (Restated) £m
<b>Investment properties</b>				
Within one year	37.8	45.7	31.7	39.6
Within two to five years	131.8	156.0	107.6	131.7
Within six to 100 years	1,033.6	1,065.9	458.8	491.1
In more than 100 years	2,448.0	2,446.4	1,596.4	1,588.4
<b>Other</b>				
Within one year	14.0	14.8	14.0	14.8
Within two to five years	47.5	48.9	47.5	48.9
Within six to 100 years	390.3	391.9	390.3	391.9
In more than 100 years	434.6	434.9	434.6	434.9
	<b>4,537.6</b>	<b>4,604.5</b>	<b>3,080.9</b>	<b>3,141.3</b>

Amounts receivable under operating leases are calculated based on the full contract term, not to break clause date.

Excluded from the above analysis are those rental agreements held under a tenancy at will basis.

During the year, it was identified that the final portion of a number of lease agreements with staged rental increases (predominantly due in over 100 years) had been excluded from the above disclosure note in the prior year's accounts. The total of the future minimum rentals receivable not disclosed in 2019/20 for the Group and Canal & River Trust was £1,323.4m.

## 26. Pension and other post – retirement benefits

	Group		Canal & River Trust	
	31 March 2021 £m	31 March 2020 £m	31 March 2021 £m	31 March 2020 £m
Defined benefit pension fund (deficit)/surplus	(45.6)	(22.3)	38.5	76.9
Other post-retirement benefits	(0.1)	(0.1)	(0.1)	(0.1)
<b>Employee benefit liability</b>	<b>(45.7)</b>	<b>(22.4)</b>	<b>38.4</b>	<b>76.8</b>

### a) Pension fund (deficit)/surplus – defined benefit pension

The defined benefit scheme, known as the Waterways Pension Fund (WPF or the Scheme), is a multi-employer scheme with the Trust being the principal employer. Other participating employers include British Waterways Board (trading as Scottish Canals) and OCS Group UK Limited. The Scheme closed to future accrual on 30 September 2016 for employees of the Trust and the other participating employers at that time.

In accordance with the terms of the transfer from British Waterways, Scottish Canals is liable to make a fair share and proportionate contribution, as determined by the scheme actuary from time to time, towards any deficit that exceeds the valuation deficit as at the transfer date of 2 July 2012. Any future recovery of deficit attributable to Scottish Canals is under a contractual arrangement with the Trust.

Contributions to the Scheme are agreed between the Trust and the trustees of the WPF, after advice from the Scheme Actuary, as part of the triennial actuarial valuation of the Scheme. The last triennial valuation of the Scheme was carried out as at 31 March 2019. As at that date the market value of the Scheme's assets (excluding members' additional voluntary contributions) amounted to £584m and the value placed upon the benefits that had accrued to members was £590m. The Scheme was therefore £6m in deficit and 99% funded on an on-going basis. The market value of the Fund's investment in Canal & River Pension Investments LP (the SLP) (see below for more details) is included within the valuation of the Fund's assets.

As the SLP provides an annual income of £5m until 31 March 2031 and a lump sum on cessation, which could give rise to proceeds over and above the market value at valuation date, additional contributions were not deemed to be required to eliminate the deficit at the valuation date. The next triennial actuarial valuation will be carried out as at 31 March 2022.

On 9 July 2012, the Trust made a special contribution of £106.0m to the WPF pursuant to the creation of a pension funding partnership (SLP) with the Trust. The Scheme invested £106.0m in the SLP, a limited partnership registered in Scotland. The Scheme will remain invested in this partnership until 8 July 2031 at which point the Scheme's investment will be redeemed. The redemption value of the investment will be the lower of £125.0m or the valuation deficit in the Scheme at that time, with a minimum value of £0.01m, as assessed by the Scheme Actuary on a Technical Provisions basis. The Scheme is entitled to an annual distribution income from this investment of £5.0m per annum. In the year to 31 March 2021 the Scheme received £5.0m of income from the SLP investment.

## 26. Pension and other post – retirement benefits (continued)

An accounting judgement has been taken that the Scheme's £84.1m interest in the SLP, which is a subsidiary of the Trust, does not represent a plan asset for the purposes of the Group consolidated financial statements because it is a financial instrument issued by the Group and therefore, has not been taken into account in arriving at the Group pension scheme deficit presented in the Group consolidated financial statements.

The exclusion of the Scheme's interest in the SLP from the Scheme's assets results in a deficit of £45.6m in the Group financial statements. The Scheme's interest in the SLP is included in the valuation of the Scheme in Canal & River Trust's company balance sheet.

