



**Canal &
River Trust**

Making life better by water

Annual Report & Accounts 2022/2023

canalrivertrust.org.uk



13

Grand Union Canal Trust
The Old Kings Head
Angling Club
Private fishing
Members only - No day bookings available
Permits available from Crick Point Office
www.grandunioncanaltrust.org.uk/fishing

Grand Union Canal,
Leicester Line, Crick

Annual Report of the Trustees of Canal & River Trust 2022/2023

Introduction

| | |
|--|----------|
| Chair's Introduction | 2 |
| Trustees' Report (incorporating the Director's Report and the Companies Act 2006 Strategic Report Directors' Requirements) | |
| Chief Executive's Introduction | 4 |

Strategic Report

| | |
|--|-----------|
| Caring for our waterways | 8 |
| Creating places for people and nature | 16 |
| Creating opportunities to improve wellbeing | 22 |
| Celebrating our waterways | 30 |
| Generating income | 32 |
| Wales | 36 |
| Our performance | 38 |
| Looking to the future | 44 |

| | |
|--|------------|
| Finance Review | 52 |
| Governance Overview | 66 |
| Independent Auditor's Report to Members of Canal & River Trust | 87 |
| Financial Statements for the year ended 31 March 2023 | 92 |
| Membership of the Board of Trustees, Executive Team, Council and Committees | 145 |
| Supporters of the Canal & River Trust | 148 |

Chair's introduction

I joined as Chair in September 2022 shortly after the Trust celebrated its tenth anniversary as a charity. As someone coming in new to the organisation, I've been hugely impressed with the progress that the Trust has made in that time, and especially with the heightened awareness of the benefits of being by water, with more people, including from more diverse communities, using them and involved in their care than ever before. I pay tribute to my predecessor as Chair, Allan Leighton, who has led the Trust for the past seven years during which it has gone from strength to strength.



Left: Grand Union Canal, Paddington Arm, London

As a society we are facing a number of challenges – climate change, biodiversity decline, water shortages, inactivity and loneliness, to name just a few. Through our research and work, we know that the waterways that pass through our towns, cities and communities have significant potential to help address these problems. They bring nature into our cities, improve community wellbeing, help tackle health inequalities, provide traffic free routes for active travel and recreation, support jobs and local economies, and play an important role in the nation's water and utilities infrastructure. Just as they were the catalyst for the Industrial Revolution, they have the potential to shape our futures. Throughout the year we have continued to raise awareness of the possibilities these waterways hold to tackle the problems we face, as well as looking for new and creative ways to ensure we can safeguard their future.

But these are challenging times for our ageing waterways. The more extreme weather resulting from climate change is severely impacting these historic structures and the cost of maintaining them is rapidly increasing. We also saw severe impairment to our water supplies during summer 2022 when temperatures reached 40 degrees in the UK for the first time ever, and the drought period lasted several weeks.

Over the past year the Trust has seen an increase in pressure on its finances with rapid inflation and external, global factors affecting supply chains and impacting the cost and availability of materials. At the same time, our

government grant payments have been fixed until 2027 with no allowance made for inflation, and so declining in real terms, forcing us to take urgent measures to address a projected shortfall in our finances. This has meant carefully prioritising where to focus our work to address the most critical and urgent issues, forcing us to scale back on some non-essential works. One area of our work where there is potential for improvement is our charitable fundraising and we were pleased to appoint Maggie Gardner as our first fundraising director in February 2023 to drive this forward.

We have recently received the Government's decision to reduce its funding commitment to the Trust from 2027 onwards. We are disappointed with this outcome and have launched our 'Keep Canals Alive' campaign, highlighting the potential risk to our canal network and the many benefits it provides. We are also reviewing our ten-year strategy in light of this.

We remain committed to our mission of protecting and enhancing the canal network in perpetuity for the benefit of current and future generations. We want to unlock the full potential of our waterways to help society to prosper and to mitigate the effects of climate change and biodiversity decline. This requires the support of all who use, donate to and volunteer on our waterways. The unique value of our historic canal network to deliver wide ranging benefits to society only comes from a resilient and adequately funded waterway system.



David Orr CBE
Chair

Chief Executive's introduction

The Trust is the charity that is responsible for over 2,000 miles of canals and river navigations across England and Wales, together with the many thousands of structures along their length – reservoirs, aqueducts, bridges, locks, heritage buildings – which enable and enrich this fundamental feature of our national landscape.

This was a year in which, once again, our waterways proved their importance to the nation's health and wellbeing as an essential escape from the constraining effects of the Covid-19 pandemic and the pressures of cost-of-living challenges. They provided access to nature and the outdoors for many millions of people for whom this would otherwise be practically impossible.

2022 was also the year in which the nation said its heartfelt farewell to Her Majesty Queen Elizabeth II. At the Canal & River Trust, earlier in the year, we were able to celebrate the happier occasion of the Queen's Platinum Jubilee with over a dozen locations across the canal network hosting the Queen's Baton relay as well as the celebrations at the Crick Boat Show during the Jubilee weekend in June 2022. We were also honoured that our canals played such a key role in the 2022 Commonwealth Games in Birmingham.

In addition to their health and wellbeing benefits for people and communities, increasingly these vital 'blue-green

corridors' provide opportunities for nature recovery and restoring biodiversity, supporting an abundance of wildlife and plants through so many of our urban areas.

An extensive and significant part of our national infrastructure, they also offer the potential for innovative solutions to some of the issues posed by climate change – such as water transfer from one part of the country to another, working with water industry partners, low carbon transport and tourism, renewable energy, sustainable drainage and flood alleviation.

Our reservoir dams and canal embankments also protect many households, properties, businesses, telecommunications and utilities, as well as electricity sub-stations, schools and transport infrastructure. As part of our work with Simetrica-Jacobs, leaders in analysing social value, we were also able to estimate the 'public protection value' of our canals and river navigation infrastructure using appropriate techniques aligned with HM Treasury's Green Book, at roundly £42 billion –

highlighting the importance of sustaining them in good, safe condition.

But such benefits demand resilience to the effects of ageing and damage caused by climate change and more frequent extreme weather events, which are already exposing the vulnerability of the waterways network. Together with the economic uncertainty of the past few years and the impact on our operations of high inflation, this means that the cost of maintaining a safe and operational network for the millions of users, and other indirect beneficiaries of our canals, is increasing year on year. For example, reservoirs form the largest component in our infrastructure spend with vital safety works mandatory under the Reservoirs Act. The report that follows gives details of one of our largest programmes of repairs and maintenance to date, carrying out 83 large-scale works across our network and a further 325 in-house construction projects. The

future of our waterways, their benefits to society, and the need to ensure that they are resilient to climate change was debated in Westminster Hall in the House of Commons in November 2022.

Many people are surprised to learn that it is a charity that looks after this critical part of our national infrastructure. Set up 11 years ago, the Canal & River Trust at the time received a large government endowment, whose careful management now generates just under 25% of our annual income. As the Finance Review in this report illustrates, around a further 50% is raised by our own charitable and commercial activities and donations. In July 2022 we celebrated our tenth anniversary with considerable pride in the progress we have made in the first decade, establishing the charity and achieving a firm foundation for the future.

As part of the original formation of the Trust, in recognition of the significant cost

Right: Gas Street Basin, Worcester & Birmingham Canal





Left: Dundas Aqueduct, Kennet & Avon Canal

of maintaining a national infrastructure network, we also receive an annual grant from the Department for Food and Rural Affairs (Defra), representing just under 25% of our income. This has remained frozen since 2020-21, but would be around 20% higher, had inflation over the past three years been taken into account, and its real value maintained. When set against the higher costs of maintaining the integrity of our waterways infrastructure, the percentage of our expenditure provided by the government is decreasing steadily.

In July 2022 (a year later than originally envisaged) we learned the outcome of the Government Grant Review, which was carried out to assess the level of funding that the waterways infrastructure would require after the Trust's current grant agreement concludes in 2027. The Review concluded that the Trust delivers value for

money. Despite this, Defra announced* that our funding is to be further reduced so that it will fall by half in real terms by 2037. This means a perilous future for the much-loved waterways, putting at risk the huge and varied public benefits that they contribute.

This is why, in July 2023, we launched our Keep Canals Alive campaign to raise awareness of the risk to our canals. We believe there is a strong case for greater ongoing public funding, to complement the much larger amount raised from other sources, to help prevent the deterioration of our canals and keep them safe, given the evidence of their positive impact on people, communities (often in deprived areas), the economy and nature, and their potential to tackle the stark environmental problems that we face. This report provides many examples of our work in all these areas.

We have been heartened to see widespread support from MPs across the political spectrum and from many organisations, from sporting bodies to nature conservation charities, from waterside businesses to grassroots community organisations, that recognise the importance of the canal network and in many cases depend on it. They understand that money spent on our canals generates social and economic value to the nation and public benefits worth many times the cost to the taxpayer.**

At the Trust we are placing an increasing focus on fundraising and income generation to help us achieve our goals and continue to provide value for money in delivering vital routes and spaces for the nation; we will endeavour to find new and innovative ways to meet our objectives. We are indebted to our

many volunteers who work so hard to look after our canals and share them so enthusiastically with the record numbers of users and visitors. This year we passed the landmark target of five million hours of time given by our volunteers since our creation to help us care for our waterways – an inspiring and humbling figure. That over a quarter of our network now holds a Green Flag Award is testament to everyone who works or volunteers for the Trust in making them such attractive places for people to spend time.

My sincere thanks to them and to our supporters and partners, all of whose efforts have helped us to achieve so much, caring for some of the finest industrial heritage in the world to deliver a vibrant working network of waterways, on the doorstep for millions, and making them available to so many every day.



Richard Parry
Chief Executive

* Future funding for the Canal & River Trust, Statement made on 10 July 2023, <https://questions-statements.parliament.uk/written-statements/detail/2023-07-10/hcws924>

** In an independent study published in November 2022 *Waterways & Wellbeing – Valuing Our Waterways report*, we estimated that the equivalent social value to the nation generated by the Trust's waterways and activities is equivalent to **£4.6 billion per annum**, including **£1.1 billion cost savings to the NHS** through active use of the waterways and towpaths, and the annual economic value to the nation generated by boating activities and wider tourism to the network is equivalent to a further **£1.5 billion per annum**. These figures were generated using HM Treasury Green Book methodology.

Caring for our waterways

With over 10,000 individual assets and structures including bridges, lock gates, reservoirs and aqueducts, many of which are up to 250 years old, keeping our ageing waterways in a safe working condition is a constant challenge.



Left: Toddbrook Reservoir

Regular maintenance work is exacerbated by the wear and tear of rising usage, their exposure to the elements and climate change. We are committed to, and intensely focussed on, our core mission to keep the network operational, safe and available for people and boats.

Across the winter we spent more than £54 million on large maintenance and repair projects. We carried out 83 large-scale works across our waterway network, replacing lock gates and ladders, repairing masonry and brickwork, fixing leaks, updating and installing hydraulics and electrics at mechanised structures, upgrading pumping stations, as well as ongoing works to ensure resilience at several of our large reservoirs which are vital for canal water supply. Throughout the year, we carried out over 300 in-house construction projects, delivered by our

teams of skilled carpenters, stone masons and brick layers, at a cost of around £18 million.

Our Defra waterway targets

81.2% of our towpaths were in Grade C or better condition (target 80.0%). 87.2% of our Principal assets were at grade C or better (target 86.5%) and 99.5% of our flood management assets met grade C or better condition (target 99.0%).

Woodhall Consulting reviewed and validated our approach to develop our long-term asset strategy, and we finalised the first draft of our 20-year Asset Plan.

Reservoirs and water supply

We have continued to carry out a significant amount of water saving maintenance work, investing in our reservoirs and pumping systems to help



Across the winter we spent more than £54 million on maintenance and repairs on 48 of our waterways

improve the resilience of the network as extreme weather events are becoming more common.

- We began the main construction phase for our £30 million, two-year project to restore and bring back to active use Toddbrook Reservoir in Whaley Bridge. The project involves replacing the auxiliary spillway that was damaged in summer 2019 with a new spillway, replacing the 1970s addition. We will also be redeveloping the facilities for the sailing club, building a new playground and creating wildlife habitats, providing a better amenity for the local community to enjoy.



A new £180,000 gate control system was installed at Stoke Lock on the River Trent

- We began work at Barrowford Reservoir, near the Leeds & Liverpool Canal, to strengthen the reservoir by lowering the dam, re-profiling the embankment and improving drainage and other water controls around the reservoir. The project is expected to cost around £6 million and to be completed by the end of 2023.
- Construction started on a new spillway and outflow channel at Harthill Reservoir, which provides the main supply and water reserve for the Chesterfield Canal, and is home to Rotherham Sailing Club. The project is also delivering further enhancements required for reservoir safety, including improved draw-off capacity. It is expected to be completed by the end of 2023.
- Planning permission was secured for a 2.8 kilometre maintenance vehicle access track at Swellands Reservoir, on the Pennine Moors between Marsden and Diggle, so we can undertake essential repairs at the site.
- On the Kennet & Avon Canal at Crofton we started the second phase of a £1.8 million project to replace the pumping system which keeps the canal's summit pound topped up with water. The works have replaced the 40-year-old pumps, pipes and electrics with a more efficient and reliable system. Work was also carried out at Wilton Water to improve the flow of water from the reservoir, and the historic water control gates (penstocks) have been restored as a heritage structure.
- We installed two new energy efficient pumps at Gloucester Pumping Station, costing over £400,000, to help secure the water resources for Gloucester Docks and the Gloucester & Sharpness Canal. All four pumps have now been replaced.
- On the Sheffield & Tinsley Canal, following the collapse of the feeder pipework, we invested over £2.4 million in a new pumping main beneath 1.4 kilometres of the towpath to feed the summit pound.
- A new £180,000 gate control system was installed at Stoke Lock on the River Trent to reduce mechanical and hydraulic stress on the gates and sluices. And we started work to upgrade the hydraulic system for the gates and sluices at Saltisford Lock on the River Weaver.
- As well as replacing 112 lock gates, our winter works programme included lock gate and chamber repairs at dozens of sites across our network to prevent leakage. And we repaired culverts at a number of locations, including on the Shropshire Union Canal at Little Stanney, the Trent & Mersey Canal at Trentham, the Montgomery Canal near Maesbury and the Coventry Canal near Fradley.

“We installed two new energy efficient pumps at Gloucester Pumping Station costing over **£400,000”**



Left: Anderton Boat Lift

Civil engineering contractors

In August 2022, we awarded new civil engineering contracts with an initial term of four years, followed by extension options of a further six years. Covering the north and south of the network respectively, JN Bentley and Kier will carry out the largest restoration and repair projects, working on the Trust's most complex assets. Seven further contractors – Amco, Breheny, CPC Civils, Forkers, Jacksons, Land and Water and Onsite – were appointed to deliver less complex projects on a regional basis. We have expanded the number of contractors to provide us with more competition and resilience across the supply chain, and access to a wider range of suppliers.

Caring for our heritage

Caring for the third largest collection of listed buildings and structures in the UK has continued to pose its challenges. However we are delighted to have made considerable progress over the past 12 months, including:

- Completing a £450,000 repair programme to Anderton Boat Lift, funded from our core maintenance programme. With approval from Historic England, extra safety systems were installed in each of the lift's five sets of gates and two large metal tank caissons

had their cylinder seals replaced. Constructed in 1875, the Lift holds a unique place in waterway history as the world's first commercially-operated boat lift. Now a major visitor attraction, each year the Lift carries around 3,000 boats between the Trent & Mersey Canal and the River Weaver Navigation.

- Securing £574,000 from the National Lottery Heritage Fund to support the development of a repair and refurbishment project and community engagement plan at Anderton Boat Lift.
- Repairing 32 bridges across our network, including the Grade II Listed Interchange Basin Towpath Bridge (commonly known as Dead Dog Basin Bridge) on the Regent's Canal in Camden. Built in 1846, it is the busiest canal footbridge in the country, with over one million feet or wheels crossing it each year. This work, which cost over £533,000, was enabled by an award from Postcode Earth Trust, thanks to funds raised by players of People's Postcode Lottery.
- Completing an eight-month £2 million restoration of Grade II listed Eshton Road Lock on the Leeds & Liverpool Canal, where we worked with specialist stone masonry contractors Lyons to rebuild the 200-year old lock wall.

- Repairing the leaking canal bed over Ivy House Embankment on the Caldon Canal.
- Repairing a 350-metre length of the 180-year-old Albert Dock sea wall in Liverpool. This £288,000 scheme, supported by players of People's Postcode Lottery, involved battling six-metre high tides and gale force winds to ensure the walls are resilient to winter storms and River Mersey tidal surges.
- Repairing the flight of 12 locks at Bosley on the Macclesfield Canal. Many of the lock gates were relined or replaced, and repairs were carried out to cills, paddles, mitres, spindles and quadrants. The £200,000 project included mortar repairs, repointing and repainting lock gates. New boater landing stages were also created between locks four and five, along with a new towpath surface and mooring bollards.
- Refurbishing Black Cock Bridge on the Daw End Branch Canal in Walsall Wood, thanks to funding from players of People's Postcode Lottery.
- Replacing a failing section of waterway wall on the Huddersfield Narrow Canal at Empire Mills and creating new short stay visitor moorings.

Open days

Once again our in-person and virtual open day events gave visitors a behind-the-scenes or below-the-water view of waterway walls and other historic structures, and the chance to find out more about the work we do to maintain our network. This winter we hosted six events across our network, offering the public free behind-the-scenes face-to-face tours, as well as four virtual open days, including:

- A public open day at Toddbrook Reservoir, in partnership with Kier, offering visitors a behind-the-scenes view of the two-year £30 million reservoir restoration project. Visitors had guided tours onto the dam crest to see work in progress at the site, including the construction of a new overflow spillway structure to the north of the dam.
- A virtual event on the Grand Union Canal Leicester Line, showing lock gate replacements and repairs. This section of the canal is within a Site of Special Scientific Interest, and viewers could see the freshwater sponges, aquatic mosses and swan mussels that can live on our lock gates and walls.



Right:
Kidderminster
Lock open day

- An event at our Stanley Ferry lock gate workshop and Kings Road Lock on the Aire & Calder Navigation, one of the largest locks on our network. Visitors were able to see into the 200-foot long drained lock, and meet project managers to find out about the works underway.
- Our in-person event at Gallows Inn Lock on the Erewash Canal gave people the chance to look at a drained lock and find out about our work to build and replace lock gates.
- Over 500 people visited our in-person open weekend at Kidderminster Lock on the Staffordshire & Worcestershire Canal, taking the opportunity to explore the drained lock and meet members of the team involved in the work.
- Our virtual event on the Kennet & Avon Canal at Crofton explained how and why we carry out fish rescues when we drain sections of our canals, and showed evidence of otters making use of our waterways.

Towpath improvements

Our towpaths offer mostly level routes for active travel, with associated health benefits from increased activity, in an environment that avoids congestion, noise and emissions. Working with a range of funding partners, we have continued to improve the accessibility of our towpaths. During 2022/23 we updated over 23 miles (37 kilometres) of towpaths across our network, connecting communities with where they live and work around our waterways.

- With over £700,000 from the Department for Transport through Sustrans Paths for Everyone programme, we improved 2 kilometres of towpath on the Kennet & Avon Canal at Aldermaston, 2.5 kilometres of the Trent & Mersey Canal towpath in Swarkestone, 2.9 kilometres of the Grand Union Canal in Leighton Buzzard and 700 metres at Long Itchington.
- Thanks to £2.3 million from the Government-funded Towns Fund Programme, working in partnership with Sandwell Council, we delivered 4.5 miles of towpath improvements in Rowley Regis.

- At a cost of over £350,000, we improved two kilometres of towpath on the Lancaster Canal at Cottam near Preston. The work was supported by Section 106 funding from Preston City Council, on behalf of Lancashire County Council.
- With funding from West Yorkshire Combined Authority, we completed the second phase of towpath improvements on the Huddersfield Narrow Canal, resurfacing 3.8 kilometres between Slaithwaite and Milnsbridge, and a further two kilometres of towpath were upgraded on the Leeds & Liverpool Canal at Shipley.
- In partnership with Hinckley & Bosworth Borough Council, we improved 850 metres of towpath on the Ashby Canal between Nutts Lane and Watling Street. The project was funded through a Movement & Connection Contribution from Goodman, via a Section 106 agreement.
- Thanks to funding from Cheshire West and Chester Council via a Local Growth Fund, we restored and widened 4.2 kilometres of the Shropshire Union Canal towpath in Chester.
- With funding from Loughborough Town Deal, two kilometres of towpath were upgraded through Loughborough town centre.
- Funding from the Walsall Town Fund enabled us to refurbish 6.5 kilometres of the Wyreley & Essington Canal towpath in Bloxwich, Walsall and Rushall, as well as install solar powered LED lighting along the side of the towpath closest to the water.
- With funding from the Welsh Government, one kilometre of towpath was improved on the Montgomery Canal in Arddleen, including 30 metres of soft bank protection.

Managing our environment

Our canals and rivers bring the countryside into the heart of our busiest cities and link fragmented wildlife communities together. Making sure our canals are thriving ecosystems that boaters can also enjoy, we undertook a number of environmental enhancement

Right:
Wolverhampton/
Canal orchard



projects across our network, including removing plastic pollution, duckweed and other non-native species, as well as pollution monitoring and adding soft bank habitats.

- Of the 6,973 tonnes of waste collected from our waterways, we recycled 91%, 5% went to landfill and 4% recovered through waste to energy. We spent over £60,000 collecting fly tipped waste.
- Working with the Environment Agency, EDF and Uniper we built a new eel pass at Stoke Bardolph Weir on the River Trent to support the critically endangered European Eel.
- We were delighted to win the CIEEM's 2022 NGO Impact award for our Canal & River Invasive Species Eradication Project 2021-2025. Funded by Severn Trent Water, the project aims to significantly reduce and eradicate four invasive plant species on our network: Japanese Knotweed; Giant Hogweed; Floating Pennywort; and Water Fern.
- With funding from the Green Recovery Fund, on the Staffordshire & Worcestershire Canal between Gothersley and Wombourne bridges, we installed 400 metres of coir rolls and silt, planted with native wetland plants, providing extra habitat for

local water vole populations. Three Citizen Science pollinator surveys were carried out on a number of our West Midlands waterways between April and September, to monitor change as part of Green Recovery Fund objectives. Otter and water vole surveys were also undertaken.

Responding to the impact of climate change

Our network is old and vulnerable, especially to the extreme weather events that are becoming more common as a result of climate change. The combination of a dry spring that continued into a hot, dry summer, coupled with essential reservoir repairs, meant water supplies were at historically low levels, and we were forced to close a number of our waterways in the north for much of the summer. It wasn't until mid-October that we were able to re-open sections of the Leeds & Liverpool, Peak Forest, Macclesfield, Huddersfield Narrow, Rochdale, Trent & Mersey and Caldon canals, with some restrictions still in place.

We completed our work to re-instate the electrics at Diglis Lock on the River Severn, following damage sustained during Storm Eunice. The roof of our Bradley Workshop was damaged, leading to a 10-week closure of the building and delay to our lock gate production, and the



We undertook a number of environmental enhancement projects across our network, including removing plastic pollution

roof of our West India Docks Impounding Station in London was blown off.

Dredging

Nationally we spent £7.4 million on dredging, removing nearly 120,000 tonnes of material from over 16 locations, and improving 57 kilometres of waterway. We were able to dispose 88% of the dredged material via our waterway banks, rivers, disposal lagoons and agricultural land. At Gloucester Docks, using a powerful 'suction dredger' and at a cost of over £750,000, we removed 14,000 cubic metres of silt.

Dealing with emergencies

From leaks in embankments and waterway walls, storm damage, flooding and blue green algae, to bridge strikes by road vehicles, vandalism, fly tipping and pollution incidents, we deal with dozens of emergencies across our network every week. Our construction teams spent £2.4 million and over 20,000 hours on 13 emergency projects.

Throughout the extremely dry summer we worked to save water wherever we could. Restrictions began in April on some of our lock flights, with our volunteer lock keepers helped to manage boat traffic to ensure water supplies were used as sparingly as possible. Thanks to these measures, despite very low rainfall and ongoing reservoir works, over

80% of our network remained open and fully navigable.