The assumptions required for accounting purposes under FRS102 differ from the assumptions used for the Scheme's technical provisions funding assumptions and, as a result, under FRS102, the Scheme valuation for accounting purposes is different to the actuarial valuation. The SLP asset has been recognised in accordance with IFRIC 14 as under the WPF trust deed and rules the Trust has an unconditional right to its share of any surplus following the winding up of the WPF.

The valuation of the Scheme used for FRS 102, section 28 'Retirement benefits' disclosures has been based on the most recent actuarial valuation of the WPF at 31 March 2019 and updated to 31 March 2021 by independent qualified actuaries from Lane Clark & Peacock LLP. The liabilities attributed to the Trust reflect the Trust's share of liabilities in the WPF.

The key assumptions used are as follows:

	31 March 2021	31 March 2020
Discount rate	2.10%	2.50%
Rate of increase in salaries	3.40%	2.50%
Rate of increase for majority of pensions in payment and deferred pensions*	2.70%	1.80%
Rate of CPI inflation	2.70%	1.80%
Tax free cash	Members are assumed to take 25% of their pension as tax free cash	Members are assumed to take 25% of their pension as tax free cash
Post retirement mortality assumption	95% of S3PMS heavy (males) 95% of S3PFA heavy (females) CMI 2020 model, long term rate of improvement 1.25% (smoothing factor 7.0)	95% of S3PMS heavy (males) 95% of S3PFA heavy (females) CMI 2019 model, long term rate of improvement 1.25% (smoothing factor 7.0)

\* The rate of increase for the career average re-valued earnings (post April 2011) benefits are capped at 2.5%.

Using the adopted mortality tables, the future life expectancy at the normal retirement age of 63 is as follows:

	31 March 2021	31 March 2020
Male currently aged 43	23.3	23.3
Female currently aged 43	26.9	26.8
Male currently aged 63	21.8	21.8
Female currently aged 63	25.3	25.2

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Decrease in discount rate	Increase/decrease by 0.1%	Decrease/increase by 1.7% (£10.0m)
Increase in CPI rate of inflation	Increase/decrease by 0.1%	Increase/decrease by 1.4% (£8.3m)
Increase in life expectancy	Increase/decrease by one year	Increase/decrease by 3.9% (£23.0m)

Amounts recognised in the Consolidated Statement of Financial Activities (SoFA):

	Group	
	Year to 31 March 2021 £m	Year to 31 March 2020 £m
Administration expenses	(0.9)	(0.9)
Interest cost	(12.5)	(13.9)
Interest on assets	12.0	12.2
Amount charged within net income	(1.4)	(2.6)
Actuarial (loss)/gain	(27.8)	43.5
Amount charged within net movement in funds	(29.2)	40.9



## 26. Pension and other post – retirement benefits (continued)

Amounts recognised in the balance sheet at 31 March 2021:

	Group		Canal & River Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Equities	26.6	50.4	26.6	50.4
Corporate bonds	179.6	140.4	179.6	140.4
LDI (Liability Driven Investment)	234.6	193.5	234.6	193.5
Property funds	46.2	51.0	46.2	51.0
Diversified growth funds	42.6	20.0	42.6	20.0
Investment in property interest in SLP	-	-	84.1	99.2
Other growth assets	7.3	13.0	7.3	13.0
Cash and liquidity funds	14.6	14.1	14.6	14.1
<b>Total fair value of assets</b>	<b>551.5</b>	<b>482.4</b>	<b>635.6</b>	<b>581.6</b>
Present value of scheme liabilities	(597.1)	(504.7)	(597.1)	(504.7)
<b>(Deficit)/surplus in the scheme</b>	<b>(45.6)</b>	<b>(22.3)</b>	<b>38.5</b>	<b>76.9</b>

The actual return on the Scheme's assets during the year was a £85.0m gain (2020: £9.1m gain) for the Group and a £69.9m gain (2020: £18.0m gain) for the Trust.

FRS 102 requires all Scheme assets to be valued at fair value for accounting purposes. As at 31 March 2021, the fair value of the Scheme's investment in the SLP was £84.1m (2020: £99.2m).

### Changes in scheme assets

	Group		Canal & River Trust	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
At 1 April	482.4	487.6	581.6	577.9
Interest on scheme assets	12.0	12.2	14.5	14.4
Principal employer contributions	5.9	5.9	5.9	5.9
Benefits paid and expenses	(21.8)	(20.2)	(21.8)	(20.2)
Actuarial gain/(loss)	73.0	(3.1)	55.4	3.6
<b>At 31 March</b>	<b>551.5</b>	<b>482.4</b>	<b>635.6</b>	<b>581.6</b>

### Changes in scheme liabilities

	Group		Canal & River Trust	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
At 1 April	(504.7)	(556.7)	(504.7)	(556.7)
Past service cost	-	-	-	-
Interest cost	(12.5)	(13.9)	(12.5)	(13.9)
Benefits paid	20.9	19.3	20.9	19.3
Actuarial (loss)/gain	(100.8)	46.6	(100.8)	46.6
<b>At 31 March</b>	<b>(597.1)</b>	<b>(504.7)</b>	<b>(597.1)</b>	<b>(504.7)</b>

### Movement in (deficit)/surplus in the scheme during the year

	Group		Canal & River Trust	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
At 1 April	(22.3)	(69.1)	76.9	21.2
Expenses recognised in SoFA	(1.4)	(2.6)	1.1	(0.4)
Contributions	5.9	5.9	5.9	5.9
Actuarial (loss)/gain recognised in SoFA	(27.8)	43.5	(45.4)	50.2
<b>At 31 March</b>	<b>(45.6)</b>	<b>(22.3)</b>	<b>38.5</b>	<b>76.9</b>

#### b) Defined contribution pension plan

The defined contribution plan is a pension plan under which the Trust pays fixed contributions to Standard Life. The Trust has no legal or constructive obligations to pay further contributions. The amount of employer contributions (net of salary sacrifice contributions) is disclosed in note 10 in these financial statements. There were no material amounts owing or prepaid at 31 March 2021.

## 27. Capital commitments

Capital expenditure for which the Trust had contracted at 31 March 2021 was £0.6m (2020: £1.1m) relating to tangible fixed assets and £nil (2020: £0.9m) relating to the commitment to purchase investment property. These commitments fall due within one year.

## 28. Related party transactions

The Trust has considered the disclosure requirements of the Charities SORP (FRS 102), section 33 'Related Party Disclosures' and believes that the following related party transactions, all of which were made on an arm's length basis, require disclosure:

Susan Wilkinson, Trustee and Remuneration Committee member, is a Commissioner at Historic England. In 2020/21 the Trust received a £1,597,000 (2020: £nil) contribution towards waterway infrastructure works from Historic England.

Stuart Mills, Chief Investment Officer, is a director of Sustrans Ltd. In 2020/21 the Trust received £1,000 (2020: £1,300) from Sustrans for services provided and paid £4,500 (2020:£nil) to Sustrans for services provided. At 31 March 2021, the amount owing to and from the Trust from Sustrans was £nil (2020: £1,000 owing to the Trust).

There were no other related party transactions between the Trust and any of the trustees or executive directors during the year.

Related party transactions of the above nature are permitted under Article 4.4.3 of the Trust's Articles. The Board were aware of these transactions and agreed to their continuation. There were no amounts written off in relation to the above transactions.

No other trustees received any remuneration or other benefits from the Trust.

	Amount receivable during the year to 31 March 2021 £m	Amount receivable during the year to 31 March 2020 £m	Amount receivable/ (payable) at 31 March 2021 £m	Amount receivable/ (payable) at 31 March 2020 £m
<b>Transactions with joint ventures</b>				
Property sales and investment activity with joint ventures	(0.5)	1.1	-	-
Other significant transactions with joint ventures	0.2	0.1	-	-
	<b>(0.3)</b>	<b>1.2</b>	<b>-</b>	<b>-</b>

The table above excludes capital and loan investments in joint ventures which are detailed in note 17 in these financial statements.

	Amount receivable during the year to 31 March 2021 £m	Amount receivable during the year to 31 March 2020 £m	Amount receivable at 31 March 2021 £m	Amount receivable at 31 March 2020 £m
<b>Transactions with subsidiaries</b>				
<b>Canal &amp; River Trading CIC</b>				
Qualifying charitable donations	4.6	10.4	0.1	1.2
<b>Canal &amp; River Pension Investments LP (SLP)</b>				
Profit share payments	1.0	2.0	0.2	-
	<b>5.6</b>	<b>12.4</b>	<b>0.3</b>	<b>1.2</b>

Further details on our subsidiaries can be found in note 17 to these financial statements.