Projects made possible by volunteer support

As a charity we need the support of volunteers to protect and preserve our network, and we could not have achieved all that we have without this very generous support. Volunteers bring a whole host of skills and help us to complete hundreds of projects, from helping to repair lock gates, buildings and towpaths, to cutting back vegetation and building access points.

- Our volunteer lock keepers, who gave us nearly quarter of a million hours of support, helped to manage water supplies and navigation restrictions during the long hot and dry summer. Our annual lockage report showed Hilmorton Locks 2 & 3 (paired locks) on the Oxford Canal were the busiest, with 7,734 lockages.
- Volunteers spent over 1,000 hours supporting five winter maintenance projects in our East Midlands region. This included 400 hours of support at our Gallows Inn Lock stoppage where volunteers were involved in a wide variety of tasks, including building fences, moving work boats, repairing coping stones and supporting the open day.



Nationally we spent £7.4 million on dredging



Left: Offerton, Worcester & Birmingham Canal

Right:
Birmingham
New Mainline,
Smethwick



**Our 130
registered
Volunteer
Lock Keepers
recorded
an amazing
208,090 hours
of Lock Keeping**

- Thanks to volunteer support on the Chesterfield Canal, Pudding Dyke Sluice and Manton Overflow Weir footbridge were repaired, and at Osberton Lock the weir bridge was rebuilt and access steps replaced.
- On the Leeds & Liverpool Canal, two new bridges were installed at Bingley, and the ground paddles and stops at Higherlands Lock in Gargrave.
- On the Kennet & Avon Canal, volunteer teams helped to clear canal bank vegetation and manage high priority trees, including those affected by Ash dieback.
- Across our canals in London, using the Trust's canoes, volunteers removed pennywort.

National Partnership with the Ministry of Justice

We have developed a national partnership with the Ministry of Justice (MoJ) and His Majesty's Prison & Probation Service (HMPPS) to contribute to the delivery of the Government's rehabilitation agenda, increase our operational capacity and improve our waterways.

We signed a Memorandum of Understanding with the MoJ committing the National Probation Service to up to 300,000 hours annual community payback activity improving our waterways by 2025/26. This represents the most significant commitment by the MoJ and HMPPS to any national partner, and led to the Deputy Prime Minister and Justice Secretary visiting our waterways to see one of the 21 probation teams already active on our network.

Creating places for people and nature

Our waterways provide millions of people with easy access to blue/green outdoor space and nature on their doorstep, which is crucial for their health, happiness and wellbeing. We are committed to looking after the waterways in our care, ensuring everyone who visits or uses them can do so safely and confidently.



Left: Haggerston, Regent's Canal

This year, when we celebrated our 10th anniversary, a record 888 million unique visits were made to our waterways. There were over 10 million individual users every month and 53% of people living within one kilometre of our waterways said they used them regularly, up 4% from last year. Personal security ratings of people using our waterways also increased by 2% to 83%, and 86% of towpath users were satisfied – an increase of 4% on the previous year.

Keeping people safe

While the overwhelming majority of visitors use and enjoy our waterways safely, sadly there were 50 reported public safety incidents across our network that occurred as a result of an often minor defect in our infrastructure, such as a towpath pot hole. We continue to take steps to promote the safe use of our waterways through a series of programmes and campaigns.

- Our Canal & River Explorers team delivered water safety sessions to 67,124 children and distributed over 67,993 water safety activity booklets.
- In July, ahead of World Drowning Prevention Day, and as temperatures rose, we launched a campaign featuring a film and advice urging teenagers to stay out of canals, rivers and reservoirs.
- Our annual 'Stay Safe by the Water' summer water safety campaign advised families to stay out of the water. Our winter towpath safety campaign highlighted the issues of walking, running or cycling on icy towpaths next to water, and provided tips on what people should do if they fall in or find someone in the water.
- In February we launched the first Toddler Water Safety Week with advice on talking to young children about being safe by the water to help parents and carers visiting our waterways feel more confident. We also published a new online learning bundle, including a 90-second film, supported by childrens' television presenter Maddie Moate.



We launched
the first
Toddler Water
Safety Week

Green and Blue Flag awards

The Green Flag Award is the international benchmark for well-managed parks and green spaces, and we are pleased to have secured a further 118 miles of Green Flag status waterways. These include urban stretches in Sowerby Bridge, Sheffield, Loughborough, Birmingham, Wolverhampton and Walsall. 565 miles of our canals now hold Green Flag status, more than a quarter of our network.

The Blue Flag award for our Royal Albert Dock and Salthouse Dock in Liverpool was

reconfirmed, in recognition of outstanding environmental information, management, safety and boating services. The water quality within the docks is of the highest standard and is home to an array of wildlife, including blue mussels, eels and, during the summer months, moon jellyfish.

We received a West Midlands National Park award for our Green Flag 'Waterways for All' project, recognising our work to transform the area's canals into high quality, publicly accessible and environmentally important route ways. Led by Birmingham City University, the awards seek to recognise visionary long-term projects that drive social, economic and environmental transformation in the region.

Greening and enhancing biodiversity

We care for 1,000 wildlife conservation sites, 63 Sites of Special Scientific Interest (SSSIs), 600 miles of hedgerow and 304 conservation areas. We worked with a wide range of partners and our volunteers to enhance biodiversity at dozens of sites across our network.

- Thanks to a partnership with development company Town Centre Securities, and funds raised by players of People's Postcode Lottery, we created a green living wall along the Rochdale Canal towpath in the Ancoats area of Manchester.
- We installed new floating reed beds in Victoria Basin to boost biodiversity in Gloucester Docks, thanks to support from players of People's Postcode Lottery. The floating eco-systems made from recycled non-toxic materials are designed to attract birds and

"This year, when we celebrated our 10th anniversary, a record 888 million unique visits were made to our waterways"



Left: Victoria Basin, Gloucester Docks

insects, and to provide shelter for fish. Volunteers helped to plant them with a variety of reeds and sedges.

- In partnership with Chester Zoo, we planted six male and female rare native black poplar trees along the River Weaver Navigation, near Northwich.
- As part of our 50-mile Great Canal Orchard project, funded by the Green Recovery Challenge Fund, we planted 500 trees, including 360 along the Worcester & Birmingham Canal at Tibberton. This 10-year project will see the world's longest community orchard created along our canals and rivers, helping to support biodiversity on a grand scale.
- At Foxton Locks, we used old stop planks to create planters for a variety of native herbs, including mint, thyme, chives, rosemary, sage and fennel. These will provide valuable nectar and pollen throughout the year, as well as herbs for boaters to cook with.
- We began our two-year Let's Go Wild project at Ellesmere Yard, next to the Llangollen Canal in Shropshire. With funding from Severn Trent Boost for Biodiversity, we commissioned a skilled hedge-layer to lay some of the old neglected hedges alongside neighbouring grasslands, and local volunteers planted new hedge whips.

“We work hard to provide a responsive and efficient service to our customers. Across the year our customer service partners answered **74,643 calls, **24,785** emails and **4,285** website live chats”**

Fighting plastic pollution

We are continuing to look for new ways to eradicate plastic from our waterways. At Gloucester Docks we installed a new Seabin to suck up plastic and litter. Invented in Australia and usually found in oceans, Seabins act as a floating rubbish bin, skimming the surface of the water and intercepting floating debris, micro and macro plastics and even micro fibres. In one month the Gloucester Docks Seabin collected more than 80kg of plastic and other litter.

The project is being delivered in partnership with Young Gloucestershire, which supports young people facing difficult times. Volunteers from the charity carry out regular inspections of the Seabin, and record the types and quantities of material removed by the aquatic dustbin.

Street art

Our national street art trail aims to transform spaces alongside our canals with the help of local artists and community groups. The art tells the stories of different communities who live along the canal and encourages local people to visit. Cities including

Sheffield, Oxford, London, Leicester and Birmingham already have street art along their canals, adding colour and life to the waterways.

Supported by players of People's Postcode Lottery, six new pieces of canal art have been created, taking inspiration from the local communities and their links to the canal.

Responding to our customers

We work hard to provide a responsive and efficient service to our customers. Across the year our customer service teams and partners answered 74,643 calls, 24,785 emails and 4,285 website live chats.

- 88% of customers were satisfied with how their query was dealt with, and 85% were either completely or very satisfied with the service.
- 99.6% of our licensing related enquiries were resolved at the first contact.
- The Waterways Ombudsman decided on eight customer complaints during 2022/23. Five were not upheld and three were upheld in part.



Right: Coventry Canal, Coventry

Supporting boaters & boating

We are delighted that more people are enjoying life on the water, and there are now more than 35,000 boats licensed to our network.

- Increasing numbers of people are enjoying life on water. Our 2023 National Boat Count, showed a 1.9% rise in boat numbers since the last count in 2022. We counted 35,814 on our network, including private marinas. However, licence compliance was recorded at 93%, down from 94% last year.
- We are now reviewing the findings of our consultation on proposals for providing essential boater facilities for our network. Currently we provide over 429 water points, 209 Elsan points, and 250 refuse and recycling sites free at the point of use. There are also 70 pump-out machines and, in some areas, toilets and showers.
- In July, as temperatures soared, we alerted boaters to some of the problems extreme heat causes our historic waterways, including water shortages, an increase in weed growth and the expansion of the materials that make up structures such as swing bridges, causing them to become stuck. Despite the extreme pressure on water resources, over 80% of our network remained open. We kept in touch with boaters about reservoir levels and water supplies by publishing a monthly Reservoir Watch report and restrictions were notified in real time via our Stoppage Notices.

- In partnership with the Environment Agency, we launched a series of animated films to help boaters navigate the UK's inland waterways safely.
- We carried out our first ever Boater Census, asking our boat licence holders to provide information to us to help us understand their circumstances and needs. The anonymous data is available to share with other organisations, such as local authorities and health service providers, to ensure they can put in place necessary services and our boating community is able to access support when needed.
- We supported a number of boaters facing difficulties to pay their licence fees with flexible payment plans and signposting to relevant services, for example the Waterways Chaplaincy, local authorities and Citizens Advice. Our licensing support officers helped vulnerable boaters facing difficulties with heating costs and health issues to seek support from the right organisations, including specialist charities. We also lobbied the Department for Business, Energy and Industrial Strategy (now the Department for Energy Security and Net Zero) to extend the energy support bill scheme to include those living on boats. In August 2023, we were pleased to secure commitment for this from government.
- Through our Boaters' Update email newsletter, we provided sustainable boating tips and created a forum for sharing best practice, including waste



We carried out
our first ever
Boater Census

“We provide over 600 water points, 264 Elsan points, and 250 refuse and recycling sites free at the point of use”

disposal and the use of solar panels and lithium batteries.

- Working in partnership with Oxford City Council, we were awarded close to £193,000 from Defra's Air Quality Grant to develop proposals for six eco-visitor moorings with electric points. The two-year trial project, on the Oxford Canal at Aristotle Lane, will include looking at opportunities for boaters to transition to cleaner energy systems, as well as using current systems more efficiently.
- In London, we installed new mooring rings along three-quarters of a mile of towpath on the Limehouse Cut and Regent's Canal. The project is part of our London Mooring Strategy,

which aims to improve moorings and facilities available to boaters and better manage the high numbers of boats in the Capital. We also installed new electricity charging points at Brentford, repaired the access road at Coppermill, cleared vegetation on the River Stort, dredged at a number locations and consulted on creating more pre-bookable moorings.

- Holidays on our waterways continue to be a popular option. Our hire boat customer survey revealed that 86% of respondents would definitely recommend holidaying on a hire boat to others, 95% felt their holiday was value for money, and 80% of respondents were return visitors.



Right: Leeds & Liverpool Canal

Creating opportunities to improve wellbeing

We believe waterways have the power to make a difference to people's lives and that spending time by water can make us all happier and healthier.



Left: Nottingham
Beeston Canal,
Nottingham

Our 2022 report *Waterways & Wellbeing – Valuing Our Waterways*, compiled with the help of Simetrica-Jacobs, estimates the combined annual economic and social value of the waterways amounts to £6.1 billion. This includes £1.5 billion of annual economic value from water-based tourism and jobs, and an annual social value of £4.6 billion, including a £1.1 billion cost saving to the NHS from active use of the waterways and footpaths.

Bringing people to our waterways

Every year we organise special events across our network, encouraging people to use and value our waterways as places to connect with nature, and for their physical and mental health and wellbeing.

During 2022/23 we organised 1,729 events across our network, enjoyed by 197,868 people. A further 705 externally led events

also took place, attracting over half a million people.

- Over 23,000 people visited the 2022 Crick Boat Show, which is now Britain's biggest inland waterways event. The show is organised by Waterways World in partnership with the Trust and Crick Waterside & Marina.
- We welcomed thousands of visitors to Gloucester Docks for the annual Tall Ships Festival Weekend, 3-5 June. The National Waterway Museum's historic Queen Boadicea II trip boat took visitors onto the Gloucester & Sharpness Canal and our Discover Paddling team gave people the chance to experience paddleboarding and canoeing.

- We continued to expand our activities to include and celebrate the many different communities living alongside and near our waterways. This included: transforming Lime Kiln Lock on the River Soar with illuminated sculptures and paperboats to celebrate Diwali; marking Black History Month with a waterside celebration of music, dance and performance on the Nottingham & Beeston Canal; and holding 'Standedge Pride' at Standedge Tunnel.
- As part of the Coventry UK City of Culture, a series of events were held in Coventry Basin, including Pangea, a community art installation and performance, and Pirates of the Canal Basin, a major theatre production.



We care for over 15,000 objects and 76 national historic ships across our museums

Social prescribing

Our 'Waterways and Wellbeing' project was delivered on the Nottingham & Beeston Canal as part of the Defra Green Social Prescribing pilot programme. A range of activities, including canoeing and stand-up paddleboarding, were provided with participants reporting a positive impact on mental wellbeing, physical activity and self-efficacy. And through our Interreg-funded 'Isolation to Inclusion' project, we hosted a range of canal-based activities in Leeds and Nottingham, with the aim of bringing together younger and older members of the community to

reduce loneliness and isolation. Activities included creating community gardens, street art, watersports activities and towpath picnics.

Visits to our Museums

We care for over 15,000 objects and 76 national historic ships across our museums at Gloucester, Ellesmere Port and Stoke Bruerne. Almost 113,000 people visited our museums and over 124,000 experienced our visitor centres at the Anderton Boat Lift, Standedge Tunnel and Trevor Basin.

The National Waterways Museum, Ellesmere Port was awarded a TripAdvisor 2022 Travellers' Choice Award and our 2022 Easter Boat Gathering at Ellesmere Port returned after a three-year gap.

Throughout the summer, our weekly Canal Town event gave visitors a fascinating glimpse into our rich maritime and canal past, with music, costumed characters, working heritage boats, as well as demonstrations of a blacksmith forge and steam engine power hall. The events were supported by players of People's Postcode Lottery.

Santa returned to our Ellesmere Port Waterways Museum in December, with festive boat trips and a Santa's Grotto experience, thanks to support from



Right: National Waterways Museum, Ellesmere Port

players of People's Postcode Lottery and the Wirral Community Narrowboat Trust.

At our National Waterways Museum, Gloucester, there was an exhibition of photographs of our winter works at Seend Locks, taken by Gloucestershire University photography student Jessica Mutlow. And across the summer we hosted a series of drop-in sessions offering families wellbeing activities, including paddleboarding and kayaking in the Docks.

Historic working boat *Sculptor* returned to our Canal Museum at Stoke Bruerne after a year-long restoration.

Let's activities

Through the support of players of People's Postcode Lottery, nearly 30,000 people had the chance to enjoy one of our 1,231 Let's events activities programme.

- 8,254 people took part in 500 Let's Fish events.

- 5,810 people took part in 403 Let's Walk sessions.
- 4,288 people took part in 119 Let's Paddle events.
- A further 11,329 took part in 209 other Let's activities, including Let's Yoga and Let's Paint.

Community Roots

A significant proportion of our waterways run through some of the most deprived areas in the UK. Funded by players of People's Postcode Lottery, our Community Roots programme aims to positively influence perceptions of the waterways and increase use, volunteering and community ownership within urban areas. It aims to make the waterways relevant to the local community to facilitate co-ownership and reduce health inequalities.

The programme runs in nine major urban areas, engaging communities within a 10 or 15-minute walk of our waterways



Left: Nottingham, Nottingham & Beeston Canal

Right: Dr Amir Khan, Leeds & Liverpool Canal at Leeds



which have lower levels of wellbeing opportunities and may have limited access to green space. During 2022/23 32,436 people, including 6,151 children and young people gave 24,538 volunteer hours to:

- 'adopt' 49 stretches of canal;
- plant 61 trees and 1,102 shrubs;
- improve over 18,000 square metres of space; and
- collect more than 2,500 bags of plastic waste.

On the River Lee Navigation at Tottenham, we worked with the Lea Rowing Club to encourage and improve the diversity of users at the club. Our canal laureate Roy McFarlane, appointed by The Poetry Society and the Trust to write new poems inspired by the canal network took a group of local people on a canal boat trip as part of a 'Poetic Waves' project, inspiring people to write poetry and prose about their local area.

Active Travel

Our easy to access towpaths, away from congestion, noise and emissions, provide ideal active travel routes. As outlined on p.12 we upgraded over 23 miles (37

kilometres) of towpath over the course of the year making it easier for people to walk, bike, run or scoot as part of their daily commute.

Going with the flow

We published the findings of our real time study, carried out by King's College London, Nomad Projects and J & L Gibbons, showing that spending time by canals and rivers is linked to feeling happy and healthy. The report revealed the combination of blue and green space with wildlife has a greater impact on wellbeing than spending time in an environment that is characterised by only green space. The researchers used Urban Mind, a smartphone-based app, to collect thousands of real time audits about participants' location and mental wellbeing.

#HappyPlaceByWater

With the support of our Ambassador Dr Amir Khan, we launched our #HappyPlaceByWater campaign, encouraging people to spend time by our waterways to boost their wellbeing. The campaign suggested spending time by the waterways as a free alternative to the gym, a car-free commute to work or the shops, or simply a place to spend time with family and friends.

#ActNowForCanals

Our #ActNowForCanals campaign asks people to support their local waterway in a variety of ways, including volunteering, taking part in citizen science surveys, raising funds and clearing up litter. With the help of BBC Springwatch presenter Megan McCubbin, we launched our *Spot that Habitat* survey on the Kennet & Avon Canal in Newbury. Over 4,500 people took part in the survey asking members of the public to help map habitat and protect canals for nature.

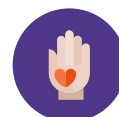
Working with the University of Warwick, we continued our *Science of Scenic Beauty* project, asking people to rate images of canals and rivers to discover more about what people find important in a canal scene. The Geograph project provided tens of thousands of extra images for the project, and over three-quarters of a million votes have been cast.

Boosting biodiversity and wellbeing

Our canals run through some of the country's most deprived and densely populated communities, where health inequalities, green space deficit and lack of gardens are most pronounced. No other charity brings so much accessible green space close to so many people, saving the NHS £1.1 billion per annum in preventative health by getting people active and close to nature.

The Government's Environmental Improvement Plan sets out the desire for every household in England 'to be within 15 minutes of green space or water'. Our network is ready to play a vital role in realising this aspiration, providing linear canal 'nature reserves' and 'parks' close to millions of people.

- Our 'Waterways, Wildlife & Wellbeing' project, in partnership with the Council for Learning Outside the Classroom, aims to increase the number of pollinators and small mammals on our waterways and empower teachers to connect pupils with their local canal environment. In total, over 500 schools were engaged and close to 2,500 pupils took part in canal-based nature conservation activities.
- Thanks to a grant from Chester Zoo, arranged through the Government's Green Recovery Challenge Fund, we began a 15-month project to boost biodiversity on the Shropshire Union Canal. With the help of local community volunteers, our ecologists took steps to protect wildlife on the canal, allowing more animals and plants to move between key nature sites like the Zoo and Countess of Chester Country Park.
- In July, alongside our project partners Ealing Council and its Let's Go Southall programme, and housing association



The estimated annual economic and social value of the waterways amounts to £6.1 billion

“Our #ActNowForCanals campaign asks people to support their local waterway in a variety of ways, including volunteering, taking part in citizen science surveys, raising funds and clearing up litter”



Right: Ranvir Singh with volunteers, Park Royal London

Catalyst, we launched a two-year £1 million project to link parks and green spaces in Southall via the Grand Union Canal. The Southall Wellbeing Way project, which was awarded £700,000 of Green and Resilient Spaces funding by the Mayor of London, aims to empower local people to step away from the urban streets and connect with nature.

- We worked with The Oracle Centre and Reading Abbey Quarter Business District, as well as pupils from Redlands Primary School, to add over 1,300 aquatic plants to five floating reed beds on the Kennet & Avon Canal. A variety of reeds and sedges were planted, with flowering plants such as yellow flag irises and purple loosestrife, to attract birds and insects and provide shelter for fish.

Volunteering

Our canals need many hands to look after them. This year 4,317 people stepped forward, spending over 688,000 hours helping us with our mission. By the summer, our volunteers had given us over five million hours since our launch 10 years ago. We are delighted the number

of volunteers have increased by 13% since 2021/22.

During 2022/23, our volunteers helped us to carry out research, improve the biodiversity of our waterways, protect wildlife, carry out repairs and restoration work, and to bring experiences to life.

- 48% say they volunteer with us to give back to their community, 31% want to meet new people and make new friends, and 30% said mental wellbeing was a key reason for volunteering.
- In January, journalist and television presenter Ranvir Singh helped launch our appeal for volunteers.
- Refugees from Afghanistan, Syria, Iran and El Salvador helped us to transform the appearance of Bull's Swing Bridge and Bull's Lock on the Kennet & Avon Canal near Newbury, learning new skills and developing their English language.
- Our annual volunteer awards, delivered in partnership with the Marsh Charitable Trust, once again celebrated the excellent work of our volunteers.

This year, six people received special recognition for a decade of volunteering: Dick Pilkinton, Marcus Topham, Jon Stopp, Ron Matthews, Carole Nicholson and John Carvell.

- Across the 2023 Easter Weekend, our volunteer lock keepers on the Kennet & Avon Canal supported the prestigious Devizes to Westminster International Canoe Race, the longest non-stop canoe race in the world.

Education and learning

A record number of children took part in our learning programmes during 2022/23. Over 100,000 children enjoyed one of our Canal & River Explorers and STEM programmes, and more than 122,000 children benefited from learning resources.

Engaging with young people

We continued to diversify the ways in which young people can get involved in our work, developing youth social prescribing projects and welcoming more young people than ever before into

leadership and decision-making roles. Almost 30,000 young people aged under 25 took part in activities on our waterways at 1,212 youth-focused events.

- Working in collaboration with Intelligent Health and local partners, over 16,000 children and young people engaged with the 'Beat the Street' initiative on and around our canals in Birmingham, Dudley, and Walsall. And 6,560 through our Community Roots programme.
- Our Youth Fellowship Programme provides a 'youth voice' that influences decision-making in the Trust. Seven young people completed a 12-month programme, including training, managing a social innovation project and attending advisory group meetings.
- For the second year running, we took part in the Government's Kickstart scheme, offering six-month placements to 23 young people aged 16-24 who were claiming Universal Credit and at risk of long-term unemployment. And, thanks to players



A record number of children took part in our learning programmes during 2022/23



Left: National Waterways Museum, Gloucester

of People's Postcode Lottery, we were able to support four young people through our apprenticeship programme.



We hosted the largest ever national celebration of young anglers on the Shropshire Union Canal

- With the help of DJS Research, we conducted a Youth Volunteering Survey. Of the activities we provide, 72% said protecting and preserving wildlife is most important to them, and 69% thought encouraging health and wellbeing through recreation and exercise was important.
- In Blackburn, Leicester, Birmingham and London we introduced children and young people to their local canal for a variety of activities, including litter clearing, undertaking surveys and exploring Black History and immigration. These interactions were made possible by establishing partnerships with a wide cross-section of youth organisations including Inspire, Motivate, Overcome, Generation Youth CIC, Women's Inclusive Team, Fairfield Farm College, Sea Cadets and Police Cadets, as well as schools in London, Leicestershire, Leeds and Selly Oak.

Celebrating young anglers

In September, alongside the Angling Trust, we hosted the largest ever national celebration of young anglers on the Shropshire Union Canal at Shebdon and Soudley. We were joined by 288 children and young people, aged from seven to 20 years, across two days of events. The celebration was the culmination of our 2022 Let's Fish campaign, which provided close to 10,000 free angling introductory sessions around the country to encourage people of all ages to take up the sport and spend more time outdoors.



Right: Oldbury, Titford Canal

Celebrating our waterways



Left:
Birmingham 2022
Commonwealth
Games

Birmingham 2022 Commonwealth Games

With eight games venues on or close to one of our waterways, the Birmingham 2022 Commonwealth Games presented us with a significant opportunity to improve our canals in the area and increase engagement.

As one of the leading members of United By Birmingham 2022, our volunteers dedicated over 900 hours to make our canals look amazing, cleaning up over 22 miles of waterway as part of our #plasticschallenge.

Over 11 days of the competition our canals frequently provided the backdrop for media interviews, giving them a global profile.

- The Queen's Baton Relay visited many of our canal sites, with the baton travelling by boat and foot along our towpaths, and a boat parade along the canal in Birmingham on the final day of the Relay.

- Canals featured in the opening ceremony with an impressive replica of a canal and lock gate. Our canals were part of the design inspiration for the medals, Games makers' uniforms and signage carried by each of the nations during the opening ceremony.
- Three key canal routes were included in the Organising Committee's Active Travel strategy, leading to 16.5 miles of canals becoming Active Travel Routes. During the Games, towpath use increased by 90% in Birmingham City Centre, compared to the same time period in 2021. And nearly half of the city's 13-mile circular walk celebrating the Queen's Platinum Jubilee was along Birmingham's canals.
- We showcased our canals as part of the Birmingham 2022 Festival when over 2.4 million people experienced arts, culture, environment and heritage across the city. Over 2,000 people boarded 'Journeys' – a floating heritage experience showing

how the canals of the past are now used for tourism across Birmingham and the Black Country.

- We supported the Games GEN22 youth volunteering programme with opportunities for young people, and hosted over 100 activities on the water and towpaths for people of all ages and backgrounds. We also hosted 20 local Commonwealth Communities Celebration fishing events, involving 160 young anglers from 16 different communities.

Celebrating 10 years as a charity

In July 2022 we celebrated 10 years since the Trust was formed, with a reception for around 50 parliamentarians at the Houses of Parliament showcasing the renaissance of the canals.

The formation of the Trust saw the largest-ever transfer of public assets into the charitable sector. More people and more diverse communities are using our canals and are involved in their care than ever before. Over the past decade, our canals and rivers have transformed many more places and enriched many more lives.

Since 2012, there have been almost five billion visits we are witnessing a generational change in the number of people volunteering, with over five million hours of time given by our volunteers to help us care for our 2,000 miles of waterways.

We've been successful in delivering a significant increase in our annual income over the last 10 years, taking advantage of the commercial freedom given when we became a Trust. We've invested over £1.5 billion in our core charitable activities to protect and preserve the world's finest network of industrial heritage, recognising the most spectacular examples in a new list of the "Marvels of the Waterways" as voted for by our boaters and canal supporters.

Hundreds of partner groups have worked with us to extend our reach into local communities and we now have over a million people supporting our work and strengthening the impact of our waterways on people's lives.

We have carried out over 600 projects to support wildlife and improve the environment. Over a quarter of our network now holds a prestigious Green Flag Award.

There are now close to 36,000 boats travelling around our network, more than at any other time in its history. We've maintained 1,582 locks and managed water levels to facilitate almost 37 million lockages.

We've upgraded 500 miles of towpaths so they're safer and more accessible for everyone, and we've delivered learning focussed on the heritage, environment and water safety for over 800,000 children.

Right:
Anniversary
celebrations
with staff and
volunteers



Generating income

We have continued to diversify our income streams to support the financial resilience of the Trust. Our trading and investment activities continued to make a significant contribution to our work, generating £142.4 million in income for waterway maintenance and repairs.



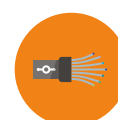
Left: Birmingham, New Main Line

The total value of our investments reduced by 9.3% to £1,011.4 million (2021/22: £1,114.5 million) as a consequence of the generally negative economic backdrop and circumstances. Notwithstanding this, the portfolio performed better than market benchmarks in the year, which deteriorated by more than the Trust's portfolio over the year. The ground rent element of the portfolio, along with lower allocation to the office sector, which continued to perform poorly as a consequence of changing long term trends in office occupation, were positive contributory factors for the Trust, along with continuing successful active management. Our property portfolio contributed £43.0 million of income, returning ahead of the market in the year and an increase on the year before. In the long term, performance of both property

and financial assets remains ahead of market benchmarks.

In our joint ventures, the new development at Bulbourne Wharf in Tring completed, and developments at Hale Wharf Tottenham and Manchester Phase 4 are on site and due to complete in 2024. Enabling works at Brentford Phase 3 are also on site. Performance was dampened, however, by the need to make provisions for costs to deal with building repairs on previously completed developments.

Utilities and water development activities generated £38.5 million, an increase of 2% on the previous year (£37.7 million), supported by the inflation linkage on some agreements, and increasing rents on historic agreements where reviews or renewals have arisen.



Utilities and water development activities generated £38.5 million

“Our canals transfer over **300 million** litres of water each day”

We highlighted the role our network can play in providing a more resilient UK water supply, including proposals to transfer water for millions more people.

Our canals already transfer over 300 million litres of water each day to supply millions of homes and businesses in the south-west of England and Cheshire. We are working with the water industry to progress the use of the Grand Union Canal in the Midlands. In the years ahead the scheme could provide a daily transfer of up to 115 million litres of water from Severn Trent’s catchment in the Midlands to Affinity Water customers in Bedfordshire.

We are championing more than a dozen other projects across the country, using for example the Oxford and Regent’s

canals to transfer water for domestic supply. The schemes would utilise spare water resources in the canal network, or use canals to move resources between water companies.

Low-carbon energy

In London Docklands, West London, the Midlands and Liverpool we supply canal water to industry to heat and cool buildings, sparing the use of costly treated drinking water and reducing carbon emissions.

Our waterways support hydro schemes generating around 21MWh per year, the equivalent energy for around 6,500 homes, with the potential to create a further 17MWh of hydro power for adjacent buildings and developments.



Right: Hatton,
Grand Union
Canal



Left: Crick Boat Show, Grand Union Canal Leicester Line

Boating

Our income from boat licences and mooring fees was up 6.3% to £47.3 million (£44.5 million in 2021/22).

Our boat licence fees increased by 4% in April and in August we announced an inflationary rise of 4% from 1 October 2022, reacting to the significant increase in costs we face, including energy, fuel and construction materials. High inflation on top of the freezing of our government grant payment until 2027, resulting in a real term reduction, forced us to take urgent measures to address a projected shortfall in our finances.

We consulted with boaters on options to increase boat licence fees over the next 10 years to help ensure the long term sustainability of maintaining our network. Revenue from boat licence fees currently makes up 12% of our annual income, making an important contribution to ensure the ongoing maintenance and repair of the historic canals and rivers in our care. Our consultation examined

the most effective and equitable way to apply increases.

In November, we announced a rise of 9% in boat licence fees from 1 April 2023 for both private boat owners and boating businesses. When combined with the interim increase introduced from 1 October 2022, this will mean an overall year-on-year increase of 13% for those renewing an annual boat licence in the period from 1 April to 30 September 2023.

While we do not underestimate the impact on boaters of any licence fee increase, unless we can increase income from all sources at a level above inflation, it will not be possible to secure a sustainable future for our waterways.

Moorings

Income from our moorings continued to perform well with high occupancy on most sites. Where commercially viable, we invested in improvements to deliver higher quality offers.



Our income from boat licences and mooring fees was up 6.3% to £47.3 million

Business Boating

We continued to work closely with the trade throughout the year. Good progress was made in resolving outstanding historic lease arrangements with operators, along with supporting wider Trust initiatives at key visitor locations.

Raising our funds

Our income from charitable activities, partners, national and society lotteries, EU funding, our museum and visitor attractions, and third party funded regeneration projects was £46.0 million. We benefited from a number of Government stimulus funds and spending programmes, including the Towns Fund, Levelling Up Fund, Green Recovery Challenge Fund, and the Department for Transport's Active Travel Fund through the Sustrans Paths for Everyone programme.



We secured significant support from heritage and cultural funds, including the National Lottery Heritage Fund

We secured significant support from heritage and cultural funds, including the National Lottery Heritage Fund. Players of People's Postcode Lottery have raised over £2.5 million, awarded by Postcode Earth Trust, in support of a wide range of projects, from priority infrastructure projects to our flagship community engagement programme Community Roots.

Local authorities continued to be an important funding partner, enabling us to improve 37 kilometres of towpath.

Our work has been supported by a number of grant-giving trusts and foundations, including £45,000 from Veolia Environmental Trust to support improvements to the Shropshire Union Canal towpath in Brewood.

Public support

We are dedicated to protecting and enhancing the canal network for the benefit of this and future generations. This mission requires the support of all those who use, donate and volunteer on our waterways. Increasing awareness of who we are and the vital work that we do is essential to us achieving our ambitions. We are delighted that during 2022/23 public awareness of the Trust increased to 50%, and over 1.4 million people supported us across our social media channels, as email subscribers, regular donors and volunteers.

Overall, the total number of Friends (regular givers) who continued to support us was just under 26,000. We are very grateful to everyone who has donated or taken part in sponsored challenges.

Legacies

We were grateful to receive gifts in wills from supporters of the Trust who are no longer with us.

The very kind legacy from waterways supporter and local resident, Peter Andrews, meant we were able to start a series of improvements to Bridge 91A at the entrance of Braunston Marina. In recognition of this generous support, Bridge 91A will be renamed 'Peter's Bridge'.

We are humbled and grateful to the 106 people who pledged to support the Trust in the future by nominating us as a recipient charity in their wills. Whatever the contribution, this commitment allows the Trust to plan for the future.

“Local authorities continued to be an important funding partner, so we’ve been able to improve **37 kilometres of towpath across England and Wales”**

Wales

Our waterways are transforming places and enriching lives in Wales. But climate change poses a threat to their historic infrastructure, so we must ensure that investment continues to avert the risk that they fall into decline.



Left: Trevor, Llangollen canal

In October, with members of the Senedd, partner organisations and volunteers, we held a reception celebrating the tenth anniversary of the Trust. The event showcased how our canals in Wales are being used more than ever before, and by more people than at any time in history. Julie James MS, Minister for Climate Change, acknowledged the value of canals in providing opportunities for Welsh communities to engage with nature and improve their health and wellbeing.

As part of our players of People's Postcode Lottery-funded Community Roots programme, we continued working with Torfaen County Borough Council to deliver a range of community projects, events and activities, as well as improving the southern end of the Monmouthshire & Brecon Canal for visitors. Our work is centred around Pontymoile Basin in Torfaen, where we offer opportunities to the local community to improve their

health and wellbeing, develop skills, engage in the arts, and get involved in free activities. Recent examples include canoe taster sessions, twilight yoga, bushcraft, wildlife walks, mural projects, and community and school pocket adoptions. And an extensive programme of maintenance and improvement work is being delivered by our growing volunteer team.

One of the most picturesque canals on our network, the Monmouthshire & Brecon Canal continues to face a number of challenges regarding its infrastructure and water sourcing. This year we completed a £350,000 winter works programme which included repairing lock walls at Llangynidr, stopping leaks on the soft bank near Brynich and repairing Humphreys Bridge near Govilon. We also continued to explore options for securing a sustainable water-supply and in 2022 we appealed against licence restrictions imposed by Natural



Our canals in Wales are being used more than ever before, and by more people than at any time in history

Resources Wales which would have had a severe impact on the availability of water on the canal.

In Mid-Wales, with £10,000 support from Belu Water, we installed a series of 'leaky dams' to reduce siltation and improve water quality in the Montgomery Canal. The canal is a SSSI and Special Area of Conservation. The increasing frequency and severity of rainfall is bringing more water from feeder channels across surrounding farmland, causing silt to build-up in the canal. The dams slow the flow of water in feeder channels and trap silt before it reaches the canal, creating a valuable habitat for invertebrates.

Funding secured from the government's UK Levelling Up Fund has enabled us to progress the restoration of a 4.4-mile section of the Montgomery Canal. In partnership with Powys County Council, and a range of partners and volunteers, work began on site in January 2023 with the first phase of dredging on a 450-metre section of the canal from Llanymynech to Walls Bridge. Further dredging is planned to maximise the open water space required for the survival of protected aquatic plant species, and restore the channel to a navigable standard. Two new bridges are also planned to remove barriers to future

navigation. We've been talking regularly to the local community about our plans, and we've held technical discussions with the wider ecologist community and partners, ensuring the work undertaken enhances the ecological condition of the waterway, as well as serving as a driving force to unlock the economic and social advantages that a complete restoration of the Montgomery Canal can bring.

In North Wales, thanks to funds previously secured from the Government's UK Levelling Up Fund, we progressed our plans for a series of access improvements at Trevor Basin. These include: a new hire boat base; education and learning centre; accessible pedestrian bridge; and improvements to nearby walking routes. Delivered in partnership with Wrexham County Borough Council, our plans dovetail with other projects to safeguard and transform the Pontcysyllte Aqueduct & Canal World Heritage Site, visited by over half a million people in 2022/23.

We repaired the cast iron hand rails on our Scheduled Ancient Monument Pontcysyllte Aqueduct, and welcomed close to 43,000 people to our Trevor Basin Visitor Centre. We hosted regular events bringing people to the waterside, including a series of Let's Fish! and Let's Yoga taster sessions.



Right: Brecon, Monmouthshire & Brecon Canal

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 | 2021/22 | 2022/23 | 2022/23 | 2023/24 |
|---|---------|---------|---------|---------|
| | Actual | Actual | Target | Target |
| Towpath condition Grade C or better ^a | 81.4% | 81.3% | 80.0% | >80.0% |
| Principal assets grade C or better ^a | 87.1% | 87.2% | 86.5% | >86.5% |
| Condition of flood management assets grade C or better ^a | 99.5% | 99.5% | 99.0% | >99.0% |

| Waterway measures | | | | |
|---|------|-------|------|-------|
| Boating customer satisfaction | 55% | 54% | 60% | 56% |
| Visitor satisfaction | 82% | 86% | 84% | 87% |
| Regular visitor numbers to reach each fortnight (from our monthly surveys) | 9.1m | 10.3m | 9.5m | 10.4m |
| Number of visits | 786m | 888m | 800m | 900m |
| Public safety measure – number of reported incidents on our network | 56 | 50 | 50 | 48 |
| Internal safety measure – accident frequency rate expressed as number of accidents per 100,000 hours worked | 0.57 | 0.18 | 0.25 | 0.16 |

| Employee and engagement measures | | | | |
|--|---------|------------------|---------|---------|
| Employee engagement | 64% | 7.5 ^b | 6.7 | 7.5 |
| Volunteer engagement | 85% | 8.4 ^b | 8.6 | 8.5 |
| Volunteer hours | 636,122 | 677,419 | 720,000 | 725,000 |
| People aware of the Trust | 49% | 50% | 50% | 52% |
| Friends actively donating to the Trust each month | 27,148 | 25,948 | 31,500 | 30,000 |
| Diversity – % employees Black, Asian and minority ethnic | 4.7% | 5.0% | 5.0% | 5.25% |

^aA structure in condition A is in a good state of repair and one in condition E is in a bad condition. The Defra contract requires the Trust to issue a warning if the proportion of principal assets in conditions D or E rises above 23%, if flood management assets in condition D or E rise above 4%, or if towpath condition in A, B or C falls below 60%.

^bDuring 2022/23, the measure for recording employee and volunteer engagement was changed from a percentage to a 10 point rating scale. The results are otherwise on a very similar basis and hence are comparable.

We were pleased to exceed our targets on most performance measures in 2022/23, including the management of our assets, and the condition of our towpaths. We also exceeded targets for the number of visits to our waterways, testimony to their increasing appeal as attractive green-blue corridors for people to connect with nature, in the heart of many communities. We have made good progress on our accident frequency rate (for colleagues/volunteers/ contractors) which has fallen significantly as the number of RIDDOR-reportable accidents has declined. However, boater satisfaction did not improve in line with our target, which may in part reflect external factors such as the weather-related closures during the summer on several canals. We continue to focus on improving the boater experience but recognise that improvements will be incremental given the pressures that the Trust, and our network, face. Colleague engagement has improved and volunteer engagement been sustained at a high level.

The greatest concern surrounds the number of Friends actively donating to the Trust, which fell during the year and was lower than target. This reflects in part the tough economic backdrop. Volunteer hours were below target. However, numbers are recovering well after dropping during the Covid-affected period.



Right: Rochdale Canal, Manchester

Our Progress

Below is a summary of progress against the ten priorities we set out in 2022/23, some of which have been carried over into our six key priorities for 2023/24:

1. Asset Resilience

Maintaining and improving our asset resilience in the face of the growing impact from climate change. Meeting the dates of our statutory reservoir improvements and reducing the risk from our assets as quickly as possible. Delivering our planned core infrastructure and maintenance programme.

The condition of the infrastructure on which the waterways network depends is a key priority for the Trust, given the age of our waterways' infrastructure and the increasing frequency and intensity of extreme weather, requiring significant annual expenditure. 2022/23 saw the completion of culvert strengthening works for 10 of our critical assets, meeting the target set for the year. This was in addition to our broader planned core preventative maintenance programme. The overall Defra KPIs for the condition of our assets were met. Specifically, the Defra KPI for Principal Assets in Grade C or better condition was 87.2%, representing a marginal improvement of 0.1% from last year. For Towpaths in Grade C or better condition this figure was 81.3%, a marginal reduction of 0.1%, yet still delivering 37km of towpath improvements in 2022/23.

Our reservoir safety and resilience programme was the dominant work for us again last year, most of which was driven by delivering statutory reservoir safety improvements, and accounted for almost half of our major project spend. Six reservoirs had MIOS (measures in the interest of safety) that were due to be completed in 2022/23. These were met on five reservoirs but missed on one reservoir, Harthill. The scheme at Harthill was delayed due to complex, protracted land-purchase negotiations (involving multiple parties and sitting tenants), with the

Environment Agency being informed ahead of time about the issues, and made aware of the mitigation and recovery plan. Construction is well underway and on track for completion later in 2023. In the interim, reservoir safety is being carefully managed through reduced volumes of water in the reservoir and associated on site monitoring and controls.

2. Health & Safety

Improving the health and safety culture within the Trust, and improving our public and colleague safety performance.

We saw continued improvement in our safety performance last year, with a steady reduction in our accident frequency rate, down to 0.18 for the first time since 2018 and much improved on the 2021/22 result (0.41). The number of public safety incidents related to defects in our infrastructure such as a towpath potholes, also decreased from 56 reported incidents in 2021/22 to 50 in 2022/23, meeting our target. 98% of colleagues and volunteers completed mandatory training and we achieved an overall safety engagement score of 8.9 (out of 10). Our Safety Culture Group, which consists of both colleagues and volunteers drawn from across the Trust, continues to support the organisation in promoting an improved safety culture.

3. Brand Awareness

Growing the Trust's brand awareness to increase our supporter base, including maximising the potential at the Birmingham 2022 Commonwealth Games.

The number of supporters connecting with us (largely on digital media) increased last year, exceeding our target of reaching over 1.4 million people, improving overall awareness of the Trust, especially in areas in close proximity to our waterways where 66% of people are now aware of the Trust. This was achieved mainly through strengthening our marketing and on-line campaigns and seizing opportunities to raise our profile presented by major events, notably the Birmingham 2022 Commonwealth Games.

4. Support Government Grant Review

Building, galvanising and mobilising political, partner and public support for our Government Grant Review and beyond.

In readiness for the Government Grant Review (GGR), we prepared submissions and engaged with Defra to support the development of the proposition for a future grant settlement, and the business case for funding the waterways. Our extensive research with Simetrica-Jacobs to evaluate the range and scale of benefits was published in our 'Valuing our Waterways' report published in November 2022. With the announcement of the Review delayed beyond the end of the year (finally emerging in July 2023) our opportunity to build public support was deferred, with the #KeepCanalsAlive campaign developed and launched following the GGR announcement. Engagement with Government and other partners is ongoing as we continue to make the case for a settlement to support a thriving and sustainable future for the waterways.

5. Local Use & User Satisfaction

Growing the number of local people using our waterways and participating in our activities through the delivery of our Beauty on the Doorstep and Wellbeing on the Doorstep programmes. Delivering high customer satisfaction for those using our waterways and towpaths, notably improving boater satisfaction.

Towpath visit numbers continued to grow in 2022, reaching 888m visits, a rise of over 100m from the previous year with over 10 million unique visitors every fortnight. Towpath user satisfaction was 4% higher than the previous year at 86%. However, boater satisfaction 54%, lower than hoped, and improving this continues to be a focus for the Trust.

6. Volunteering & Community Adoption

Increasing volunteering to support our work, and mobilising local communities to help care for our waterways, including improving our volunteer offers and journey, building on the success of our #PlasticsChallenge campaign and expansion of our programme of Citizen Science projects.

We recorded 677,419 volunteer hours last year, a good rate of growth on 2021/22 albeit below our target of 720,000 hours. Our development of a vision for volunteering at the Trust, involving a wide range of volunteers and volunteer leaders from across the Trust, during summer 2022 has provided a strong platform for broadening and expanding the role of volunteers within the Trust. We also work with numerous partner groups across the country who help us to care for the local waterway and strengthen its connection to people in their area.

7. Income Generation

Growing our income from commercial and charitable sources, and securing a satisfactory long-term grant determination.

Our plans for income generation were made more challenging by the macroeconomic circumstances which emerged during the financial year, particularly high inflation. As a result, overall investment returns fell short of our target of CPI+1%. However, whilst our Protected Asset Fund declined in value the Trust still delivered total returns ahead of the market benchmarks and supported overall investment and property income which was higher year on year. Other commercial income streams also grew year on year, albeit not keeping pace with inflation. Income from charitable sources progressed more slowly than anticipated, constrained by the cost-of-living issues many people faced and difficulties in recruiting and retaining fundraisers.

8. Sustainability, Environment & Climate Action

Responding to the climate and biodiversity emergencies, and positioning ourselves in the vanguard of climate action and nature recovery. Exploiting renewable energy opportunities (for income growth and UK transition to net carbon zero), and biodiversity net gain (BNG) opportunities. Key Activities include developing our transition to net zero strategy and route map in conjunction with Carbon Intelligence, mapping our ecological footprint as part of our work to prepare for the introduction of BNG in Autumn 2023 and implementing our water resource strategy.

The Trust's ecological footprint mapping project was launched during the year and is progressing well, on track to deliver an ecological baseline for Biodiversity Net Gain by November 2023. Through our response to Defra's public consultation on climate adaptation, we supported the widening of reporting on climate change to include canals and reservoirs, further strengthening the case for maintaining waterway infrastructure in a changing climate, whilst also seeking opportunities to ensure the Trust is recognised as a potential contributor to key government environmental policy goals. We recruited a new Head of Environment and Climate Action post to develop and coordinate our response to the climate and biodiversity crises.

9. 'Fit for the future'

Making the Trust "fit for the future" and equipped to deliver our ambitions, including publication of our ESG policy and commitments, information strategy to upgrade systems and deliver efficiencies, and transformation projects linked to how we organise our delivery and operations.

Last year we delivered our Fitter for the Future programme, which was aimed at making changes to our ways of working and associated work arrangements. Through the programme we worked closely with our trade union partners to develop better systems and processes across the Trust, including ensuring that the terms and conditions for all colleagues are fair and competitive. An overarching priority was ensuring we have the right resources and capability to deliver the long-term future for our canal and river network. In parallel, we have implemented a significant change to the delivery of our major infrastructure projects through a Transformation Programme which has looked in detail at our processes, people, systems, roles and responsibilities to arrive at a new model for organising our projects. The outputs from the programme are now being embedded across the organisation including an extensive training and support programme for colleagues.