## Membership of the Board of Trustees, Executive Team, Council and Committees

### Trustees



**Allan Leighton,**  
Chair

**Appointed as  
Chair:**  
September  
2013

**Term:** Third

**Committee Membership:** Joint  
Council & Trustees Appointments  
Committee, Investment  
Committee

**Skills and Experience:** Allan is the chair of the following Boards: Co-operative Group, Allbright Group Limited, C&A Cofra Holding AG, Simba Sleep, Northern Bloc Ice Cream Limited, and Element Materials Technology. He was formerly the CEO of Asda plc, chair of the Royal Mail, Pandora AS and has also held a number of non-executive chairmanships including lastminute.com, Dyson Ltd and BskyB Group plc. Allan was also chair of Race for

Opportunity and an ambassador for Prince Charles in Business in the Community. Allan attended the Advanced Management Programme at Harvard and has an Honorary Degree from Cranfield, was awarded a Doctor of Letters from York St John University and an Honorary Fellowship from the University of Lancashire. He is a keen canal runner.



**Dame Jenny  
Abramsky**

**Appointed:**  
September  
2016

**Term:** Second

**Committee Membership:** Joint  
Council & Trustees Appointments  
Committee (Chair), Audit & Risk  
Committee, Grant Review Trustee  
Working Group

**Skills and Experience:** Jenny was appointed as deputy chair in September 2017. Jenny is chair of the Royal Academy of Music and served six years as chair of the Heritage Lottery Fund/National Heritage Memorial Fund, among other voluntary roles. She is the Chair of Friends of Kenwood House. She has also been the BBC's director of radio and music after running the BBC's 24 hours news service.



**Nigel Annett  
CBE**

**Appointed:**  
September  
2016

**Term:** Second

**Committee Membership:**  
Infrastructure Committee  
(Chair), Audit & Risk Committee,  
Investment Committee

**Skills and Experience:** Nigel is currently a non-executive director of the Principality Building Society, and a trustee of Community Foundation in Wales. He is a former managing director of Welsh Water and is co-founder of Glas Cymru, the not-for-profit company that successfully took over the ownership of Welsh Water back in 2001, a move which resulted in the water industry in

Wales being owned on behalf of its customers.



**Ben Gordon**

**Appointed:**  
September  
2014

**Term:** Third

**Committee Membership:**  
Remuneration Committee (Chair),  
Infrastructure Committee

**Skills and Experience:** Ben is chair of Heal & Son Ltd and a trustee of United Learning. Previously he was chief executive of Mothercare plc for nine years, and SVP and managing director of the Disney Store Europe and Asia-Pacific. Ben was also non-executive director of Britvic plc and of St Ives plc. Prior to that he had senior management positions in WHSmith plc and

L'Oreal SA in the UK, USA and France. Ben has an MBA from INSEAD and is a member of the Institution of Civil Engineers.



**Janet Hogben**

**Appointed:**  
September  
2016

**Term:** Second

**Committee Membership:** Joint  
Council & Trustees Appointments  
Committee, Remuneration  
Committee, Infrastructure  
Committee

**Skills and Experience:** Janet was the chief people officer at EDF Energy, having previously worked at BP, where she held a variety of roles, and then at Seagram and at Diageo, leading on a number of global strategy and business specific HR positions. Janet is appointed by the Trust as a non-voting observer to the Waterway Ombudsman Committee.



**Sir Chris Kelly**

**Appointed:**  
September  
2017

**Term:** Second

**Committee Membership:**  
Audit & Risk Committee (Chair),  
Infrastructure Committee, Grant  
Review Trustee Working Group

**Skills and Experience:** Chris is a senior independent director on the Board of the Co-op Group and chairs its insurance subsidiary. He also chairs the Oversight Board of the Office for Budget Responsibility. He has in the past chaired the NSPCC, the Kings Fund, the Financial Ombudsman Service and the Committee on Standards in Public Life, among other bodies.

Before that, he was a civil servant, mainly in HM Treasury but subsequently as head of policy at the then Department of Social Security and finally as permanent secretary to the Department of Health.



**Jennie Price**  
CBE

**Appointed:**  
September  
2018

**Term:** First

**Committee Membership:** Grant Review Trustee Working Group (Chair), Audit & Risk Committee, Infrastructure Committee

**Skills and Experience:** Jennie is a lawyer by training and was CEO of Sport England from 2007 until 2018. During that period the organisation's strategy moved towards a broader sport and physical activity agenda with an emphasis on behaviour change. She also commissioned the multi-award winning This Girl Can campaign, and was awarded a CBE for services to sport in 2017. Jennie has also led

organisations in the environmental and construction sectors. She now chairs the Independent Board overseeing integrity in tennis, and acts as an expert advisor on international sports policy. In 2019 she was also appointed as a Forestry Commissioner.



**Tim Reeve**

**Appointed:**  
September  
2016

**Term:** Second

**Committee Membership:** Investment Committee, Grant Review Trustee Working Group

**Skills and Experience:** Tim is deputy director and chief operating officer of the Victoria and Albert Museum (V&A), the world's leading museum of art and design, a post he has held since 2013. Tim has overall responsibility for the operation of the Museum, including the delivery of a world-class visitor experience. He also led the V&A's support of China Merchant's Group in the creation of the V&A Galleries within a new design museum in Shenzhen, China, which opened to great

acclaim in December 2017. Tim is closely involved in establishing V&A East, a dynamic new museum in the Queen Elizabeth Olympic Park in East London. Before joining the V&A, Tim was director of historic properties at English Heritage. He is a graduate in Ancient History from Royal Holloway, University of London and studied at the Institute of Archaeology (UCL) and INSEAD on its International Executive Programme. He is also a trustee of 'Paintings in Hospitals'.



**Sarah Whitney**

**Appointed:**  
September  
2018

**Term:** First

**Committee Membership:** Investment Committee (Chair)

**Skills and Experience:** Sarah is a chartered accountant and real estate specialist. Her executive career was spent at PricewaterhouseCoopers, where she was a corporate finance partner; at DTZ (now Cushman & Wakefield), where she was head of the Consulting & Research business and served on the DTZ Global Executive Committee; and at CBRE, where she headed the Government & Infrastructure Team and served on the UK board. More recently, Sarah was one of the founder directors of Metro Dynamics, a

specialist consultancy focused on city growth and development. She is a member of the Council of University College London, where she also serves on the Investment and Finance Committees; a trustee of the Land Trust, where she chairs the Audit Committee and is a member of the Investment Committee; and a senior visiting fellow at the University of Cambridge where she teaches planning, growth and regeneration at both undergraduate and postgraduate level.



**Susan Wilkinson**

**Appointed:**  
September  
2017

**Term:** Second

**Committee Membership:** Remuneration Committee

**Skills and Experience:** Sue is a commissioner at Historic England, trustee of English Heritage, deputy chair of the Churches Conservation Trust and a board director of the Association of Leading Visitor Attractions (ALVA). She is also the vice-chair and trustee at the Medical Research Foundation. Sue has extensive experience in the not-for-profit and tourism sectors and was a board director at the National

Trust until the end of 2016 with responsibility for membership, fundraising, volunteering and tourism. Until 2018 Sue was a trustee at the Old Royal Naval College, Greenwich and she previously held a number of non-executive roles with Visit Britain, Visit England and the Institute of Fundraising. Sue is the appointed safeguarding trustee and is a member of the Trust's Safeguarding Steering Group.

**Executive Team**



**Richard Parry,**  
Chief Executive

Richard joined Canal & River Trust as chief executive in July 2013 and has led the new charity through a series of changes as it has developed its new identity and explored the many new opportunities available in the third

sector. Prior to joining the Trust, Richard spent 19 years at London Underground – where he was acting managing director for a year – followed by a brief spell at FirstGroup's Railway Division.



**Julie Sharman,**  
Chief Operating Officer

Julie is responsible for the operational management and performance of the Trust's rivers and canals, including all aspects of customer services, volunteering and engagement. Julie joined the Trust in 1996 following an early career in construction with Taylor

Woodrow and Aoki-Soletanche. A chartered civil engineer, she has gained a broad experience in waterway management, asset management, engineering, partnerships and funding with the Trust.



**Stuart Mills,**  
Chief Investment Officer

Stuart is responsible for the Trust's principal commercial income sources including the investment portfolio of property, joint ventures and diversified assets. Stuart also looks after the utilities, commercial water and direct managed moorings businesses, as well as our

business boating relationships. A chartered surveyor, Stuart joined Canal & River Trust in 1990 after working in private sector property consultancy. He has worked extensively across the country in various commercial roles, before becoming a director in 2008.



**Simon Bamford,**  
Chief  
Infrastructure  
& Programmes  
Officer

Simon is responsible for asset inspection, strategy, planning and delivering maintenance and repairs for the Trust's long-term asset programmes. Simon is a chartered engineer and joined the Trust in 2006 after working with Land and Water, where he

was operations director of their remediation contracting business. Simon previously worked in senior environmental, project delivery, construction and consultancy roles for Southern Water, ADAS and overseas.



**Heather Clarke,**  
Strategy,  
Engagement &  
Impact Director

Heather has executive accountability for: developing, driving & communicating the Trust's overall strategic direction; building the Trust's strategic plans, campaigns and evidence base; growing our supporter base and our statutory and voluntary income; engaging with key policy and decision makers, partners and stakeholders at different spatial levels; as well as influencing outcome generation and placemaking through planning and design.