10. People Strategy Implementation

Developing and supporting our people and the organisation. Implementing our People Strategy to deliver better engagement and greater capability.

Engagement amongst colleagues and volunteers at the Trust improved during the year, with scores achieved of 7.4 and 8.4 (out of 10) respectively. In terms of broader engagement, we held several colleague listening sessions and conducted our annual 'Trailer on Tour' face-to-face programme consisting of 30 engagement events across the network, outputs from which went on to inform our People Strategy. We restructured our People team to support delivery of our strategy, prioritising five main themes which are offering an inclusive colleague experience; getting the basics right; building and developing critical skills; building capacity and resilience in our colleagues and leaders and supporting organisational change.

Alongside this, we invested in developing our managers across the Trust to build capability for the future. This included launching a new management development programme, piloting our first Women in Leadership programme and reviewing what we meant by leadership at the Trust. Following the introduction of homeworking, we continue to develop new ways of working which include supporting hub working when colleagues need to work or meet in offices. For all colleagues, we introduced the "Trust code of conduct" which is now embedded across inductions, standards, policy, with all colleagues briefed on the new changes. We continued the focus on inclusion and diversity with the development of the Stronger Together strategy, which incorporated growing our inclusion circles to nine (Inclusion circles are network groups run by colleagues, for colleagues), along with developing our Inclusive Recruitment Standard.



Right: Trafalgar Square, London

Looking to the future

Our core mission is to secure a sustainable future for our waterways, to maintain and care for them so that they are safe, resilient and available; and to promote and extend their benefits for all, so that we maximise their positive impact for people, nature and the economy.

In light of the Government's announcement regarding the reduction in our future funding, we are undertaking a strategic review to redefine how we will work towards achieving our long-term vision of *living waterways that transform places and enrich lives*.

Given the current context for the Trust, we have identified six key priorities around which we will focus our effort in the current year's plan, to keep our waterways open and alive, and delivering the widest range of public benefits for society.

Our Six Priorities for 2023/24

1. Growing our income

We plan to continue to grow our commercial and charitable income, as well as working with Defra to ensure satisfactory long-term grant arrangements. We are again targeting performance ahead of market benchmarks from our investments. We are seeking to accelerate growth in our charitable income, having appointed a new Fundraising Director and with a new Head of Philanthropy & Partnerships joining in late summer 2023 to develop and drive our fundraising efforts. Further commercialisation of our operational estate will be examined, and new commercial opportunities arising from renewable energy, water security and new environmental funding will all be explored. We are also gearing up for the introduction of Biodiversity Net Gain (BNG) as an obligation on developers as part of the planning system from Autumn 2023 which presents opportunities for the Trust.

2. Delivering the basics well

We will focus on the core tasks and activities necessary to support our service delivery and the experience that our users, visitors and customers expect. We will continue the work to improve our health and safety performance and enhance our risk management and the quality of our enabling and support services and systems, whilst seeking improvement in productivity and efficiency. We have set targets for the coming year to: grow the number of our visitor and users to our waterways and to attract 900 million unique visits to them; maintain our towpath satisfaction rating by our users at 87% (86% in 2022/23) and improve our boater satisfaction rating to 56% (up from 54% in 2022/23); and reduce the number of reported public safety incidents due to our infrastructure to no more than 48 incidents.

3. Controlling our costs

With the Trust facing acute financial pressures, with costs rising significantly, and increased infrastructure expenditure to keep the network safe and available, there will be a particular focus on controlling our costs, applying our resources to areas of greatest impact as well as adopting new ways of working. Through the development

and implementation of our volunteering strategy, we plan to broaden and expand volunteering involvement in the Trust and strengthen the ties to local communities to encourage them to help us care for their local waterways. We are conducting an Operations & Maintenance Review to identify new and improved ways of working in order to optimise our effectiveness in delivering customer service and in caring for our historic waterways.

4. Improving infrastructure resilience

As we face the growing impact of climate change, we must continue to invest in strengthening the resilience of the old infrastructure in our care, especially where it presents a potential risk to neighbouring properties and communities. In particular, the substantial reservoir safety programme will continue as we work to meet the dates of our statutory reservoir improvements, notably through major reconstruction work (e.g. new spillways at Toddbrook and Harthill reservoirs). The delivery of the remainder of our core infrastructure repair and maintenance programmes will remain a priority and we are embracing innovation and new technology (such the use of alternative techniques and non-traditional materials, where appropriate, and scaling up our use of drone technology for inspections etc), as well as working with our partners to develop ways to reduce our carbon footprint.

5. Engaging with Government

Engaging constructively with Government remains a priority so that we can play a significant role in helping to deliver Government policies and priorities, notably those set out in the Environmental Improvement Plan 2023. We will seek to unlock opportunities to secure investment in waterways from relevant Government funds and investment programmes. We are working with Defra in defining the suite of new KPIs associated with the new Grant settlement post 2027 and on the fourth round of climate change adaptation reporting, with canals and reservoirs now being within scope. We will continue to work cross Government, engaging with other Whitehall Departments where we can support their objectives, such as Ministry of Justice (through our community rehabilitation programme) and in partnership with Government sponsored bodies such as Sport England, Natural England, Historic England, The Environment Agency as well as working closely with Welsh Government and partners in Wales to support key priorities under the Well-being of Future Generations (Wales) Act 2015.

6. Growing awareness and building public support

It remains a vital goal to raise awareness of the Trust's work and our status as a charity, so that more people can become involved as volunteers and financial supporters. We have set targets for the coming year to increase awareness of the Trust's work to 52% of the population in England and Wales and increase our supporters to 1.6 million (from 1.4 million). We will build, galvanise and mobilise political, partner and public support for our #KeepCanalsAlive Campaign to convince Government to invest the resources necessary to secure the long-term future of our canals. In early 2024 we will publish an impact report that captures and articulates these benefits, the stories of some of those whose lives have been enriched and the places we have transformed.

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 are 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 former 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 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 Trustees specifically considered impacts on stakeholders when making key decision in relation to revising the business plan to respond to programme delays and inflation rises, when reviewing strategic programmes and undertaking the annual strategic review of risk.

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.

Our Key Stakeholders – Colleagues

Trustees value the contribution that colleagues (employees) and volunteers make to the successful delivery of our strategy and charitable purpose.

How the Board engages with them and ensures that their interests are taken into account

Trustees, via reports to the Board (including a standing report from the Trust's people director) and committees, take into account colleagues' and volunteers' interests when making decisions, including health & safety, safeguarding, diversity & inclusion and engagement.

Reports to the Board included updates and outcomes on trade union and other colleague consultations. In May 2022, the Trust agreed with the unions a new modernised trade union agreement covering colleague facilities, use of volunteers and a new Code of Conduct.

Diversity and inclusion remains a key focus of the Board, who were also updated on the continued growth during the year of the Trust's inclusion 'circles' (support networks – covering LGBTQ+, Multi Faith, Neurodiversity, Working Parents, Menopause and Caring for Dementia).

The Board was provided with results of the Trust's regular colleague engagement surveys. The success of the Trust's colleague engagement initiatives were measured through the year using our annual colleague and volunteer engagement survey as well as additional pulse surveys, and the outcomes shared with the Board.

The Board was also updated on a number of key colleague engagement initiatives including regular colleague engagement surveys, the Trust's annual 'Trailer on Tour' which took place in September 2022, providing an opportunity for colleagues and volunteers to engage at a series of regional events, as well as Executive 'Listening Sessions', held face to face and virtually to provide greater visibility of the Trust's Executive team.

The standing Board report from the Trust's director of health & safety includes an update on significant and/or reportable colleague health and safety incidents and initiatives which Trustees routinely interrogate and continue to push for the highest possible standards. The Audit & Risk Committee held a 'deep dive' session on health and safety compliance and assurance at its meeting in July 2022, which was fed back to the Board in September 2022.

The Remuneration Committee took into account the impacts of the rising cost of living for colleagues when making recommendations to the Board in respect of decision making on pay and conditions for salaried colleagues in the context of decisions on revisions to the business plan to respond to inflation rises.

Our Key Stakeholders – Communities and the Environment

Trustees engage with the communities the Trust operates within – nationally and regionally – to understand the issues that are of importance to them and the impact of the Trust's activities on communities and the environment.

How the Board engages with them and ensures that their interests are taken into account

The Board engages with key stakeholder groups via their elected and nominated representatives on the Council, at the Annual General Meeting and other Council meetings every year.

The Trust's Regional Advisory Boards and National Advisory Groups help the Trust to access local knowledge and ideas, and to build relationships, reach diverse local communities and stakeholder groups, and translate national priorities into local initiatives. Regional Advisory Board chairs are ex officio members of Council, providing additional opportunities for engagement.

Elsewhere, the Trust puts a significant amount of resource into community-based activities, such as its Community Roots, Education and Youth programmes.

Since April 2022, the Trust has secured £5million of DfT funding for towpath schemes on the National Cycle Network through our strategic partnership with Sustrans, including £500k+ funding for schemes in Sandwell, Market Harborough, and on the Kennet & Avon Canal.

The Trust also engages in targeted ways when our operations affect local communities, for example through consultations and links with the community local to Toddbrook Reservoir regarding proposed design solutions and planned works. The Board and Infrastructure Committee receive regular updates and reviewed the works programme to reservoirs and high risk assets, including Toddbrook works and, in April 2022, the Infrastructure Committee visited the Toddbrook site.

The Annual Public Meeting provides an opportunity for Trustees to hear the questions and views of local stakeholders, enabling them to have these views in mind when making decisions that have a wider impact upon communities and the environment. Matters raised by those attending the meeting in October 2022 covered a broad range of topics, including accessibility on towpaths, where the Trust is spending money on towpath and infrastructure improvement, water safety zones, open water swimming, and boat licences. Trustees also received annual updates from the National Advisory Groups, providing the Trustees with the opportunity to understand the key areas for consideration from those stakeholder groups.

The Annual General Meeting of Council in September 2022 was held at Austin Court, Birmingham and in March 2023, prior to the Council meeting, Members and Trustees were at the Anderton Boat Lift in Cheshire where they received a presentation on the programme of maintenance works carried out on the lift since November 2022.

Trustees met in person meetings during the year, holding Board meetings and site visits in the regions that the Trust operates in and engaging with stakeholders at a series of evening receptions which took place in Birmingham, London, Newport, Nottingham.

The Board took account of the Trust's impact on communities and the environment when developing and reviewing its strategic programmes, particularly in the context of our emerging ESG reporting framework.

The Board took account of the impact on local communities when undertaking its annual strategic review of risk, particularly in relation to possible risks of major breaches of assets with a high consequence of failure, in terms of flooding and local disruption.

During the summer of 2022, the Trust successfully used the Birmingham Commonwealth Games as an opportunity to promote greater awareness of the Trust with very high levels of media coverage, visits by regional MPs and other national VIPs.

Our Key Stakeholders – Customers and Visitors

Trustees recognise the variety of the Trust's customers and visitors and aim to foster good relationships and uphold the highest possible service standards.

How the Board engages with them and ensures that their interests are taken into account

Customer views and requirements are gained through a range of mechanisms with regular surveys to provide insight on customer satisfaction and other measures of service, which the Board took into account when considering boat licence fee rates and customer service facilities. The Trust's Annual Public Meeting provides customers and visitors with the opportunity to ask questions of the Chair and chief executive on a broad range of topics. In addition, Regional Advisory Boards also held local online Annual Public Meetings, giving local stakeholders further opportunity to engage with the Trust.

Customer and user groups make up our National Advisory Groups, which help inform Trust policy, in particular areas such as navigation, fishing, heritage and the environment, particularly in the context of Board consideration of the updated Towpath and Heritage Policies. Trustees also receive updates on customer and visitor views via the chief executive's standing report to each Board meeting, and consider those views, where relevant, as part of their decision. The Board took into account the impact of the rising cost of living for customers in reviewing boat licence charges when making decision on revisions to the business plan to respond to inflation rises.

The Board also helped developed the public benefit case (both tangible and intangible) to make the strongest possible case to Government in the context of the grant review – particularly focusing on health and wellbeing benefits of the many millions of visitors to the Trust's network annually.

Our Key Stakeholders – Suppliers and Businesses

Trustees recognise the importance of fostering good business relationships with suppliers and other businesses in the inland waterway sector and more widely, and of maintaining a reputation for high standards of business conduct, to help achieve the Trust's charitable aims and long-term success.

How the Board engages with them and ensures that their interests are taken into account

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 also 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).

During the year, the Board approved a number of contracts in accordance with the agreed scheme of delegation, taking into account suppliers' and businesses' interests when doing so. For example, in July 2022, the Infrastructure Committee held a meeting focussed on the new civil engineering framework contract, providing strategic challenge and assurance to the Board of Trustees that the tender process was fair and robust.

Our Key Stakeholders – Government and Regulators

Trustees are fully aware of the role of Government in setting policy objectives and regulators in terms of compliance with relevant legislation.

How the Board engages with them and ensures that their interests are taken into account

During the financial year, discussions continued with Defra regarding the upcoming grant review which remained a key focus for the Board of Trustees, who were regularly briefed on the Trust's interaction with the review process and helped develop the Trust's case for continued funding post-2027. The Board continued to provide frequent feedback and strategic direction to the Trust's developing strategic case, having received comprehensive reports and financial modelling from the Executive. The chief executive met with key Defra officials on a quarterly basis during the financial year and also attended a meeting with the Defra Minister responsible for inland waterways along with the Trust's Chair.

The Trust held an exhibition in October 2022 within the Palace of Westminster engaging MPs on the work of the Trust, where the *Valuing our Waterways* report was shared.

Trustees are updated on legal and regulatory developments at each Board meeting and take these into account when making decisions, including the approval of changes arising to the Trust foundation documents as a result of the Trust's public sector classification by the Office of National Statistics.

SECR (Streamlined energy & carbon reporting)

Carbon Footprint 2022/23

| Activity | Energy (kWh) | Emissions (tCO ₂ e) |
|---|-------------------|--------------------------------|
| Scope 1 Total | 12,269,294 | 2,780.68 |
| Natural Gas (Mains) | 2,978,456 | 543.69 |
| Transport | 9,224,909 | 2,222.14 |
| Other Fuels | 65,929 | 14.85 |
| Scope 2 (Location-Based) Total | 17,421,456 | 3,368.96 |
| Electricity (Location-Based) | 17,421,456 | 3,368.96 |
| Scope 3 Total | 3,110,520 | 767.01 |
| Business Travel – Employee owned vehicles | 3,026,002 | 746.58 |
| Business Travel – other | 84,518 | 20.43 |
| Total | 32,801,270 | 6,916.65 |
| Intensity Ratio – Emissions (tCO₂e) per Expenditure on Charitable Activities (£million) | | 34.58 |

| Outside of scopes | Emissions (tCO ₂ e) |
|-------------------|--------------------------------|
| Travel | 126.16 |
| Other | 1.14 |
| Total | 127.30 |

Carbon Footprint 2021/22

| Activity | Energy (kWh) | Emissions (tCO ₂ e) |
|--|-------------------|--------------------------------|
| Scope 1 Total | 10,992,572 | 2,488.43 |
| Natural Gas (Mains) | 2,102,400 | 385.08 |
| Transport | 8,742,513 | 2,069.55 |
| Other Fuels | 147,659 | 33.80 |
| Scope 2 (Location-Based) Total | 15,853,914 | 3,366.26 |
| Electricity (Location-Based) | 15,853,914 | 3,366.26 |
| Scope 3 Total | 2,549,830 | 625.21 |
| Business Travel – Employee owned vehicles | 2,471,176 | 606.55 |
| Business Travel – other | 78,654 | 18.66 |
| Total | 29,396,316 | 6,479.90 |
| Emissions per £m Expenditure on Charitable Activities (tCO₂) | | 35.96 |

Carbon Footprint comparison 2021/22 to 2022/23

| Activity | Difference (tCO ₂ e) | Difference (%) |
|---|---------------------------------|----------------|
| Scope 1 Total | 292.25 | 11.74% |
| Natural Gas (Mains) | 158.61 | 41.19% |
| Transport | 152.59 | 7.37% |
| Other Fuels | (18.95) | (56.06%) |
| Scope 2 (Location-Based) Total | 2.70 | 0.08% |
| Electricity (Location-Based) | 2.70 | 0.08% |
| Scope 3 Total | 141.80 | 22.68% |
| Business Travel – Employee owned vehicles | 140.03 | 23.09% |
| Business Travel – other | 1.77 | 9.49% |
| Total | 436.75 | 6.74% |
| Emissions per £m Expenditure on Charitable Activities (tCO₂e) | (1.38) | (3.84%) |

Energy Efficiency Action

We have implemented a number of energy efficiencies to help reduce our carbon footprint, including:

Increased generation of low-carbon energy on the Trust's estate

Our estate hosts a number of schemes that allow for energy to be produced at a lower carbon intensity than more traditional sources. The schemes include wind and solar photovoltaic, hydroelectric schemes which use our water to generate electricity, schemes that use canal water for cooling buildings and use the thermal energy within canal water to provide heat.

Transferring road fleet to low-carbon fuels

We have started purchasing hybrid vehicles.

Trialling of alternative/green fuels for boats

The use of Hydrogenated Vegetable Oils (HVO) is being trialled to contribute to a reduction in our carbon footprint.

Docks Pump efficiency

We installed two large, three-ton pumps at Gloucester Pumping Station. The new pumps are more efficient, have a higher level of resilience and have an increased life span of around 20 years. It's expected that the new pumps can also cut the electricity consumption for the pumping station by around 10%.

Water-sourced heating and cooling

We have increased our focus on the supply of low-carbon heating and cooling solutions to existing and new build properties adjacent to our canals via water-source heat pumps.

Offsetting residual emissions, tree planting plan

We have made plans to offset carbon emissions through a programme of tree planting on our own land, and have identified 279 hectares of tree planting opportunities.

Carbon Reduction Plan

We have engaged consultants, Carbon Intelligence, to help create a Carbon Reduction Plan and a roadmap to 'net zero' in line with SBTi methodology. When completed, our roadmap will outline the further future improvements we will make to our own emissions as well as tracking the improvements in our upstream supply chain by our suppliers as they adopt their own improvement plans.

Finance Review

Introduction

This Finance Review outlines the financial performance of the Trust in the year ended 31 March 2023.

The Trust has experienced growth in both income and costs during a year that saw significant levels of inflation. Whilst commercial and investment income has grown, several other income streams remain fixed despite rising inflation. This includes our government grant, fixed at £52.6m representing 23.4% of total income for the year (2021/22: 24.5% of total income) and set to remain at this level until the current agreement expires in 2027. A high proportion of the Trust's costs have increased in the year, with decisions being made on how to mitigate this through cost saving initiatives or changes to the timing of delivery of certain activities.

Despite these mitigating actions, the Trust is reporting a net expenditure before investment gains and losses for the year of £22.8m (2021/22: net expenditure before investment gains and losses of £7.2m) and in line with its reserves policy has funded this deficit by utilising retained unrestricted funds. More broadly, total funds have reduced by £167.1m during the year as a result of this deficit as well as unrealised revaluation losses on investments and actuarial losses on the defined benefit pension scheme. These losses are a result of significant movements in investment market valuations, interest rates and inflation.

Looking to the future, the cost of fulfilling the Trust's obligations are increasing due to climate change and the inherent challenges of a 250-year-old network as well as the impact of continuing high inflation. Meanwhile government support through our Defra grant agreement is declining – by 2027 the grant would need to be around 30% more than currently planned to keep pace with inflation (and more in the years beyond). This means that the Trust will need to be ever more commercially focused in generating our income and ever more imaginative in generating efficiencies in the way we operate.

Overview of financial performance

| | 2022/23 £m | 2021/22 £m |
|---|----------------|---------------|
| Income | 225.1 | 214.6 |
| Expenditure on raising voluntary income | (3.4) | (2.9) |
| Expenditure on raising commercial income | (38.0) | (38.7) |
| Total expenditure on raising funds | (41.4) | (41.6) |
| Net income available for charitable activities | 183.7 | 173.0 |
| Charitable spend | (199.5) | (180.2) |
| Net expenditure before (losses)/gains on investments | (15.8) | (7.2) |
| Share of expenditure from joint ventures | (7.0) | - |
| (Losses)/Gains on investments | (61.9) | 83.9 |
| Net (expenditure)/income | (84.7) | 76.7 |
| Pension actuarial (losses)/gain | (82.4) | 83.9 |
| Net Movement in Funds | (167.1) | 160.6 |

Income: Increased by £10.5m overall. This was mainly due to inflationary increases in commercial income including boat licences and moorings (where there was also volume growth), as well as investment income. Third party charitable funding increased during the year, Defra grant funding was unchanged and individual donation income was slightly less than the prior year.

Expenditure on raising voluntary income: Increased by £0.5m. This is the expenditure incurred on the generation of voluntary income and includes the costs of campaigns and core fundraising activities. The increase in the year is due to higher numbers of face to face fundraisers employed by the Trust.

Expenditure on raising commercial income: Decreased by £0.7m. This is the expenditure incurred in the generation of all commercial income sources including boating and mooring income and investment income as well as interest payable on loan notes of £4.4m.

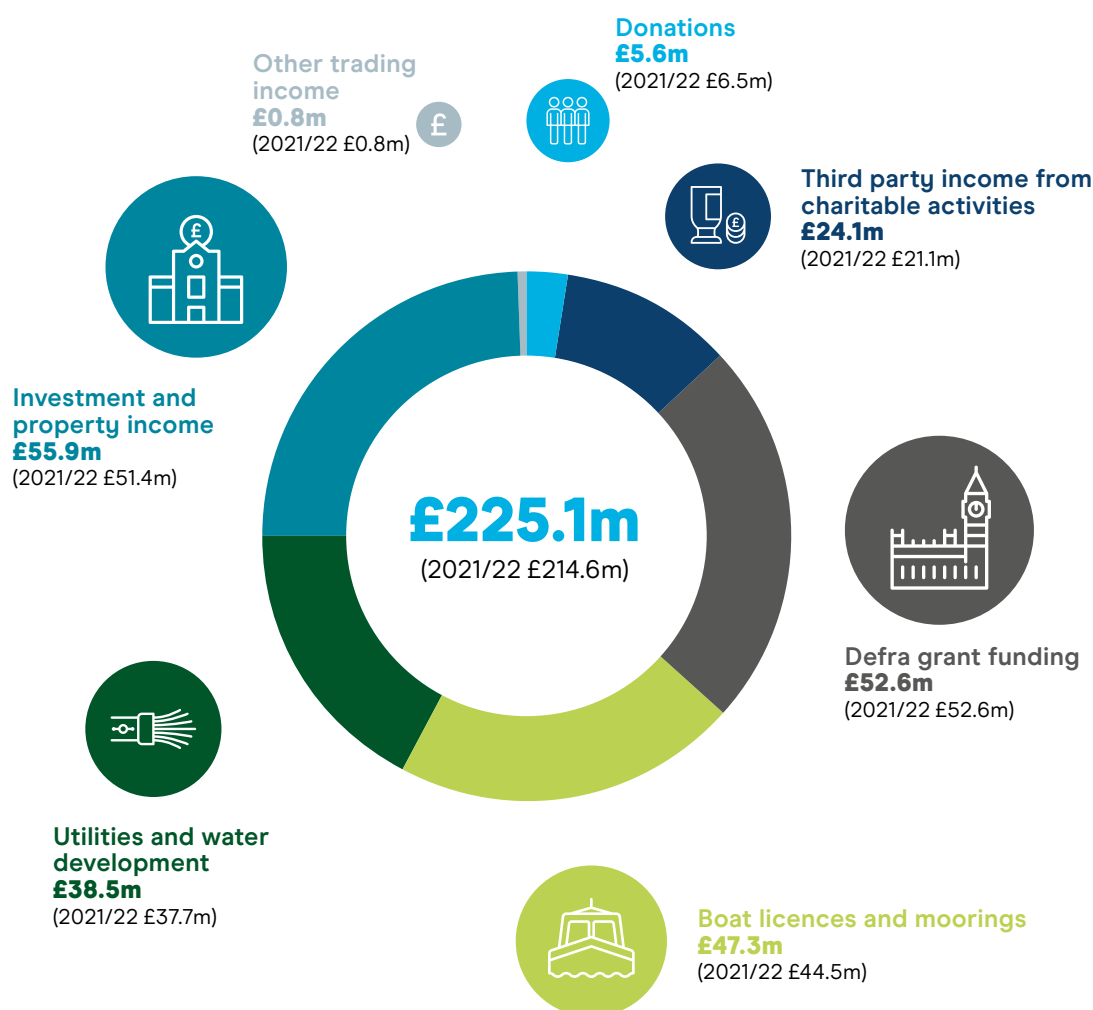
Charitable spend: Increased by £19.3m mainly due to inflationary cost increases and increased levels of activity relating to major infrastructure works and third party funded projects.