She joined British Waterways (the predecessor to the Trust) in 1997, after working for an urban

development corporation which was charged with delivering large scale area-based urban regeneration in the Black Country. A chartered town and regional planner, with a MSC in Historic Conservation and postgraduate diploma qualification in urban design, she has gained extensive experience in strategic and statutory planning, property-based urban regeneration, place-making and partnership working. Heather is an appointed member representative on the Board of H2O Urban and is a trustee director of the Roundhouse in Birmingham.



**Mike Goodie,**  
People Director

Following graduation from Leicester University, Mike has enjoyed an extensive career in Human Resources management in a variety of sectors: energy, transport, media and retail. He has also served in non-executive and

trustee positions and is currently a member of the ACAS governing council where he chairs the Audit Committee and is a member of the Remuneration Committee. Mike is a chartered fellow of the CIPD.



**Steve Dainty,**  
Finance  
Director

Steve spent over twenty years in the private sector, most recently at GKN plc where he held several finance and general management positions with global responsibility. Prior to this, he was

employed by KPMG as part of the UK audit and advisory team, where he qualified as a chartered accountant. Steve joined the Trust in 2019 and has responsibility for finance, procurement and IT.



**Tom Deards,**  
Head of Legal  
& Governance  
Services

Tom has responsibility for the legal and governance functions of the Trust. He is a qualified solicitor who joined the Trust's legal team in 2007, having trained and qualified at City law firm Clifford Chance, before going on to complete a Legal Masters at UCL in Environmental Law,

whilst working as an environment and planning lawyer in local government. Tom is the Trust's company secretary and data protection officer. He is appointed by the Trust as a non-voting observer to the Waterway Ombudsman Committee.

## Council Membership at 31 March 2021

### Elected Members

Boating Business	Heather Duncan	Business Boating
	Carl Onens	Business Boating
Private Boating (elected)	Tim Allen	Private Boating
	Phil Prettyman	Private Boating
	Helen Hutt	Private Boating
	Dave Mendes da Costa	Private Boating
Volunteers	Ian McCarthy	Volunteers
	David Williams	Volunteers
Angling/Fishery	David Kent	Angling/Fisheries
Friends	Stella Ridgway	Friends
Employee	John Ellis	Employees

### Nominated Members

Co-opted	Duncan Mackay	Co-opted
	Tracey Clarke	Co-opted
	Louis Howell	Co-opted
Private Boating (nominated)	Richard Atkinson	British Canoeing
	Andrew Phasey	Association of Waterway Cruising Clubs
Inland Waterways Association	Neil Edwards	Inland Waterways Association
Other supporters	Mark Riches	Country Land & Business Association
	Gemma Cantelo	Ramblers
	Sophie Gordon	Cycling UK
	Tim West	Commercial Boat Operators Association
Historic Environment	Nigel Crowe	Institute of Historic Building Conservation
	Patrick Moss	Railway & Canal Historical Society
Natural Environment	Vacant	Chartered Institute of Water and Environmental Management
	Ali Morse	The Wildlife Trusts
Local Government	Cllr Peter Thornton	Local Government Association
	Graeme McDonald	Society of Local Chief Executives
Bwrdd Glandŵr Cymru	Steve Thomas	Bwrdd Glandŵr Cymru
Health and Wellbeing	Gavin Atkins	Mind
Youth Engagement	Cllr Joe Porter	Step Up to Serve

### Regional Advisory Boards, Ex Officio

East Midlands	Anil Majitha	N/A
London & South East	Sir William Atkinson	N/A
North West	Prof. Nigel Weatherill	N/A
South West	David Hagg	N/A
West Midlands	John Hudson	N/A
Yorkshire & North East	Vacant	N/A

### Departed Council Members

Jim Lamb (until January 2021)	Chartered Institute of Water and Environmental Management
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### Bwrdd Glandŵr Cymru Membership at 31 March 2021

Bwrdd Glandŵr Cymru	Steve Thomas (Chair)
	Ruth Hall
	Carys Howell
	Phil Hughes
	Peter Ogden
	Paul Thomas
	Celia Jenkins

### Regional Advisory Board at 31 March 2021

East Midlands	Anil Majithia (Chair)	South West	David Hagg (Chair)
	Gemma Bacon		Chris Brierley
	Terry Cavender		David Fearn
	Ahtesham Mahmood		Lois Francis
	Andy Oughton		Edward Helps
	Shirley Rogers		Bryony Houlden
	Jane Stubbs		Mary Hutton
London & South East	Sir William Atkinson (Chair)		Robert Moreland
	Jenny Ballinger		Tamsin Phipps
	David Brough		John Podmore
	Jim Crooks	West Midlands	John Hudson (Chair)
	Louis Howell		Philip Bateman
	Matthew Hunt		Campbell Boyle
	Dick Pilkinton		Nick Giess
	Dominic Pinto		Ewan Hamnett
North West	Professor Nigel Weatherill (Chair)		John McNicholas
	Tayo Adebawale		Helen Paterson
	Gerry Proctor		Prubhdyot Singh
			John Yates
			Cllr Waseem Zaffar
		Yorkshire & North East (Chair vacant)	Adrian Curtis
			Trevor Roberts
			Robin Stonebridge
			Caroline Thorogood

## Advisory Groups at 31 March 2021

Environmental	Ed Mitchell (Chair)	Navigation	Mike Carter (Chair)
	Rafid Al Khaddar		Sue Cawson
	Matt Buckler		Kevin East
	Caroline Essery		David Fletcher
	Lindsay Frost		Gareth Jones
	Ash Girdler		Nigel Stevens
	Bruce Lascelles		Lee Wilshire
	Duncan Mackay		Stephen Wood
	Arlin Rickard		Louis Howell (Chair)
	Museums		Sam Mullins (Chair)
	Jonathan Bryant		Lydia Allen
	Emma Chaplin		Ellie Alvarez
	Bill Ferris		Frances Craven
	Rob Lansdown		John Downes
	Andrew Lovett		Michelle Hemmingfield
	Marilyn Scott		Vanessa Joseph
	Dr Matthew Tanner MBE		Kristen Stephenson
	Robert Turner		
Fisheries & Angling	Professor Ian Trayer (Chair)		
	Paul Coulson		
	Sue Galloway		
	David Kent		
	Michael Heylin		
	Alan Hughes		
	Dennis Hunt		
	Kye Jerrom		
	Phil Mattock		
	David Ottewell		
Mark Parry			
Andy Strickland			

## Supporters of the Canal &amp; River Trust

Thank you to everyone that has donated, volunteered or supported our work. Volunteers, youth and community groups, canal societies and clubs have joined with us to help transform our canals and rivers, these unpaid hours have made our work possible. We are very grateful to the thousands of individuals who have joined us as Friends of the Trust or who have given personal donations to support our work.

**Thank you to the following Charitable Trusts, Grant-making bodies, landfill operators, local authorities, lotteries etc (£1,000+)**

Aim Association of Independent Museums	Maritieme Academie Harlingen
The Angling Trust	Mellor Mill Heritage Park
Arts Council England	Millie's Watch Trust
Bath & North East Somerset Council	National Arts Collection Fund
Blackburn With Darwen Borough Council	National Assembly for Wales
Bristol City Council	National Lottery Heritage Fund
Burnley Borough Council	Oxfordshire County Council
Calderdale Council	Pendle Borough Council
Calderdale MDC	People's Powerhouse
Centro	Powys County Council
Cheshire East Council	The Rowlands Trust
Cheshire West & Chester Council	Royal Borough of Kensington & Chelsea
Cotton Industry War Memorial	Rural Payments Agency
Cumbria County Council	Severn Rivers Trust
Denbighshire County Council	Shropshire Union Canal Society
Derbyshire County Council	Sport England
Drapers charitable grant	Stoke on Trent City Council
East Herts District Council	Sustainable Eel Group
Environment Agency	Swansea Canal Society
Gloucester City Council	Thames Water
Gloucester County Council	The Waterloo Foundation – UTS
Grantham Canal Society	Transport for London Corp.
High Speed Two (HS2) Ltd	University of Manchester
Highways Agency	Universtiy of Hull
Hillingdon Community Trust	Visit Wales
Hyndburn Borough Council	Walsall Metropolitan Borough
John R Murray Charitable Trust	Weavers Benevolent Fund
Leeds City Council	Wellesley
Leicester City Council	West Berkshire District Council
Liverpool Biennial	West Yorks Passenger Transport Executive
London Borough Of Brent	Wiltshire County Council
London Borough Of Ealing	Wolverhampton City Council
London Borough of Tower Hamlets	Wrexham County Borough Council
Manchester City Council	

## Patron

HRH The Prince of Wales

## Chair

Allan Leighton

## Deputy Chair

Dame Jenny Abramsky

## The Trust's Advisors

### Bankers:

Natwest Bank Plc  
City of London Office  
PO Box 12258  
Princes Street  
London  
EC2R 8PA