Share of net expenditure from joint ventures: Losses were experienced in the year due to the requirement for the Waterside Places Joint Venture to make provisions for future costs of building repairs under the Building Safety Act on previously completed developments.

Losses on investments: The Trust's property advisors, Avison Young, have independently valued the entire property portfolio as at 31 March 2023, with resulting unrealised revaluation losses of £61.8m. The revaluation of the non-property investment portfolio resulted in full year losses of £3.0m. These losses along with £2.8m gains on disposal of investment assets and £0.1m gain on disposal of tangible fixed assets results in the overall loss of £61.9m. These losses were better than the market benchmark returns.

Pension actuarial (losses)/gain: This loss of £82.4m was driven by the reduction in the value of the scheme investment assets during the year following general market trends and the increase in interest rates. Gilt yields increased in the year which reduced the value of the scheme liabilities, but this was offset by a linked reduction in the value of the scheme assets as a result of the scheme's liability driven investment (LDI) strategy.

Income



Donations and legacies are amounts received from organisations or individuals and can be unrestricted or restricted to specific purposes. The number of 'Friends' regularly supporting the Trust has decreased year on year from 27,148 to 25,948 due to the impact of the cost of living crisis and the tendencies to reduce charitable support during more difficult financial conditions.

Third party income from charitable activities represents amounts received for specific 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 recognised in 2022/23 increased by 14.2% on 2021/22, due to delivery of previously delayed activity in the year and post pandemic recovery.

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 the Trust's website. The core amount received in 2022/23 was £42.6m, with an additional £10.0m received due to satisfactory performance against these performance conditions, consistent with prior year.

Boating and moorings The following table shows how the income in this category arises from private boat licence income, income from 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):

| | 2022/23 £m | 2021/22 £m | change % |
|-----------------|---------------|---------------|-------------|
| Boat licences | 25.2 | 24.0 | 4.9 |
| Mooring permits | 9.4 | 8.2 | 14.6 |
| Boating trade | 11.9 | 10.8 | 10.4 |
| Other | 0.8 | 0.8 | - |
| Total | 47.3 | 44.5 | 6.3 |

Boat licence income increased by 4.9% due to inflation linked price increases as well as volume. Income from mooring permits increased by 14.6% due to general inflationary price rises and improved occupancy levels. Boating trade income includes business licences and boating property rents. The 10.4% increase in the year is due to inflationary price rises and renegotiated rental contracts.

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 third party 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. Contracts are often long term in nature, with price adjustments not necessarily occurring each year.

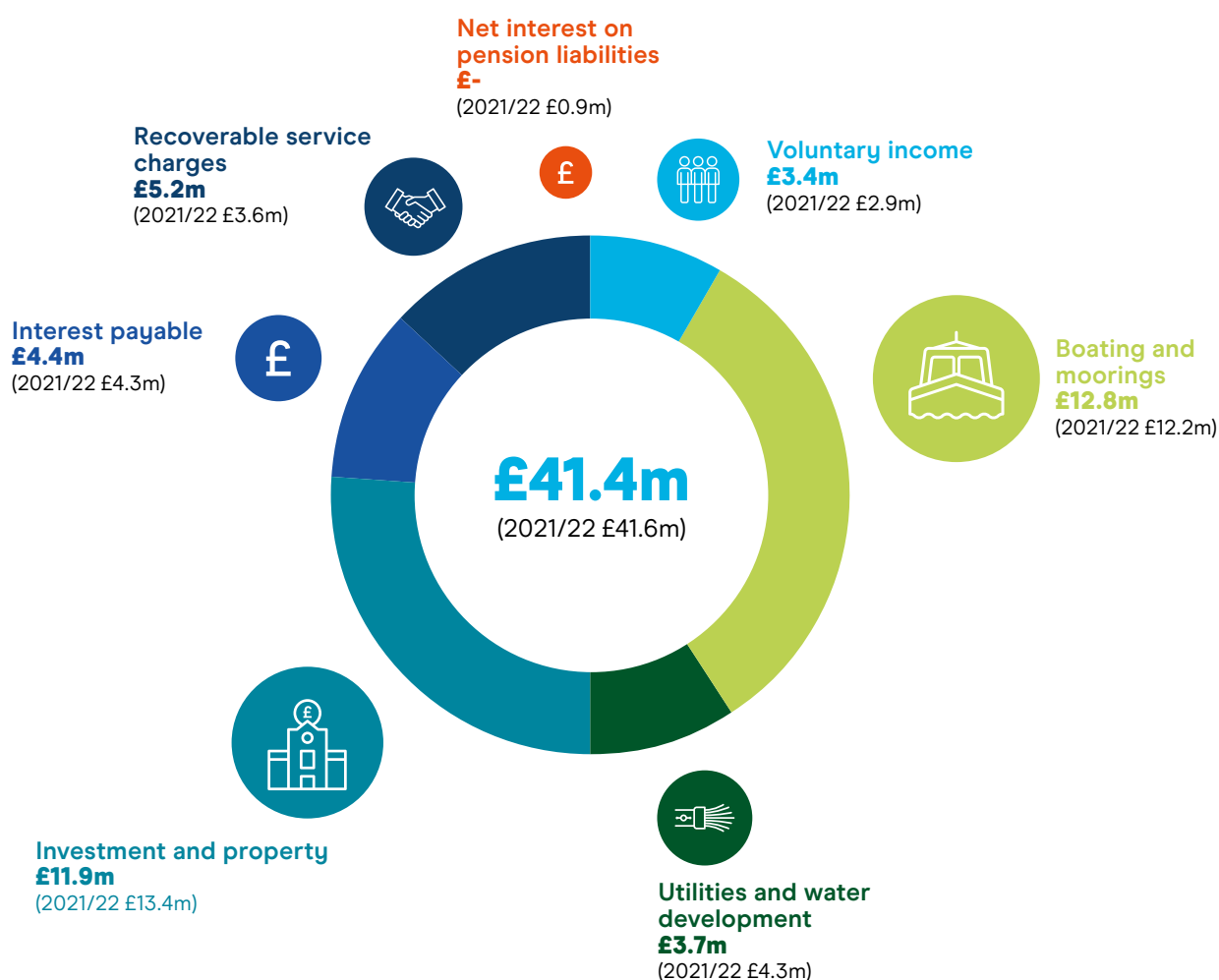
Investment and property income is derived from the Trust's Protected Asset Fund. Total investment income increased by 8.8% to £55.9m, with each key area considered separately below.

Property investments form the largest part of investment income at £43.1m, being rents and premiums from the Trust's property portfolio which has performed consistently well over the past three years. The 9.1% increase in property investment income against the prior year is due to contractual changes including index linked increases.

Non-property investments is dividend income from the non-property portfolio and at £6.0m was £1.7m higher than 2021/22 due to the timing of distributions and the performance experienced in the year.

Other property and investment income includes way leaves and interest receipts and at £6.8m has increased by £1.9m from 2021/22 due to inflationary increases and new commercial agreements agreed in the year.

Expenditure on raising funds



Expenditure on raising funds reduced by £0.2m from 2021/22 and comprises the following:

Expenditure on raising voluntary income

Expenditure incurred on raising voluntary income includes the cost of face to face fundraisers as well as the costs of publicity and campaigns. The cost increased by 17.2% in the year due to further investment including an increase in face to face fundraising after returning to normal levels of activity following the pandemic.

Expenditure on raising commercial income

Boating and moorings includes the cost of customer service teams, licensing teams and the management of mooring facilities, and have increased by 4.9% largely due to inflation.

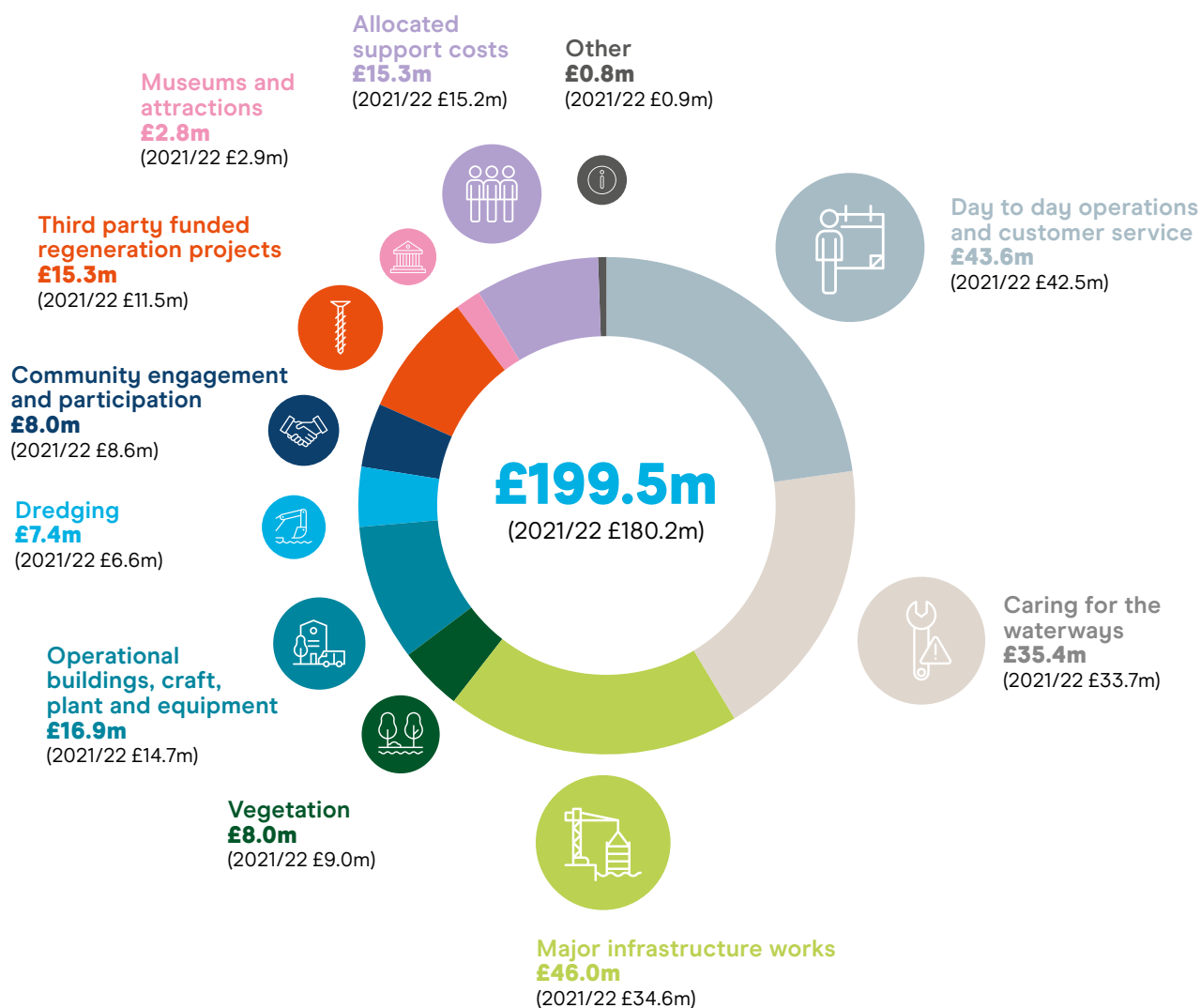
Utilities and water development includes the cost of administering and delivering the contractual services, and have reduced in the year due to a reduction in Environment Agency fees.

Investment and property includes the cost of investment management.

Interest payable incurred on the £150m long term borrowing, which was invested by the Trust to generate investment income.

Recoverable service charges incurred by the Trust related to property rented to tenants. This is recovered from tenants and included in the Investment Income recognised, and has increased in the year due to inflation.

Expenditure on charitable activities



Spend on charitable activities increased by £19.3m from 2021/22 and comprises the following:

Day to day operations and customer service costs cover the ongoing operational cycle of upkeep, maintenance and the management of the network assets, employees and volunteers.

Caring for the waterways costs include the costs of inspections, repairs and development of infrastructure assets including planning, engineering, workshops and installations throughout the network, but excluding major infrastructure works covered below.

Major infrastructure works costs cover large projects to repair and improve major assets such as reservoirs. These costs include provisions for future infrastructure costs recognised following reservoir inspections under s10 of the Reservoirs Act 1975 of £20.8m (2021/22: £5.0m) which have increased due to the inflationary impact on future cost estimates as well as new requirements arising in the year.

Not included in the reported total, as the cost had been provided for in previous years, is £17.9m of repair costs delivered during the year (2021/22: £12.3m).

Vegetation costs have reduced in the year due to changes made to the outsourced contracts that include cost savings and some reduced activity.

Operational buildings, craft, plant and equipment costs relate to managing and maintaining operational assets plus the cost of depreciation charged and have increased due to increased use in the year.

Dredging costs have seen inflationary increases in the year particularly the cost of fuel to transport dredged material away from the network.

Community engagement and participation costs comprise engagement and events, strategy and planning, marketing and media.

Third party funded regeneration projects are costs of delivery of externally funded activities, delivered by the Trust in partnership with third party funders. The cost has increased in 2022/23 in line with the increase in income.

Museums and attractions are the costs associated with the day to day running and maintenance of the Trust's sites at Gloucester, Ellesmere Port, Stoke Bruerne, Anderton, Standedge and Trevor.

Allocated support costs include governance, finance, IT, and HR costs and have increased by less than 1%.

Share of expenditure from joint ventures

Losses of £7.0m (2021/22: £nil) have been experienced in the joint venture interests due to the need to provide for future repair costs associated with previously completed developments.

Losses on investments

The property portfolio produced valuation losses of £61.8m (2021/22: gains of £40.2m) which, combined with £2.8m (2021/22: £5.7m) of realised gains on disposals, produced a capital reduction of 8.1% for the year. This was better than the MSCI UK all commercial property quarterly benchmark capital reduction of 16.4% for the year. The Trust experienced outperformance in the industrial property sector but also saw valuations of defensive assets such as ground rents reduce as UK interest rates rose in the year. Avison Young independently valued our entire property portfolio as at 31 March 2023.

Our non-property portfolio of investments produced revaluation losses before fees of £3.0m (2021/22: gains of £37.7m). The dividend income received in the portfolio was £5.8m in the year (2021/22: £4.0m) and when combined with the revaluation loss the combined return on the portfolio for the year was a gain of 0.4%, which was better than the benchmark of a reduction of 4.7%. In what has been a volatile year for investment markets with the non-property fund experiencing some negative macro-economic impacts on public equity and bond valuations predominantly due to higher interest rates, there was also positive growth in private debt and private equity holdings as well as a positive valuation impact of exchange on USD holdings.

Pension actuarial loss

The defined benefit Waterways Pension Fund (WPF) was closed to future benefit accrual on 30 September 2016. The brought forward group pension asset of £42.5m reduced to a liability of £33.6m during the year. The value of the scheme investment assets reduced following general market trends and the increases in interest rates. The significant increase in gilt yields materially reduced the value of the liabilities, offset by a linked reduction in the value of the scheme assets as a result of the liability driven investment (LDI) strategy in place.

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 2022. As at that date the market value of the Scheme's assets (excluding members' additional voluntary contributions) amounted to £658m and the value placed upon the benefits that had accrued to members was £622m. The Scheme was therefore £36m in surplus and 106% 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 2022.

Summary Consolidated Balance Sheet

| | Unrestricted Funds £m | Restricted Funds £m | Total 31 March 2023 £m | Total 31 March 2022 £m | Variance £m |
|-------------------------------|-----------------------------|---------------------------|------------------------------|------------------------------|----------------|
| Tangible fixed assets | 31.9 | 22.4 | 54.3 | 51.8 | 2.5 |
| Investments | - | 1,011.4 | 1,011.4 | 1,114.5 | (103.1) |
| Current assets | 96.0 | 25.1 | 121.1 | 106.2 | 14.9 |
| Current liabilities | (85.6) | (3.5) | (89.1) | (83.9) | (5.2) |
| Long-term liabilities | (3.3) | (150.0) | (153.3) | (153.5) | 0.2 |
| Provisions | (35.5) | (0.1) | (35.6) | (35.3) | (0.3) |
| Pension (liability)/ asset | (0.1) | (33.5) | (33.6) | 42.5 | (76.1) |
| Total net assets | 3.4 | 871.8 | 875.2 | 1,042.3 | (167.1) |

The prior year Current assets, Current liabilities and Long-term liabilities have been restated due to overstatements reported in the prior year. The restatement relates to amounts billed in advance at the end of the financial year and which were previously recorded as trade debtors (£15.1m) and deferred income (£13.6m current and £1.5m long-term) in the balance sheet as at 31 March 2022. It has been determined that no entitlement to these amounts arose until 1 April 2022 and, accordingly, the balances should not have been recognised in the comparative balance sheet. The restatement to exclude both the overstated assets and liabilities has no affect on cash, net assets or total funds at 31 March 2022 as previously reported. Further detail is reported in note 28 to the Financial Statements.

Overview

The Trust's group balance sheet position remains strong with the majority of the net assets being held in the restricted Protected Asset Fund. Unrestricted funds have total net assets of £3.4m which is £7.8m less than 2021/22, due to the reported net expenditure before gains and losses for the year. The Trust holds cash and other current assets in the unrestricted 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 18 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 increased principally due to additions of plant and vehicles.

Investments reduced by £103.1m during the year, largely a result of unrealised capital losses (as explained below in the investments section).

Current assets increased primarily due to increased income and higher value billing and the timing of customer cash collections.

Provisions maintained at similar levels with the brought forward reservoir provision being released in line with the costs of restoration works incurred in the year, and additional or new provisions recognised due to changes in future cost estimates and new reservoir inspections creating new requirements recognised in the year.

Pension fund liability showed a reduction of £76.1m due to a reduction in the scheme assets due to general market trends and increases in interest rates. Gilt yields increased in the year which reduced the value of the scheme liabilities, but this was offset by a linked reduction in the value of the scheme assets as a result of the scheme's liability driven investment (LDI) strategy.

Investment policy, powers and performance

Currently, all of our long-term investments 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 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).

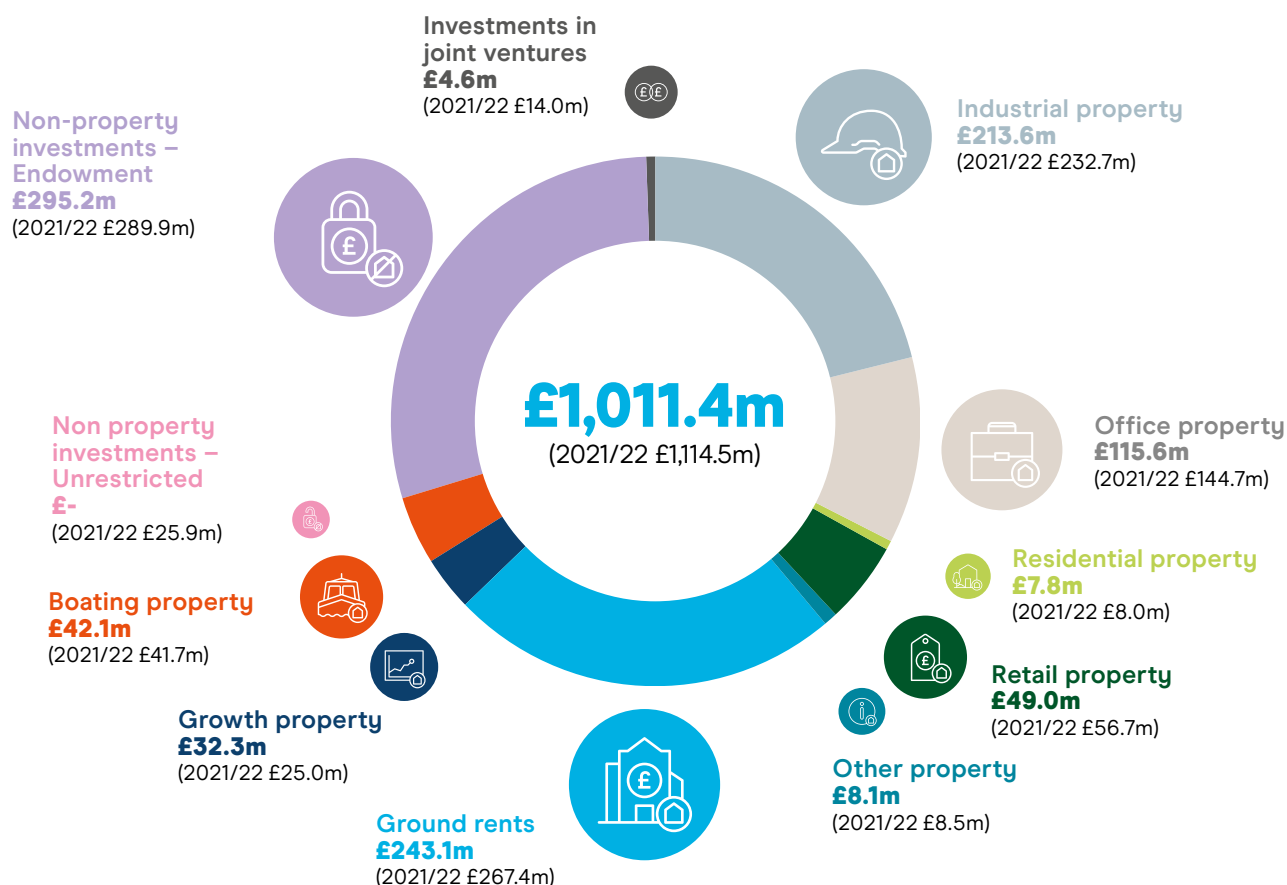
In normal circumstances, for property assets, the Trust spends the net property rents received and accumulates the capital gains. For non-property assets the Trust spends dividends and interest received and accumulates capital gains.

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 £103.1m lower than the position at 31 March 2022 and stands at £1,011.4m. The reduction in value is due to the investment property and non-property investment revaluation losses of £64.8m, a net disposal of property investments due to timing of acquisition and disposal activity of £11.5m (retained to fund future planned investment property acquisitions), a reduction in value of joint venture investments due to future cost provisions recognised and loans repaid to the Trust of £9.2m, plus withdrawals made from retained unrestricted fund investments of £15.8m.

Investment by Type



Property investments

| | Actual | | Benchmark* | | Variance | |
|---------------|---------|-------------------|------------|-------------------|----------|-------------------|
| | 2022/23 | 5 year annualised | 2022/23 | 5 year annualised | 2022/23 | 5 year annualised |
| Total return | -3.5% | 4.8% | -13.0% | 1.9% | +9.6% | +2.9% |
| Income return | 5.0% | 4.8% | 4.1% | 4.3% | +0.9% | +0.5% |

* MSCI UK all commercial property quarterly benchmark.

The Trust's investment property portfolio produced a total negative return of 3.5% for 2022/23, 9.5% better than the benchmark. This was after negative capital returns of 8.5% comprising 0.3% realised gain from property sales and 8.8% revaluation losses on properties held. This compares favourably with the benchmark of 17.1% capital losses, due principally to the Trust's outperformance of the market in the industrial property sector. The portfolio has also exceeded the benchmark with 5-year annualised average total returns at 4.8% p.a. compared to 1.9% p.a. for the benchmark.