### External auditors:

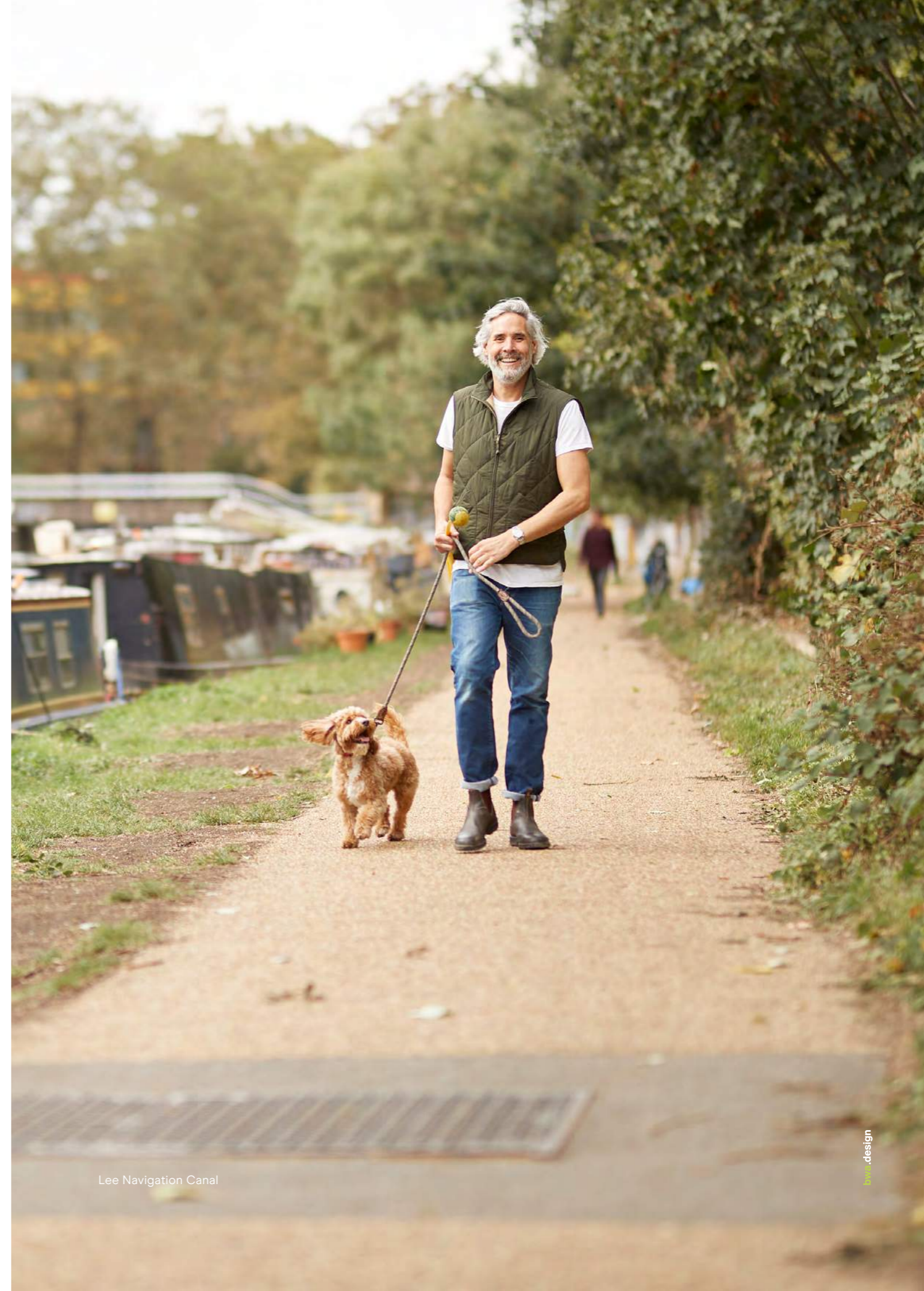
BDO LLP  
Two Snowhill  
Birmingham  
B4 6GA

### Internal Auditors:

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

### Investment Managers:

Partners Capital  
5 Young Street  
London  
W8 5EH



Lee Navigation Canal



## Canal & River Trust

National Waterways Museum  
Ellesmere Port  
South Pier Road  
Ellesmere Port  
Cheshire  
CH65 4FW

 CanalRiverTrust  
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**Enjoy. Volunteer. Donate**  
canalrivertrust.org.uk  
0303 040 4040

The Canal & River Trust is a charitable company limited by guarantee registered in England & Wales with company number 07807276 and charity number 1146792.

All information correct at the time of printing