Non-property investments

| | Actual | | Benchmark* | | Variance | |
|--|---------|-------------------|------------|-------------------|----------|-------------------|
| | 2022/23 | 5 year annualised | 2022/23 | 5 year annualised | 2022/23 | 5 year annualised |
| Total return (including foreign currency exchange effects) | 0.4% | 7.9% | -4.7% | 6.8% | +5.1% | +1.1% |

* 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 2023. The valuation for the private equity component is based on valuations as at 31 December 2022 adjusted for known transactions and estimated market impacts to 31 March 2023.

Our non-property investment manager's objective over the medium term has been achieved with annualised nominal returns over 5 years of 7.9% compared to the benchmark of 6.8% over the same period. The 2022/23 return of 0.4% was 5.1% higher than the market benchmark for the year.

Reserves

Total Reserves

The total reserves of the Trust have reduced from £1,042.3m at 31 March 2022 to £875.2m at 31 March 2023. This is principally due to the deficit for the year of £22.8m, losses on investments of £61.9m and actuarial losses on the defined benefit pension scheme of £82.4m.

Reserves policy

All charities are required to consider the level of 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 of 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 inflation, together with increasing activity leading to higher infrastructure repairs and maintenance costs, means the Trust anticipates that negative free reserves are possible. 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 – £3.4m (2022: £2.8m)

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. Free reserves excluding unrestricted fixed assets of £31.9m (2021/22: £30.5m) are negative by £28.5m (2021/22: negative by £27.7m). The implication being that some fixed assets would need to be sold to meet the ongoing 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.

Designated Funds – £nil (2022: £7.9m)

In the prior year the Trust established a Major Asset Failure Fund (MAFF) to fund the ongoing repair and restoration work of the major infrastructure assets. During the year the remaining balance on the MAFF was transferred to the General Fund to fund the major infrastructure asset expenditure incurred.

Restricted Funds

Protected Asset Fund – £870.6m (2022: £1,030.3m)

The Protected Asset Fund reduced by £159.7m during the year, primarily as a result of property and non-property investment revaluation losses, joint venture investment losses and transfers of historic gains to the General Fund.

Restricted Income Fund – £1.2m (2022: £1.3m)

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

Governance Overview

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 2022/23, 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 showing the Trust's subsidiaries and their results appears in note 16 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.

As a charitable company, the Trust upholds the highest standards of governance. The Trust applies the Charity Governance Code, which sets out the principles and recommended practice for good governance in charities.

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 2023, it had 29 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 19 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 members, ex officio, along with 1 member of Bwrdd Glandŵr Cymru (Welsh Board). A list of membership can be found on pages 145 to 147.

One Council member is elected as a User Representative Observer to the Waterways Ombudsman Committee. This is a non-voting post, appointed annually. From July 2021 until June 2022, the User Representative Observer nominated by Council was Dave Mendes Da Costa. The position is currently vacant with work underway to appoint to the position.

Key Activities

The Council ordinarily meets twice a year and met in September 2022 (which is the Trust's Annual General Meeting) and in January 2023 and March 2023. In 2022/23 the September and March Council meetings were held as hybrid meetings, with Members able to attend in person again, or virtually if they preferred to. The September AGM and 23rd Council meeting were held at the IET in Birmingham and the March 2023 Council meeting was held at the Anderton Boat Lift in Cheshire.

The January meeting was held online and covered a single item, providing Council members with an update on the changes to Trust foundation documents proposed as a result of the ONS public sector classification, including the resignation of the Secretary of State as B member and removal of Secretary of State powers to wind-up or reallocate Trust assets (which have now come into effect from 8 June).

The Trust values the experience and input of Council members and continued to maintain contact by ensuring regular reports from the Executive Team on key business areas were circulated to Council.

Council undertook the following key activities at its September 2022 meeting:

- Approved the re-appointment of four Trustees, namely, Dame Jenny Abramsky, Nigel Annett CBE, Janet Hogben and Tim Reeve for a further term of up to 3 years.
- Approved the appointment of David Orr CBE, Bronagh Kennedy and Ian Peters as Trustees for a first term of up to 3 years.
- Received the Report of the Joint Council & Trustees Appointments Committee.
- Reappointed BDO LLP as auditors and authorised the Trustees to fix their remuneration.
- Received the Annual Report and Accounts for the Year Ended 31 March 2022.
- Received an activity update from the chief executive, including updates on the Trust's 10th Year Anniversary; health & safety performance; successful applications for new Green Flag awards and an update on the increase of visitors and overall supporter numbers.
- Received a presentation on heritage matters.
- Received a presentation on the emerging Volunteering Strategy.

At the March 2023 meeting, Council:

- Received the Report of the Joint Council & Trustees Appointments Committee.
- Received a further update on progress in respect of the ONS public sector classification changes.
- Received an activity update from the chief executive, including health & safety performance, an update on the Government grant review and water abstraction licensing.
- Received a presentation on proposed revisions to the Towpath Policy and Design Principles.
- Received a presentation on proposed revisions to the Heritage Policy.

Role of the Board

As the principal governing body of the Canal & River Trust, the Board of Trustees (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, to which it has delegated specific decisions through its Scheme of Delegation and Terms of Reference:

- Audit & Risk Committee
- Investment Committee
- Remuneration Committee
- Infrastructure Committee

In addition, two Trustees are 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.

At the Council AGM on 21 September 2022 Allan Leighton (Chair) and Ben Gordon (Trustee) terms of office came to an end. At the same meeting, David Orr CBE, Bronagh Kennedy and Ian Peters were appointed as Trustees. At the Board meeting on 22 September 2022 David Orr was elected by the Board as Chair of the Trustees. Biographies for all these Trustees can be found on the Trust's website.

All Trustees are voluntary, unremunerated, non-Executive appointments. Trustees may be appointed by Council for three terms after which they must retire from the Board and are then subject to re-appointment by Council for any further term not earlier than 12 months later.

Trustees are appointed to different committees during their term of office. One Trustee, Janet Hogben, is nominated as one of two Trust non-voting representatives on the Waterways Ombudsman Committee (the other nominee being the Trust's Legal & Governance Director). In addition, a further Trustee, Sue Wilkinson, is appointed as a Trust's nominated Safeguarding Trustee and is a member of the Trust's Safeguarding Steering Group Committee.

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, and to review strategy and business plans as appropriate. Ordinarily, meetings are held around the country, with one meeting held in each of the Trust's six regions across the financial year. At the end of each meeting, there is an opportunity for Trustees to hold a private session, without the Executive team present.

Attendance of Trustees at board meetings and committees can be found in the table below.

| | Trust Board | Audit & Risk Committee | Investment Committee | Infrastructure Committee | Remuneration Committee | Joint Council & Trustees Appointments Committee |
|--|-------------|------------------------|----------------------|--------------------------|------------------------|---|
| Allan Leighton (until September 2022) | 1/2 | | 1/2 | | | |
| David Orr | 4/4 | | | | | |
| Nigel Annett | 6/6 | 4/5 | 7/8 | 4/4 | | |
| Jenny Abramsky | 6/6 | 4/5 | | | | 4/4 |
| Ben Gordon (until September 2022) | 2/2 | | | 1/2 | 2/2 | |
| Janet Hogben | 4/5 | | | 3/4 | 2/3 | 3/4 |
| Chris Kelly | 6/6 | 5/5 | | 4/4 | | |
| Bronagh Kennedy | 4/4 | | | | 1/1 | |
| Ian Peters | 2/4 | | 3/3 | | | |
| Jennie Price | 5/5 | 5/5 | | 2/4 | | |
| Tim Reeve | 5/6 | | | | | |
| Sarah Whitney | 5/6 | | 8/8 | | | |
| Sue Wilkinson | 4/6 | | | | 3/3 | |
| Robert Milburn* | | 5/5 | | | | |
| Ian McCarthy* | | | | | | 4/4 |
| Andrew Phasey* | | | | | | 4/4 |
| Phil Prettyman* | | | | | | 2/4 |
| Nick Ritblat* | | | 6/8 | | | |
| Tim Sketchley* | | | 7/8 | | | |
| Diane Seymour-Williams* | | | 7/8 | | | |
| Suzanne Crouch* | | | | 2/2 | | |

* Co-Opted Member but not a Trustee

Board Evaluation

An external review is undertaken every three years (the last external review was undertaken in 2021 and the next review scheduled for 2024).

Board effectiveness and the Board working together are questions in the internal board effectiveness review which happens annually in years where an external review is not undertaken.

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

Board Induction and Training

The Trust provides appropriate resources for the Trustees' professional development. Deep dive sessions are arranged as and when required and are usually delivered at the relevant committee meeting.

Independence and Conflicts

The Board has ensured there are adequate processes in place to identify and manage conflicts of interests should they arise. 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 each meeting.

When considering any conflict, current or potential, Trustees and Co-opted members are able to draw upon the advice of the Company Secretary but the decision on how to manage the conflict rests with the Chair of the Board or Committee. The Board approved a Conflicts of Interest Standard during the year.

Key Decisions in the Year

Trust Board meetings during the financial year covered a number of matters. The key matters considered by the Board with specific reference to factors (a) to (f) listed on page 46 of the Section 172(1) statement, include (not exhaustive):

- Reviewing the financial position of the Trust
- Receiving updates and discussion on the Government grant review
- Developing Trust strategy and business planning
- Receiving regular health and safety updates
- Reviewing water resources
- Agreeing boat licence fees
- Approval of Trust policies
- Reviewing annual reports for reservoirs and harbour management
- Undertaking the annual strategic review of risk
- Considering matters relating to the Government grant review

The agenda and supporting papers for the Board of Trustees meeting can be found on the Trust's website.

Culture and Values

Trustees recognise the importance of setting high business standards and embedding a positive and high performing culture 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 and inclusion

At the Trust we care passionately for our waterways, and as importantly, for those who look after and use them. We value the rich social and cultural diversity of the communities in which we operate.

Whilst we recognise the challenges our infrastructure and environments can present due to their age, heritage, and relatively inaccessible design, we are endeavouring to make our waterways as open, accessible and attractive places for all of the communities around us, so that everyone is welcome and our customers, users, and visitors reflect the diversity of those communities with no perceived barriers or obstacles. We will put our customers and visitors at the very heart of what we do, providing accessible services, treating customers with respect, and learning from feedback.

Our people are our biggest asset, without whom we couldn't look after our waterways. We strongly believe that a diverse workforce brings with it a diversity of ideas, thinking, and ways of working which enhances what we do as a Trust. It also increases our ability to engage with the diverse communities in which we operate. To be able to deliver our vision of living waterways that transform places and enrich lives, everyone who works here or volunteers with us must be able to be themselves, performing at their best, free from any pressure to conform or be different from how they are. Then we can unlock our full potential, achieve greater impact and earn the confidence, trust, and advocacy of those that use the waterways, whether boaters, anglers, canoeists, paddle-boarders, walkers or cyclists. We therefore need to create the most inclusive environment that we can, where colleagues and volunteers feel valued, respected, trusted, and feel that their voices are heard.

As well as being a Disability Confident employer, this past year, we have appointed our first permanent full-time role focused on developing our inclusive culture and enhancing diversity at the Trust. We have drafted our first Inclusion & Diversity Strategy which will soon be published, setting out our ambition for the next three years, and as part of this will shortly be launching our Diversity & Inclusion delivery programme.

We continue to involve a range of users to help shape our services, from the regular Disabled Boaters Forum to consulting with customers on changes to boat licence fees, and we are committed to carrying out Equality Impact Assessments on such changes where relevant, to improve the quality of our decision making. We have continued to support our existing Inclusion Circles, network groups run by and for colleagues – Caring for those with Dementia, LGBTQ+ Forum, Managing the Menopause, Multi-Faith, Neurodiversity, and Working Parents – and we have established new Inclusion Circles for the Armed Forces Community, Boaters at the Trust, Ethnically Diverse Colleagues, and Women. These networks have a key role to play in providing peer to peer support, awareness raising, and holding leadership to account.

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.

Our Population

As at April 2023 31% of all Trust permanent employees were female. 55% of all women within the Trust are employed in professional level roles or higher (54% in 2022) and 39% of our senior management population is female (37% in 2022).

For 2022/23 our mean (average) gender pay gap was -3.6%. This means that on average women are paid 3.6% more than men.

The Trust's most recent gender pay reporting is published on the GOV.UK 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 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. These documents are now being revised to conform with the Trust's policy, compliance and assurance framework.

The Trust's Safeguarding Steering Group, which is responsible for key strategic safeguarding decisions, is chaired by our chief executive and includes the legal & governance director and chief operations officer, as well as the nominated Safeguarding Trustee, Sue Wilkinson. The Trust has a Safeguarding Team, headed up by a designated safeguarding officer and deputy designated safeguarding officer. The team is responsible for: regularly reviewing and updating the Safeguarding Policy and associated guidance 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.

The Trust has a Safer Recruitment Standard, which outlines safe and transparent recruitment practices, including a requirement for appropriate Disclosure and Barring Service checks for colleagues and volunteers who work with children and/or adults at risk. The Trust risk assesses criminal record disclosures and has a policy against engaging anyone who is deemed to present an unacceptable level of risk.

The increase in activities directly delivered to children and adults at risk by Trust colleagues and volunteers is a safeguarding risk area for the Trust.

The Safeguarding Team has issued guidance to colleagues to support with the risk assessment process for these types of activities and is working with the Events Team to send regular reminders to relevant colleagues about the importance of thorough risk assessments and controls.

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 the 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 on the Trust's website.

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 2022/23, the membership of the Committee comprised of:

| | |
|---------------------|---|
| Dame Jenny Abramsky | Trustee (Chair) |
| Allan Leighton | Trustee (until end of term in September 2022) |
| 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 2022/23 financial year, the Committee met four times.

- In April 2022, the Committee met to agree and discuss the Trustee recruitment process.
- In June 2022, the Committee met to discuss the Trustee and Chair appointment processes.
- In September 2022, discussed Council Membership, appointment of Sir Peter Dixon as the Chair of the London and Southeast Regional Advisory Board; user representative observer on the Waterways Ombudsman Committee, and retirements from the Board of Trustees of Allan Leighton (Trust Board Chair) and Ben Gordon (Trustee); the reappointment of four Trustees and the appointment of three new Trustees.
- In March 2023, discussed Council Membership and appointments from British Canoeing, Inland Waterways Association and MIND; appointment update on Southwest Regional Advisory Board Chair and Board of Trustee succession planning.

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, two Trustees were re-appointed by Council. 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 diverse backgrounds 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 2022/23 financial year there were three Trustees appointed. 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 candidates were proposed and endorsed by the Council at the September 2022 AGM.

The Trust voluntarily complies with Hampton-Alexander Review (published in February 2021) 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 54% 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 five scheduled meetings during the financial year.

Key Activities

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

- Reviewed the 2021/22 annual report and accounts and external audit findings report
- Considered Trust supply chain and inflation issues
- 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 a report on the Trust's resilience to fraud
- Received the annual whistleblowing report
- Received a cyber-security update
- Received and discussed annual reviews subsidiary companies
- Reviewed the effectiveness of the Committee
- Reviewed internal audit reports

Audit & Risk Committee's Performance & Training

During the year the Committee completed an effectiveness review and received updates on recommendations, and also undertook deep-dive sessions on water resources management and health & safety risks.

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
- Agreed the extension of the internal audit contract for a further year
- Assessed effectiveness, engagement and remuneration of the internal auditors
- Approved the draft internal audit plan
- 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
- Held a private meeting with BDO, without the Executive Team present
- Reviewed BDO's Audit Completion 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 maintains a corporate risk register which ranks all known risks according to likelihood and impact (after current mitigation actions are taken into account). The ranking is built up by considering the financial, reputational and operational impact and a specific risk factor relating to loss of life and property.

- 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 Audit & Risk Committee (ARC).
- The ARC regularly undertakes a review of risks and the internal controls measures in place and monitors the effectiveness of those internal controls. In addition, assurance is provided by Grant Thornton, the Trust's internal auditors who undertake a targeted programme of audits during the year.
- The Trust's risk register is reviewed by the Board during its annual review of risk and this is used to review the sufficiency of controls and mitigation around each key risk (including the setting of an annual programme of internal audit reviews) and to drive the allocation of Trust focus and resources.
- The Trust has a framework of policies and standards which contain measures to manage risk and is developing an assurance framework in relation to key compliance obligations and policy commitments.

Risk Tolerance

- The Trust is responsible for a historic waterways network that is subject to a range of safety risks, given the inherent age and condition of the infrastructure, the impact of climate change, including more frequent and more intense extreme weather events (associated with the changing climate) and the relatively open and easily accessible nature of the waterways.
- In light of this, we adopt an approach to risk that seeks 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 (colleagues and volunteers), 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 generating income.

Key Strategic Risks

The 12 key risks managed by the Trust in order of appearance on the Trust's corporate risk register are as follows:

| Risk | Mitigating Actions |
|--|--|
| Catastrophic Asset Failure: Reservoirs | <ul style="list-style-type: none"> • Full compliance with legislation (e.g. Reservoirs Act 1975) • Risk-based inspection regime in place • Emergency Plans maintained • Board approved Reservoir Investment Programme in place • Governance reporting through Infrastructure Committee |
| The Trust fails to receive a satisfactory determination of the grant effective from 2027 | <ul style="list-style-type: none"> • Active engagement with DEFRA • Long-term financial funding and 20 year asset strategy modelling and options developed |
| Catastrophic Asset Failure: High Risk Assets | <ul style="list-style-type: none"> • High risk assets monitored within the asset management process with a risk based approach • Board approved High Risk Asset Investment Programme • Risk management of high-risk assets is overseen through the Infrastructure Committee |
| Investment required to manage the portfolio of special structures (e.g. docks, tidal barrages and boat lifts) | <ul style="list-style-type: none"> • Asset strategies produced for six strategic assets • Investments required submitted through the DEFRA Grant Submissions • Trust seeking external funding for Anderton |
| Inherent dangers to the general public | <ul style="list-style-type: none"> • Network is maintained and active response with prioritisation to faults reported • All colleagues and volunteers engaged in identifying hazards • Visitor risk assessments in place • Active monitoring and reviewing of incidents recorded and analysed • Regular reports presented to the Board of Trustees and Executive Team |
| Long Term Financial Sustainability | <ul style="list-style-type: none"> • Long term financial planning, with Board oversight • Annual business planning process, with review of productivity improvements • Implementation of the Trust's Treasury Management Policy • Regular liquidity forecasting • External audit and oversight of the Trust's Audit & Risk Committee |

| Risk | Mitigating Actions |
|--|---|
| Abstraction Licensing | <ul style="list-style-type: none"> • Understanding and modelling of water resource needs by the Trust's expert hydrologists • Close working with the Environment Agency and Natural Resources Wales • Submission of over 150 applications for licences in good time prior to statutory deadlines • Appeals against unfavorable decisions |
| Inherent dangers to our boating customers | <ul style="list-style-type: none"> • All customer-facing employees and volunteers are trained to operate and maintain the system • Annual Report to Executive on BSS Compliance • Asset Management process inspects regularly and priorities repairs • Navigational standards in place • Reporting of completion of visitor risk assessment programme on going and reported to the Board |
| Backlog of poor condition assets (excl lock gates, reservoirs and HRAs – addressed elsewhere) has potential to impact negatively on customer service delivery and public safety | <ul style="list-style-type: none"> • Monthly progress reporting and regular inspections in place • Safety defects prioritised • Asset Strategy in Place |
| Deteriorating lock gate condition | <ul style="list-style-type: none"> • Workshop productivity plan being developed • Lock Gate Strategy in place • Lock gate types categorised, and productivity targets established |
| The implications of the Buildings Safety Act 2022 may impact the Trust | <ul style="list-style-type: none"> • External advice engaged to advise on the approach to managing the implications of the Building Safety Act • The Trust will assess the risks in relation to the BSA on a prioritised basis |
| Employee and Volunteer Safety | <ul style="list-style-type: none"> • Health & Safety Policy and Operating Standards in place • Training in place appropriate to the role • Safety objectives in place for all employees • Risk assessment processes in place • Health & Safety targets in place reporting to the Board • Safety Champions in place • Corporate Health & Safety Register in place |

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, 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 was jointly appointed by the Trust and Defra under the terms of the Grant Agreement to the end of the financial year 2022/23.

Membership

The Committee comprises Trustees and three co-opted members. During the reporting period, the following were members of the Committee:

| | |
|------------------------|--------------------------------|
| Sarah Whitney | Trustee (Chair) |
| Allan Leighton | Trustee (until September 2022) |
| Ian Peters | Trustee (from September 2022) |
| Tim Reeve | Trustee |
| Nigel Annett CBE | Trustee |
| Nick Ritblat | Co-opted Member |
| Tim Sketchley | Co-opted Member |
| Diane Seymour-Williams | Co-opted Member |

The Committee met eight times during the financial year, two of which were ad-hoc meetings.

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, reviewed and challenged the non-property investment updates
- Received, reviewed and challenged the annual property valuation
- Reviewed property strategy options
- Received Building Safety Act liabilities update
- Reviewed the property interim valuation

Ad-hoc meetings were held during the year to consider the purchase or disposal of property.

Investment Committee's Performance & Training

Training for members is available as and when required. During the year a deep-dive session was held on the Trust's joint ventures.

Remuneration Committee

Role

The Remuneration Committee oversees the remuneration policies for the Trust, with particular focus on the remuneration of the Executive Team and key management personnel. 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

The Remuneration Committee is constituted solely of Trustees. During 2022/23 the following served on the Remuneration Committee during the year:

| | |
|-----------------|--------------------------------------|
| Ben Gordon | Trustee (Chair until September 2022) |
| Janet Hogben | Trustee (Chair from September 2022) |
| Sue Wilkinson | Trustee |
| Bronagh Kennedy | Trustee (from September 2022) |

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 The Committee undertook the following key activities:

- Received an update on the annual pay negotiations
- Received an update on Directorate structures
- Received a presentation on the Apprenticeship Levy
- Reviewed pay and reward for all colleagues, including the Executive Team

Infrastructure Committee

Role

The Infrastructure Committee provides oversight, assurance and expert advice in relation to the Trust's major asset improvement programme and considers issues of delivery and 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
- Examination and commentary upon the Trust's Asset Strategy and Asset Management Plan

Membership

The Infrastructure Committee is constituted solely of independent Trustees (plus one co-opted member). During 2022/2023 the following members served on the Infrastructure Committee:

| | |
|------------------|--------------------------------|
| Nigel Annett CBE | Trustee (Chair) |
| Ben Gordon | Trustee (until September 2022) |
| Janet Hogben | Trustee |
| Sir Chris Kelly | Trustee |
| Jennie Price CBE | Trustee |
| Suzanne Crouch | Co-opted Member |

The Committee met four times during the year.

Key Activities

The Committee undertook the following key activities:

- Reviewed the proposed asset management content for the Trust's business plan
- Received deep-dive presentation on reservoirs and Programme Management Office
- Received a report on the schedule of significant future procurement
- Received an update on the new civil engineering contract
- Received update reports on the Toddbrook reservoir repair project
- Reviewed the approach to monitoring and mitigating critical assets

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 on page 147.

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 on pages 146 to 147.

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 on page 147.

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 Director's report and the strategic report, was approved by the Board of Trustees on 21 September 2023 and signed on their behalf by:



David Orr CBE

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 2023 and of the Group's incoming resources and application of resources for the period 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 2023 which comprise the Consolidated statement of financial activities, the (Consolidated and Charity) Balance Sheets, the Consolidated statement of cash flows and notes to the accounts, 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 the Parent Charitable Company in accordance with the ethical requirements that are 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 & Accounts, other than the financial statements and our auditor's report thereon. 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 Directors' Report and the Strategic 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 Trustees' 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 Group and Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group & 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 determine 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and Parent Charitable Company and the sector in which it operates;
- Discussion with management and those charged with governance, including Audit & Risk Committee, legal counsel and internal audit; and
- Obtaining an understanding of the Group's and the Parent Charitable Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities SORP (FRS 102), Charities Act 2011, Companies Act 2006, UK tax legislation and the Reservoirs Act 1975.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Health and Safety Act 1974, Water Act 2003, Building Safety Act 2022, Data Protection Act 2018, Employment Rights Act 1996, and the Bribery Act 2010.

Our procedures in respect of the above included:

- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's and Parent Charitable Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team and forensics specialists as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be journals and key estimates and judgements.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates and judgements made by management for bias, including defined benefit pension scheme assumptions, the valuation of investments and investment properties, the determination of the useful economic lives of operational fixed assets and assumptions applied in determining provisions;
- Testing the existence and accuracy of income recognised in the year;
- Reviewing the performance related remuneration paid to management and staff to assess any incentives to manipulate results; and
- Reviewing and assessing the compliance with loan covenants.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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:

 DA15AED75D45453...

Heather Wheelhouse
 (Senior Statutory Auditor)

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

Date: 22 September 2023

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

Financial Statements for the year ended 31 March 2023

Consolidated statement of financial activities (incorporating the income and expenditure account) for the year ended 31 March 2023

| | Note | 2022/23 | | | 2021/22 |
|---|------|--------------------------|-------------------------------|-----------------------------|----------------|
| | | Unrestricted funds £m | Restricted income funds £m | Protected Asset Funds £m | |
| | | | | Funds Total £m | Total £m |
| Income and endowments from: | | | | | |
| Donations and legacies | | - | 5.6 | - | 6.5 |
| Charitable activities | 3 | 76.5 | - | 0.2 | 73.7 |
| Trading activities | 4 | 86.5 | - | - | 83.0 |
| Investments | 5 | 47.7 | - | 8.2 | 48.6 |
| Share of net income from joint ventures | 16 | - | - | 0.4 | 2.8 |
| Total Income | | 210.7 | 5.6 | 8.8 | 214.6 |
| Expenditure on: | | | | | |
| Raising funds | 6 | (34.4) | - | (7.0) | (41.6) |
| Charitable activities | 7 | (193.7) | (5.7) | (0.1) | (180.2) |
| Share of net expenditure from joint ventures | 16 | - | - | (7.0) | - |
| Total expenditure | | (228.1) | (5.7) | (14.1) | (221.8) |
| Net (expenditure)/income before gains on investments | | (17.4) | (0.1) | (5.3) | (7.2) |
| Net (losses)/gains on investments | 10 | 0.1 | - | (62.0) | 83.9 |
| Net (expenditure)/income | | (17.3) | (0.1) | (67.3) | 76.7 |
| Transfers between funds | | 10.0 | - | (10.0) | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial (losses)/gains on defined benefit schemes | 25 | - | - | (82.4) | 83.9 |
| Net movement in funds | | (7.3) | (0.1) | (159.7) | 160.6 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 10.7 | 1.3 | 1,030.3 | 881.7 |
| Total funds carried forward | | 3.4 | 1.2 | 870.6 | 1,042.3 |

The above amounts represent all gains and losses recognised during the year. All 2022/23 activities are continuing activities.

The accompanying notes on pages 96 to 144 form part of these financial statements.

Balance Sheets as at 31 March 2023

| | Note | Group | | Canal & River Trust | |
|--|------|---------------|------------------------------|---------------------|------------------------------|
| | | 31 March 2023 | 31 March 2022 (Restated*) | 31 March 2023 | 31 March 2022 (Restated*) |
| Fixed assets | | | | | |
| Tangible assets | 12 | 54.3 | 51.8 | 54.3 | 51.8 |
| Heritage assets | 13 | - | - | - | - |
| Investments: | | | | | |
| Property | 14 | 711.6 | 784.7 | 567.6 | 619.7 |
| Diversified investment funds | 15 | 295.2 | 315.8 | 295.2 | 315.8 |
| Subsidiaries | 16 | - | - | 81.1 | 94.1 |
| Joint ventures | 16 | 4.6 | 14.0 | - | - |
| | | 1,065.7 | 1,166.3 | 998.2 | 1,081.4 |
| Current assets | | | | | |
| Stock | | 1.7 | 1.6 | 1.7 | 1.6 |
| Debtors: Amounts falling due within one year | 17 | 68.7 | 60.4 | 68.0 | 61.8 |
| Debtors: Amounts falling due after more than one year | 17 | 12.6 | 11.6 | 7.2 | 6.8 |
| Investments | 15 | 2.7 | 2.8 | - | - |
| Cash at bank and in hand | | 35.4 | 29.8 | 31.9 | 26.6 |
| | | 121.1 | 106.2 | 108.8 | 96.8 |
| Current liabilities | | | | | |
| Creditors: Amounts falling due within one year | 18 | (89.1) | (83.9) | (102.9) | (103.9) |
| Net current assets | | 32.0 | 22.3 | 5.9 | (7.1) |
| Total assets less current liabilities | | 1,097.7 | 1,188.6 | 1,004.1 | 1,074.3 |
| Creditors: Amounts falling due after one year | 18 | (153.3) | (153.5) | (153.5) | (153.7) |
| Provisions for liabilities | 20 | (35.6) | (35.3) | (35.4) | (34.6) |
| Net assets excluding pension fund asset/(liability) | | 908.8 | 999.8 | 815.2 | 886.0 |
| Pension fund asset/(liability) | 25 | (33.6) | 42.5 | 25.0 | 107.7 |
| Net assets including pension fund asset/(liability) | | 875.2 | 1,042.3 | 840.2 | 993.7 |
| Funds | | | | | |
| Unrestricted Funds: | | | | | |
| General Fund | 22 | 3.4 | 2.8 | 11.2 | 10.5 |
| Designated Funds | 22 | - | 7.9 | - | 7.9 |
| | | 3.4 | 10.7 | 11.2 | 18.4 |
| Restricted Funds: | | | | | |
| Restricted Income Funds | 22 | 1.2 | 1.3 | 1.2 | 1.3 |
| Protected Asset Fund | 22 | 870.6 | 1,030.3 | 827.8 | 974.0 |
| | | 871.8 | 1,031.6 | 829.0 | 975.3 |
| Total funds | | 875.2 | 1,042.3 | 840.2 | 993.7 |

* For detail see note 28

The net expenditure after other recognised gains and losses for the year of Canal & River Trust was £153.5m (2022: income of £138.3m).

Approved and authorised by the Board of Trustees on 21 September 2023 and signed on their behalf by:



David Orr CBE
Chair

21 September 2023

Company number 07807276

The accompanying notes on pages 96 to 144 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2023

| | 2022/23 | | 2021/22 | |
|---|---------|--------|---------|--------|
| | £m | £m | £m | £m |
| Cash flows from operating activities | | | | |
| Net cash used in operating activities | | (83.3) | | (73.0) |
| Cash flows from investing activities | | | | |
| Rental proceeds from property and utilities investments | 60.3 | | 58.1 | |
| Purchase of tangible fixed assets | (7.7) | | (6.3) | |
| Purchase of investment property | (9.5) | | (3.2) | |
| Proceeds from sale of tangible fixed assets | 0.3 | | 0.5 | |
| Proceeds from sale of investment property | 23.6 | | 21.5 | |
| Investment in diversified funds | - | | (35.5) | |
| Withdrawals from diversified funds | 23.4 | | 20.9 | |
| Loans to joint ventures | (6.6) | | (3.3) | |
| Repayments from joint ventures | 9.2 | | 17.1 | |
| Dividends from joint ventures | 0.2 | | - | |
| Receipts from short term deposits | 0.1 | | 0.2 | |
| Net cash provided by investing activities | | 93.3 | | 70.0 |
| Cash flows from financing activities | | | | |
| Net interest paid | (4.4) | | (3.6) | |
| Net cash flows from financing activities | | (4.4) | | (3.6) |
| Change in cash and cash equivalents in the year | | 5.6 | | (6.6) |
| Cash and cash equivalents at 1 April | | 29.8 | | 36.4 |
| Cash and cash equivalents at 31 March | | 35.4 | | 29.8 |

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

| | 2022/23 | | 2021/22 | |
|---|---------|--------|---------|---------|
| | £m | £m | £m | £m |
| Net (expenditure)/income | | (84.7) | | 76.7 |
| Adjustments for: | | | | |
| Realised gains on disposals of investment assets | (2.7) | | (5.7) | |
| Net unrealised losses/(gains) on revaluation of investment assets | 64.7 | | (77.9) | |
| Net finance expense | 4.4 | | 3.6 | |
| Rents from property and utilities investments | (61.1) | | (57.0) | |
| Share of net losses/(gains) from joint ventures | 6.6 | | (2.8) | |
| Depreciation | 5.2 | | 5.4 | |
| Diversified funds investment return: dividend income | (5.8) | | (4.3) | |
| Gain on sale of tangible fixed assets | (0.2) | | (0.3) | |
| Difference between payments to defined benefit scheme and amount charged to expenditure | (6.3) | | (4.3) | |
| | | 4.8 | | (143.3) |
| (Increase) in stock | | (0.1) | | (0.5) |
| (Increase) in debtors | | (7.3) | | (2.7) |
| Increase in creditors | | 3.7 | | 3.4 |
| Increase/(decrease) in provisions | | 0.3 | | (6.6) |
| Net cash used in operating activities | | (83.3) | | (73.0) |

b) Analysis of changes in net debt

| | | 2022/23 | | |
|----------------------------------|--------------------|---------------|------------------------------|---------------------|
| | At 1 April 2022 | Cash flows | Other non-cash changes | At 31 March 2023 |
| | £m | £m | £m | £m |
| Cash and cash equivalents | | | | |
| Cash | 29.8 | 5.6 | - | 35.4 |
| Borrowings | | | | |
| Debt due after one year | (150.0) | - | - | (150.0) |
| | (150.0) | - | - | (150.0) |
| Total net debt | (120.2) | 5.6 | - | (114.6) |

| | | 2021/22 | | |
|----------------------------------|--------------------|---------------|------------------------------|---------------------|
| | At 1 April 2021 | Cash flows | Other non-cash changes | At 31 March 2022 |
| | £m | £m | £m | £m |
| Cash and cash equivalents | | | | |
| Cash | 36.4 | (6.6) | - | 29.8 |
| Borrowings | | | | |
| Debt due after one year | (150.0) | - | - | (150.0) |
| | (150.0) | - | - | (150.0) |
| Total net debt | (113.6) | (6.6) | - | (120.2) |

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 (FRS102) and the Companies Act 2006. The Trust has adopted IAS 39 in relation to its financial assets and liabilities.

The Trust meets the definition of a public benefit entity under FRS102. 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 22 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 in order to maintain and repair the canal network, especially in light of climate change.

The planning process and financial projections have included scenario analysis using most likely case as well as stress testing scenarios of reduced income and increased costs, plus reverse stress testing to understand what level of income reduction, cost increase and asset value reduction would cause the Trust to be unable to continue. 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 in order 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, as at 31 March 2023, the Trust had £35.4m in cash and access to £31.6m 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 or lease premiums and accounted for in accordance with FRS102, 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 of time 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 FRS102 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 25 sets out the sensitivities regarding the principal assumptions applied in valuing the assets and liabilities of 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 IAS 39 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 (2022: £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 Reservoir provision (previously 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.

1.3.h Protected Asset Fund

Legal advice obtained during a 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.

1.3.i Infrastructure Trust Property Capital Receipts

In 2012, the Trust received under a Trust Settlement Agreement, Infrastructure Property (see note 13). 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 leases land to the Royal Armories under a leasehold agreement. The agreement is a 999 year lease of land which has 972 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. £672m is included as an operating lease commitment for this lease in note 24.

1.4 Basis of consolidation

The Group comprises the Canal & River Trust and its subsidiaries which are set out in note 16 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 FRS102, 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 FRS102 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 16 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 13 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.

1.5 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 from the People's Postcode Lottery (PPL) is recognised as a donation on receipt.

1. Accounting policies (continued)

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, 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 advance and revenue is deferred and recognised as earned over the period.

1.5.d Investments

- i) Investment property income 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, 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 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 accounted for as a debtor and recognised in line with this accounting policy.

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

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 £5,000 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

1.9 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. Accounting policies (continued)

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 (FRS102), 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 13 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 13 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 detailed in note 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/(losses) 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/(losses) 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 in subsidiaries 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 Stock

Stocks are valued at the lower of cost and net realisable value after making due provision for slow-moving and obsolete items. Cost is based on the cost of purchase on a first in, first out basis. Stocks consist of raw materials, work in progress and finished goods within our workshops, and retail stocks held for sale at our retail outlets.

1.16 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)

1.17 Pension schemes

The Trust operates defined benefit and defined contribution pension schemes.

1.17.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 FRS102 section 28 'Employee Benefits,' with a valuation undertaken by an independent actuary. FRS102 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.

1.17.b Defined contribution scheme

Pension contributions are charged to the SoFA as incurred.

1.18 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.

1.19 Financial instruments

The Group has opted to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the UK) and the disclosure requirements of FRS102 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:

- 1.19.a** Diversified investments have been designated as at fair value through profit and loss.
- 1.19.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.
- 1.19.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.
- 1.19.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.
- 1.19.e** Trade and other payables are recorded at cost.
- 1.19.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.
- 1.19.g** Loan notes are assessed on issue as to whether they should be classified as being held at amortised cost or fair value through SoFA 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 SoFA.

1. Accounting policies (continued)

1.20 Fund accounting

Reserve policies are set out on pages 64 to 65 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.

1.20.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.

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.

1.20.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.

1.20.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. The only designated fund in operation is the 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.

1.20.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 £1m unless part of a larger project, are reported in aggregate.

1.20.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

| | | 2021/22 | | | |
|--|------|--------------------------|-------------------------------|-----------------------------|-------------------|
| | | Restricted funds | | | |
| | Note | Unrestricted funds £m | Restricted income funds £m | Protected Asset Funds £m | Funds Total £m |
| Income and endowments from: | | | | | |
| Donations and legacies | | - | 6.5 | - | 6.5 |
| Charitable activities | 3 | 72.9 | 0.7 | 0.1 | 73.7 |
| Other trading activities | 4 | 83.0 | - | - | 83.0 |
| Investments | 5 | 41.8 | - | 6.8 | 48.6 |
| Share of net income from joint ventures | 16 | - | - | 2.8 | 2.8 |
| Total Income | | 197.7 | 7.2 | 9.7 | 214.6 |
| Expenditure on: | | | | | |
| Raising funds | 6 | (36.6) | - | (5.0) | (41.6) |
| Charitable activities | 7 | (173.6) | (6.5) | (0.1) | (180.2) |
| Total expenditure | | (210.2) | (6.5) | (5.1) | (221.8) |
| Net (expenditure)/income before gains on investments | | (12.5) | 0.7 | 4.6 | (7.2) |
| Net gains on investments | 10 | 5.5 | - | 78.4 | 83.9 |
| Net (expenditure)/income | | (7.0) | 0.7 | 83.0 | 76.7 |
| Transfers between funds | | (1.6) | | 1.6 | - |
| Other recognised gains | | | | | |
| Actuarial gains/(losses) on defined benefit schemes | 25 | - | - | 83.9 | 83.9 |
| Net movement in funds | | (8.6) | 0.7 | 168.5 | 160.6 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 19.3 | 0.6 | 861.8 | 881.7 |
| Total funds carried forward | | 10.7 | 1.3 | 1,030.3 | 1,042.3 |

3. Income from charitable activities

| | 2022/23 | | | |
|--|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Waterway infrastructure income | 7.8 | - | - | 7.8 |
| Third party funded projects | 15.0 | - | - | 15.0 |
| Museums and attractions | 1.1 | - | 0.2 | 1.3 |
| Third party income from charitable activities | 23.9 | - | 0.2 | 24.1 |
| Defra grant funding | 52.6 | - | - | 52.6 |
| Total income from charitable activities | 76.5 | - | 0.2 | 76.7 |

| | 2021/22 | | | |
|--|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Waterway infrastructure income | 9.2 | 0.7 | - | 9.9 |
| Third party funded projects | 10.4 | - | - | 10.4 |
| Museums and attractions | 0.7 | - | 0.1 | 0.8 |
| Third party income from charitable activities | 20.3 | 0.7 | 0.1 | 21.1 |
| Defra grant funding | 52.6 | - | - | 52.6 |
| Total income from charitable activities | 72.9 | 0.7 | 0.1 | 73.7 |

4. Income from trading activities

| | 2022/23 | | | |
|---|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Boating and moorings | 47.3 | - | - | 47.3 |
| Utilities and water development | 38.5 | - | - | 38.5 |
| Other trading income | 0.7 | - | - | 0.7 |
| Total income from trading activities | 86.5 | - | - | 86.5 |

| | 2021/22 | | | |
|---|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Boating and moorings | 44.5 | - | - | 44.5 |
| Utilities and water development | 37.7 | - | - | 37.7 |
| Other trading income | 0.8 | - | - | 0.8 |
| Total income from trading activities | 83.0 | - | - | 83.0 |

5. Income from investments

| | 2022/23 | | | |
|--|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Investment Property income | 36.8 | - | 6.3 | 43.1 |
| Dividends from diversified investment fund | 6.0 | - | - | 6.0 |
| Other investment income | 4.1 | - | - | 4.1 |
| Interest receivable | 0.8 | - | 1.9 | 2.7 |
| Total income from investments | 47.7 | - | 8.2 | 55.9 |

| | 2021/22 | | | |
|--|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Investment Property income | 33.0 | - | 6.4 | 39.4 |
| Dividends from diversified investment fund | 4.3 | - | - | 4.3 |
| Other investment income | 4.2 | - | - | 4.2 |
| Interest receivable | 0.3 | - | 0.4 | 0.7 |
| Total income from investments | 41.8 | - | 6.8 | 48.6 |

6. Expenditure on raising funds

| | 2022/23 | | | |
|---|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Voluntary income | 3.4 | - | - | 3.4 |
| Boating and moorings | 12.8 | - | - | 12.8 |
| Utilities and water development | 3.7 | - | - | 3.7 |
| Investment and property income | 4.9 | - | 7.0 | 11.9 |
| Interest payable | 4.4 | - | - | 4.4 |
| Recoverable service charges | 5.2 | - | - | 5.2 |
| Net interest cost on pension liabilities | - | - | - | - |
| Total expenditure on raising funds | 34.4 | - | 7.0 | 41.4 |

| | 2021/22 | | | |
|---|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Voluntary income | 2.9 | - | - | 2.9 |
| Boating and moorings | 12.2 | - | - | 12.2 |
| Utilities and water development | 4.3 | - | - | 4.3 |
| Investment and property income | 9.3 | - | 4.1 | 13.4 |
| Interest payable | 4.3 | - | - | 4.3 |
| Recoverable service charges | 3.6 | - | - | 3.6 |
| Net interest cost on pension liabilities | - | - | 0.9 | 0.9 |
| Total expenditure on raising funds | 36.6 | - | 5.0 | 41.6 |

7. Expenditure on charitable activities

| | 2022/23 | | | |
|---|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Waterway operation, maintenance and repair | 172.2 | 5.7 | - | 177.9 |
| Third party funded regeneration projects | 18.1 | - | - | 18.1 |
| Museums and attractions | 3.4 | - | 0.1 | 3.5 |
| Total expenditure on charitable activities | 193.7 | 5.7 | 0.1 | 199.5 |

| | 2021/22 | | | |
|---|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Waterway operation, maintenance and repair | 156.2 | 6.5 | - | 162.7 |
| Third party funded regeneration projects | 13.8 | - | - | 13.8 |
| Museums and attractions | 3.6 | - | 0.1 | 3.7 |
| Total expenditure on charitable activities | 173.6 | 6.5 | 0.1 | 180.2 |

8. Support costs

| | 2022/23 | | | | |
|----------------------------|------------------|--------------------|--------------------------|-------------|-------------|
| | Governance £m | Finance & IT £m | Human Resources £m | Other £m | Total £m |
| Donations and legacies | - | 0.2 | 0.1 | 0.1 | 0.4 |
| Charitable activities | 0.4 | 9.5 | 2.7 | 2.7 | 15.3 |
| Trading activities | 0.2 | 2.0 | 0.3 | 0.9 | 3.4 |
| Investments | 0.1 | 1.1 | 0.1 | 0.5 | 1.8 |
| Total support costs | 0.7 | 12.8 | 3.2 | 4.2 | 20.9 |

| | 2021/22 | | | | |
|----------------------------|------------------|--------------------|--------------------------|-------------|-------------|
| | Governance £m | Finance & IT £m | Human Resources £m | Other £m | Total £m |
| Donations and legacies | - | 0.2 | 0.1 | 0.1 | 0.4 |
| Charitable activities | 0.4 | 10.0 | 2.6 | 2.2 | 15.2 |
| Trading activities | 0.2 | 1.9 | 0.2 | 0.6 | 2.9 |
| Investments | 0.1 | 1.0 | 0.1 | 0.3 | 1.5 |
| Total support costs | 0.8 | 13.1 | 3.0 | 3.2 | 20.0 |

| | 2022/23 £000 | 2021/22 £000 |
|---|-----------------|-----------------|
| Fees payable to the auditors of Canal & River Trust: | | |
| in respect of the charity audit | 320 | 174 |
| in respect of the subsidiary audits | 30 | 12 |
| in respect of other audit services | - | - |
| Other non-audit services: | | |
| in respect of taxation compliance | 6 | 4 |
| in respect of taxation advisory | - | 30 |
| in respect of other advisory | - | - |
| Fees payable to other auditors of subsidiary companies: | | |
| in respect of audit | 13 | 11 |
| in respect of taxation compliance | 7 | 6 |
| in respect of taxation advisory | 3 | 2 |
| Total fees payable to auditors | 379 | 239 |

9. 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 was £11,900 incurred by 12 trustees for travel, subsistence and accommodation (2021/22: £8,375 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 | |
|---|-------------------|-------------------|
| | 2022/23 Number | 2021/22 Number |
| Investment management | 61 | 59 |
| Engineering, projects and repairs | 508 | 479 |
| Operations, customer service and engagement | 1,001 | 951 |
| Museums and attractions | 37 | 39 |
| Support functions | 141 | 137 |
| Total number of persons | 1,748 | 1,665 |

The average number of employees is calculated using the full-time equivalent method. The actual average number of employees is 1,810 (2022: 1,729).

Total employment costs were:

| | Group | |
|---|---------------|---------------|
| | 2022/23 £m | 2021/22 £m |
| Wages and salaries | 61.9 | 56.2 |
| Car cash allowances | 3.1 | 2.9 |
| Social security costs | 6.5 | 5.6 |
| Defined benefit pension costs (see note 25) | 0.9 | 0.8 |
| Defined contribution pension costs | 5.0 | 4.6 |
| Redundancy and termination costs | 0.4 | 0.2 |
| Total employment costs | 77.8 | 70.3 |

Redundancy and termination payments of £0.4m (2021/22: £0.2m) were made during the year. These payments were made at the point the employee's contract was terminated and were fully paid at the year end.

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

9. Employee costs (continued)

| | 2022/23 | | 2021/22 | |
|-------------------|---|---|---|---|
| | Including redundancy payments Number | Excluding redundancy payments Number | Including redundancy payments Number | Excluding redundancy payments Number |
| £60,000-£70,000 | 41 | 41 | 33 | 33 |
| £70,001-£80,000 | 22 | 22 | 20 | 20 |
| £80,001-£90,000 | 13 | 13 | 14 | 14 |
| £90,001-£100,000 | 6 | 6 | 4 | 4 |
| £100,001-£110,000 | 7 | 6 | 5 | 5 |
| £110,001-£120,000 | 1 | 1 | 2 | 2 |
| £120,001-£130,000 | 2 | 2 | - | - |
| £130,001-£140,000 | - | - | 1 | 1 |
| £140,001-£150,000 | - | - | 1 | 1 |
| £150,001-£160,000 | 1 | 1 | - | - |
| £160,001-£170,000 | - | - | 1 | 1 |
| £170,001-£180,000 | 1 | 1 | - | - |
| £180,001-£190,000 | 1 | 1 | - | - |
| £190,001-£200,000 | - | - | - | - |
| £200,001-£210,000 | - | - | - | - |
| £210,001-£220,000 | 1 | 1 | - | - |
| £220,001-£230,000 | 1 | 1 | 1 | 1 |
| £230,001-£240,000 | - | - | 1 | 1 |
| | 97 | 96 | 83 | 83 |

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 exclude no termination payments (2021/22: one employee). Contributions from the Trust to the defined contribution pension scheme in respect of 94 of the 97 (2021/22: 80 of the 83) higher paid employees amounted to £637,517 (2021/22: £530,000).

Key management personnel

The key management personnel are the Trustees and Executive team (listed on page 145). The remuneration costs relating to key management personnel are:

| | 2022/23 £m | 2021/22 £m |
|-----------------------------|---------------|---------------|
| Salary (including pensions) | 1.5 | 1.2 |
| Social security costs | 0.2 | 0.1 |
| Total | 1.7 | 1.3 |

There were two additional members appointed to the executive committee in the 2022/23 year.

The remuneration during the year for Richard Parry, Chief Executive, comprised a salary of £195,750 (2021/22: £195,000), pension allowance of £16,874 (2021/22: £16,636), car allowance of £9,768 (2021/22: £9,768) and benefits in kind of £2,111 (2021/22: £1,936), totalling £224,503 (2021/22: £223,340).

10. Net gains/(losses) on investments

| | 2022/23 | | | |
|---|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Realised gains on disposal of investment assets | - | - | 2.8 | 2.8 |
| Realised gains on disposal of tangible fixed assets | 0.1 | - | - | 0.1 |
| Unrealised losses on revaluation of investment property | - | - | (61.8) | (61.8) |
| Unrealised losses on revaluation of diversified investments | - | - | (3.0) | (3.0) |
| Net gains/(losses) on investments | 0.1 | - | (62.0) | (61.9) |

| | 2021/22 | | | |
|--|--------------------------|------------------------|----------------------------|-------------------|
| | Unrestricted funds £m | Restricted funds £m | Protected Asset Fund £m | Funds Total £m |
| Realised gains on disposal of investment assets | | - | 5.7 | 5.7 |
| Realised gains on disposal of tangible fixed assets | 0.3 | - | - | 0.3 |
| Unrealised gains on revaluation of investment property | - | - | 40.2 | 40.2 |
| Unrealised gains on revaluation of diversified investments | 5.2 | - | 32.5 | 37.7 |
| Net gains on investments | 5.5 | - | 78.4 | 83.9 |

11. 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.

12. Tangible fixed assets

| | Operational land and buildings | | Boats, vehicles, plant and equipment | |
|-------------------------------|--------------------------------|-----------------|--------------------------------------|-------------|
| Group and Canal & River Trust | Freehold £m | Leasehold £m | £m | Total £m |
| Cost | | | | |
| At 1 April 2022 | 26.2 | 0.1 | 58.6 | 84.9 |
| Additions | 1.5 | 0.2 | 6.0 | 7.7 |
| Disposals | (0.3) | - | (0.9) | (1.2) |
| At 31 March 2023 | 27.4 | 0.3 | 63.7 | 91.4 |
| Depreciation | | | | |
| At 1 April 2022 | 5.0 | - | 28.1 | 33.1 |
| Charge for the year | 0.6 | - | 4.6 | 5.2 |
| Depreciation on disposals | (0.3) | - | (0.8) | (1.1) |
| At 31 March 2023 | 5.3 | - | 31.9 | 37.2 |
| Net book value | | | | |
| At 1 April 2022 | 21.2 | 0.1 | 30.5 | 51.8 |
| At 31 March 2023 | 22.1 | 0.3 | 31.8 | 54.3 |

13. 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 2,706 listed structures and 46 scheduled ancient monuments.

13. Heritage assets (continued)

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 2023 Length/number | 31 March 2022 Length/number |
|------------------------------|--------------------------------|--------------------------------|
| Canals | 1,568 miles | 1,568 miles |
| Rivers | 345 miles | 345 miles |
| Feeders | 120 miles | 120 miles |
| Towpaths | 1,710 miles | 1,710 miles |
| Aqueducts (1) | 279 | 280 |
| Bridges – Accommodation (2) | 1,645 | 1,627 |
| Bridges – Public Road (3) | 872 | 870 |
| Bridges – Turnover (4) | 452 | 452 |
| Culverts (5) | 1,942 | 1,946 |
| Major cuttings (6) | 828 | 831 |
| Major embankments (7) | 781 | 784 |
| Docks (8) | 3 | 4 |
| Dry docks (9) | 55 | 30 |
| Permitted waste sites (10) | 18 | 21 |
| Locks (11) | 1,579 | 1,582 |
| Pumping stations | 69 | 69 |
| Reservoirs | 71 | 71 |
| Sluices (12) | 534 | 531 |
| Stop/Safety/Flood Gates (13) | 70 | 68 |
| Tunnels | 55 | 55 |
| Canal weirs (14) | 666 | 663 |
| River weirs (15) | 129 | 130 |
| Weir-ed locks | 83 | 83 |
| 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 (16) | 2,706 | 2,703 |
| Scheduled ancient monuments | 46 | 46 |
| Sites of Special Scientific Interest (SSSIs) | 63 | 63 |

13. Heritage assets (continued)

The records of the assets managed by the Trust are maintained by the Infrastructure and Property team using a detailed database that captures the asset type as well as detail regarding the asset location, dimensions and condition that is used in the ongoing planned maintenance, repair and improvement program. Through the general management of the large network, when these assets are physically visited the records are updated accordingly, which can include changes in classification of existing assets, removal of assets decommissioned or the addition of assets not previously recognised. This is an ongoing exercise and changes in the reported numbers are expected year on year.

- 1) Aqueducts – one asset reclassified as a culvert.
- 2) Accommodation Bridges – an increase of eighteen assets, with twenty six new asset records created, five assets removed from service in the year, two assets no longer owned by the trust and one asset reclassified to a Towpath/Turnover bridge.
- 3) Public Road Bridges – an increase of two assets due to two new asset records created in the year.
- 4) Towpath/Turnover Bridges – no net change in number, two new asset records created in the year and one asset reclassified from Accommodation bridge offset by three asset records removed.
- 5) Culverts – a reduction of four assets, with four new asset records created in the year and one asset reclassified from Aqueducts offset by one asset reclassified to a Sluice, seven assets removed as formally abandoned and one asset removed as no longer owned by the Trust.
- 6) Major Cuttings – a reduction of three assets, with one new record created but four records deleted due to incorrect classification.
- 7) Major Embankments – a reduction of three assets, with three new asset records created in the year offset by six asset records deleted due to incorrect classification.
- 8) Docks – a reduction of one asset confirmed not owned by the Trust.
- 9) Dry Docks – an increase of twenty five assets following an independent survey undertaken by the year. The survey found fourteen assets not previously recorded, three assets not meeting the definition and so removed, plus the addition of fourteen dry docks previously excluded from the records.
- 10) Permitted Waste Sites – a reduction of three assets where licences have not been renewed by the Trust.
- 11) Locks – a reduction of three assets, with one record deleted as the asset has been removed from service and two assets removed as confirmed not owned by the Trust.
- 12) Sluices – an increase of three assets with one asset reclassified from culvert, seven new asset records created, four assets removed as removed from service and one asset removed as confirmed not Trust owned.
- 13) Stop/Safety/Flood Gates – an increase of two assets due to new asset records being created in the year.
- 14) Canal Weirs – an increase of three assets due to new asset records being created in the year.
- 15) River Weirs – a reduction of one asset confirmed not owned by the Trust.
- 16) Listed buildings – an increase of three buildings, with one new listing received in the year, one new listed asset added to the records and one asset updated to listed status in the year.

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 80 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.

14. Investment property

| | Group | | | Canal & River Trust | | |
|------------------------------------|----------------|-----------------|---------------|---------------------|-----------------|---------------|
| | Freehold £m | Leasehold £m | Total £m | Freehold £m | Leasehold £m | Total £m |
| Carrying value (fair value) | | | | | | |
| At 1 April 2022 | 694.5 | 90.2 | 784.7 | 531.1 | 88.6 | 619.7 |
| Additions | 9.3 | 0.2 | 9.5 | 9.3 | 0.2 | 9.5 |
| Disposals | (19.4) | (1.4) | (20.8) | (19.5) | (0.1) | (19.6) |
| Revaluation | (47.4) | (14.4) | (61.8) | (27.6) | (14.4) | (41.9) |
| At 31 March 2023 | 637.0 | 74.6 | 711.6 | 493.3 | 74.3 | 567.6 |

The investment properties have a historical cost of £596.9m (2021/22: £605.2m) and accumulated depreciation of £133.7m (2021/22: £137.0m).

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 all investment properties as at 31st March 2023.

Valuations are carried out in accordance with the guidance set out in the Royal Institute of Chartered Surveyors (RICS) Global Valuation Standards effective from 31 January 2022 (the Red book) and the RICS UK national supplement effective from 14 January 2019. The properties have been valued on the basis of Fair Value as adopted by the International Accounting Standards Board (IASB) in IFRS 13 and accepted as a definition by the RICS Global Valuation Standards effective from 31 January 2022: "The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date." The properties have been valued individually and not as a portfolio.

15. Diversified investment funds

a) Movement on diversified income funds

| Group and Canal & River Trust | | | | | | |
|-------------------------------|-------------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | Non-property income portfolio | | Unrestricted Income Fund | | Total | |
| | 2022/23 £m | 2021/22 £m | 2022/23 £m | 2021/22 £m | 2022/23 £m | 2021/22 £m |
| At 1 April | 289.9 | 223.4 | 25.9 | 35.8 | 315.8 | 259.2 |
| Additions | - | 35.5 | - | - | - | 35.5 |
| Withdrawals | (11.5) | (4.1) | (10.2) | (15.2) | (21.7) | (19.3) |
| Transfers | 15.7 | - | (15.7) | - | - | - |
| Dividend income | 5.8 | 4.0 | - | 0.3 | 5.8 | 4.3 |
| Investment management costs | (1.7) | (1.4) | - | (0.2) | (1.7) | (1.6) |
| Revaluation | (3.0) | 32.5 | - | 5.2 | (3.0) | 37.7 |
| At 31 March | 295.2 | 289.9 | - | 25.9 | 295.2 | 315.8 |

b) Disclosure of asset classes within diversified income funds

| Group and Canal & River Trust | | | | |
|-------------------------------|-------------------------------|---------------------|--------------------------|---------------------|
| | Non-property income portfolio | | Unrestricted Income Fund | |
| | 31 March 2023 £m | 31 March 2022 £m | 31 March 2023 £m | 31 March 2022 £m |
| Multi asset funds | 87.6 | 103.2 | - | 12.1 |
| Bonds | 2.4 | 2.6 | - | - |
| Private Debt | 66.7 | 65.0 | - | - |
| Credit | 3.0 | 3.0 | - | 0.4 |
| Global equities | 17.7 | 30.6 | - | 0.4 |
| Private equity funds | 108.2 | 82.7 | - | 12.6 |
| Absolute return | 2.9 | - | - | - |
| Cash | 6.7 | 2.8 | - | 0.4 |
| At 31 March | 295.2 | 289.9 | - | 25.9 |

c) Current asset investments

| | Group | | Canal & River Trust | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 March 2023 £m | 31 March 2022 £m | 31 March 2023 £m | 31 March 2022 £m |
| Funds held on short-term deposit | 2.7 | 2.8 | - | - |

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.

16. Investments

Subsidiaries

| | Canal & River Trust | |
|---|---------------------|---------------|
| | 2022/23 £m | 2021/22 £m |
| Investments in subsidiaries: | | |
| At 1 April | 94.1 | 94.6 |
| Fair value adjustment for investment in the SLP | (10.1) | 0.1 |
| Impairment of investment in subsidiaries | (3.1) | - |
| Other adjustments | 0.2 | (0.6) |
| At 31 March | 81.1 | 94.1 |

All subsidiaries are held at amortised cost apart from Canal & River Pension Investments Limited Partnership which is held at a fair value of £24.4m (2021/22: £34.5m).

The investment in Canal & River Trading CIC has been impaired by £3.1m due to a reduction in the net assets of the subsidiary reported at the year end. This net asset reduction was due to a revaluation loss on investment assets reported by the subsidiary during the year.

2022/23

The contribution of subsidiary companies to the Trust's funds in the year to 31 March 2023 was as follows:

| | Company number | Income £m | Expenditure £m | Net income before other recognised gains and losses* £m | Net assets at 31 March 2023 £m |
|---|-------------------|--------------|-------------------|--|--------------------------------------|
| Canal & River Trading CIC Registered office: National Waterways Museum Ellesmere Port, CH65 4FW | 8069602 | 0.5 | (0.4) | 0.1 | 34.9 |
| Canal & River Pension Investments LP (SLP) Registered office: Canal House, Applecross Street, Glasgow G4 9SP | SL010965** | 6.1 | - | 6.1 | 84.4 |
| Canal & River Pension Partner Limited Registered office: Canal House, Applecross Street, Glasgow G4 9SP | SC426937 | - | - | - | 59.2 |
| Canal & River Reinsurance Designated Activity Company Registered office: 13 Fitzwilliam Street, Dublin, Republic of Ireland | 384229 | - | - | - | 2.5 |
| Other minor subsidiaries | | - | - | - | (1.9) |
| | | 6.6 | (0.4) | 6.2 | 179.1 |

16. Investments (continued)

2021/22

The contribution of subsidiary companies to the Trust's funds in the year to 31 March 2022 was as follows:

| | Company number | Income £m | Expenditure £m | Net income before other recognised gains and losses* £m | Net assets at 31 March 2022 £m |
|---|----------------|--------------|-------------------|--|--------------------------------------|
| Canal & River Trading CIC | 8069602 | 0.7 | (0.6) | 0.1 | 41.7 |
| Canal & River Pension Investments LP (SLP) | SL010965** | 6.1 | - | 6.1 | 162.9 |
| Canal & River Pension Partner Limited | SC426937 | - | - | - | 52.1 |
| Canal & River Reinsurance Designated Activity Company | 384229 | - | (0.1) | (0.1) | 2.5 |
| Other minor subsidiaries | | - | - | - | (1.9) |
| | | 6.8 | (0.7) | 6.1 | 257.3 |

* 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.

Since the year end, a Share Purchase Agreement (SPA) was signed relating to the disposal of the shareholding in Canal & River Reinsurance Designated Activity Company. The sale price is dependent upon the net assets position of the subsidiary at the sale completion date, which is expected to be during the 2023/24 year.

| | Group | |
|---------------------------------------|---------------|---------------|
| | 2022/23 £m | 2021/22 £m |
| Joint ventures | | |
| Investments in joint ventures: | | |
| At 1 April | 14.0 | 25.0 |
| Loans made | 6.6 | 3.3 |
| Loans repaid | (9.2) | (17.1) |
| Share of income | 0.4 | 2.8 |
| Share of losses | (7.0) | - |
| Dividends paid | (0.2) | - |
| At 31 March | 4.6 | 14.0 |

16. Investments (continued)

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

| | 2022/23 £m | 2021/22 £m |
|-----------------------------------|---------------|---------------|
| Fixed assets | 2.4 | 2.7 |
| Current assets | 15.0 | 20.3 |
| Share of gross assets | 17.4 | 23.0 |
| Current liabilities | (12.8) | (9.0) |
| Long term liabilities | - | - |
| Share of gross liabilities | (12.8) | (9.0) |
| Share of net assets | 4.6 | 14.0 |

The Group's share of income from joint ventures was £24.7m (2022: £42.0m) and share of expenditure was £31.3m (2022: £39.2m). All income arises from investment in property developments.

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 2022 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 |
|--|-------------------------------------|----------------------------------|-------------------------------|
| Joint ventures | | | |
| Waterside Places (General Partner) Limited Registered office: National Waterways Museum Ellesmere Port, CH65 4FW | (6.9) | 50 | Property development |
| H2O Urban LLP 1st Floor, 5 Windmill Street, W1T 2JA | 0.4 | 50 | Property development |
| Paddington Basin Business Barges Ltd 77 Harbet Road, W2 1AJJ | - | 49 | Office management |
| Roundhouse Birmingham 1 Shepcote Street, B16 8AE | (0.1) | 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.

17. Debtors

Amounts falling due within one year

| | Group | | Canal & River Trust | |
|--|---------------------|------------------------------------|---------------------|------------------------------------|
| | 31 March 2023 £m | 31 March 2022 £m (Restated*) | 31 March 2023 £m | 31 March 2022 £m (Restated*) |
| Trade debtors | 36.2 | 31.3 | 34.4 | 31.3 |
| Amounts owed from Group undertakings | - | - | - | 0.3 |
| Prepayments and accrued income | 26.5 | 21.0 | 27.6 | 22.3 |
| Other debtors | 6.0 | 8.1 | 6.0 | 7.9 |
| Total debtors due within one year | 68.7 | 60.4 | 68.0 | 61.8 |

* The prior year Trade debtors balance for Group and Canal & River Trust have been restated as outlined in note 28.

Amounts falling due after more than one year

| | Group | | Canal & River Trust | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31 March 2023 £m | 31 March 2022 £m | 31 March 2023 £m | 31 March 2022 £m |
| Prepayments and accrued income | 2.7 | 2.8 | 2.7 | 2.8 |
| Other debtors | 9.9 | 8.8 | 4.5 | 4.0 |
| Total debtors due after more than one year | 12.6 | 11.6 | 7.2 | 6.8 |

Debtors falling due after more than one year includes £9.9m (2022: £8.8m) in respect of deferred consideration relating to property investment disposals.

18. Creditors

Amounts falling due within one year

| | Group | | Canal & River Trust | |
|--|---------------------|------------------------------------|---------------------|------------------------------------|
| | 31 March 2023 £m | 31 March 2022 £m (Restated*) | 31 March 2023 £m | 31 March 2022 £m (Restated*) |
| Trade creditors | 9.6 | 18.0 | 9.6 | 17.7 |
| Accruals | 23.6 | 15.2 | 21.0 | 12.7 |
| Deferred income (note 19) | 46.5 | 43.7 | 45.1 | 42.3 |
| Other amounts owed to Group undertakings | - | - | 17.9 | 24.2 |
| Value added tax | 2.9 | 0.6 | 2.9 | 0.6 |
| Other creditors | 6.5 | 6.4 | 6.4 | 6.4 |
| Total creditors due within one year | 89.1 | 83.9 | 102.9 | 103.9 |

Amounts falling due after more than one year

| | Group | | Canal & River Trust | |
|---|---------------------|------------------------------------|---------------------|------------------------------------|
| | 31 March 2023 £m | 31 March 2022 £m (Restated*) | 31 March 2023 £m | 31 March 2022 £m (Restated*) |
| Loan notes | 150.0 | 150.0 | 150.0 | 150.0 |
| Deferred income (note 19) | 2.6 | 2.8 | 2.6 | 2.8 |
| Other amounts owed to Group undertakings | - | - | - | 0.9 |
| Other creditors | 0.7 | 0.7 | 0.9 | - |
| Total creditors due after more than one year | 153.3 | 153.5 | 153.5 | 153.7 |

* The prior year Deferred income falling due within one year and Deferred income falling due after more than one year for Group and Canal & River Trust have been restated as outlined in note 28.

£150.0m (2022: £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 IAS 39. The embedded derivative is designated as a financial instrument at fair value through profit and loss (FVTPL) rather than being valued at historic cost less impairment.

19. Deferred income

| Group | | | | |
|---------------------------------------|-----------------------|----------------|----------------|------------------------|
| | At 1 April 2022 £m | Released £m | Deferred £m | At 31 March 2023 £m |
| Rental income in advance | 21.2 | (20.4) | 21.4 | 22.2 |
| Boat licences and moorings in advance | 19.6 | (18.5) | 20.0 | 21.1 |
| Other deferred income | 5.7 | (4.6) | 4.7 | 5.8 |
| Total current and long term | 46.5 | (43.5) | 46.1 | 49.1 |

| Group | | | | |
|---------------------------------------|-----------------------|----------------|----------------|---------------------------------------|
| | At 1 April 2021 £m | Released £m | Deferred £m | At 31 March 2022 £m (Restated*) |
| Rental income in advance | 17.6 | (16.8) | 20.4 | 21.2 |
| Boat licences and moorings in advance | 17.8 | (16.9) | 18.7 | 19.6 |
| Other deferred income | 11.2 | (11.2) | 5.7 | 5.7 |
| Total current and long term | 46.6 | (44.9) | 44.8 | 46.5 |

| Canal & River Trust | | | | |
|---------------------------------------|-----------------------|----------------|----------------|------------------------|
| | At 1 April 2022 £m | Released £m | Deferred £m | At 31 March 2023 £m |
| Rental income in advance | 19.8 | (19.0) | 20.0 | 20.8 |
| Boat licences and moorings in advance | 19.6 | (18.5) | 20.0 | 21.1 |
| Other deferred income | 5.7 | (4.6) | 4.6 | 5.7 |
| Total current and long term | 45.1 | (42.1) | 44.6 | 47.6 |

| Canal & River Trust | | | | |
|---------------------------------------|-----------------------|----------------|----------------|---------------------------------------|
| | At 1 April 2021 £m | Released £m | Deferred £m | At 31 March 2022 £m (Restated*) |
| Rental income in advance | 16.2 | (15.4) | 19.0 | 19.8 |
| Boat licences and moorings in advance | 17.8 | (16.9) | 18.7 | 19.6 |
| Other deferred income | 11.2 | (11.2) | 5.7 | 5.7 |
| Total current and long term | 45.2 | (43.5) | 43.4 | 45.1 |

* The prior year Deferred income balances for Group and Canal & River Trust have been restated as outlined in note 28.

20. Provisions

| Group | | | | | | |
|---------------------|--------------------------|-------------------|------------|---------------|----------------|---------------------------|
| | At 1 April 2022 £m | Transferred £m | Paid £m | Charged £m | Released £m | At 31 March 2023 £m |
| Reservoir provision | 29.5 | (1.7) | (17.9) | 21.2 | (0.4) | 30.7 |
| Other provisions | 5.8 | 1.7 | (1.7) | 2.4 | (3.3) | 4.9 |
| | 35.3 | - | (19.6) | 23.6 | (3.7) | 35.6 |

| Group | | | | | |
|---------------------|--------------------------|------------|---------------|----------------|---------------------------|
| | At 1 April 2021 £m | Paid £m | Charged £m | Released £m | At 31 March 2022 £m |
| Reservoir provision | 36.3 | (12.7) | 6.4 | (0.5) | 29.5 |
| Other provisions | 5.6 | (1.1) | 2.4 | (1.1) | 5.8 |
| | 41.9 | (13.8) | 8.8 | (1.6) | 35.3 |

| Canal & River Trust | | | | | | |
|---------------------|--------------------------|-------------------|------------|---------------|----------------|---------------------------|
| | At 1 April 2022 £m | Transferred £m | Paid £m | Charged £m | Released £m | At 31 March 2023 £m |
| Reservoir provision | 29.0 | (1.2) | (17.9) | 21.2 | (0.4) | 30.7 |
| Other provisions | 5.6 | 1.2 | (1.7) | 2.9 | (3.3) | 4.7 |
| | 34.6 | - | (19.6) | 24.1 | (3.7) | 35.4 |

| Canal & River Trust | | | | | |
|---------------------|--------------------------|------------|---------------|----------------|---------------------------|
| | At 1 April 2021 £m | Paid £m | Charged £m | Released £m | At 31 March 2022 £m |
| Reservoir provision | 36.3 | (12.3) | 5.5 | (0.5) | 29.0 |
| Other provisions | 5.4 | (1.1) | 2.4 | (1.1) | 5.6 |
| | 41.7 | (13.4) | 7.9 | (1.6) | 34.6 |

The major infrastructure provision has been renamed Reservoir provision and as a result other infrastructure provisions of £1.7m in Group and £1.2m in Canal & River Trust have been transferred to other provisions.

20. Provisions (continued)

Reservoir provision

The reservoir provision is the estimated cost of remedial or rectification works required to the Trust's reservoir 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 reservoir provision is made up of the following elements:

- 1) £14.0m repair cost to the Toddbrook Reservoir (2022: £15.2m)

During 2019/20 an incident at Toddbrook Reservoir required immediate emergency rectification, following which a full review was carried out to assess the requirements to complete full restoration works and the estimated costs. The Trust has a constructive obligation to carry out the repair work as it has publicised its intention to do so including sharing plans of the completed project. The repair work started in 2020/21, continued during 2021/22 and 2022/23 and remains ongoing. The estimated future costs of works yet to be completed has been assessed and reflected in the closing provision.

Activity during the year utilised £7.7m of the brought forward provision and £6.3m of new provisions recognised for updated estimated costs and new requirements provided for during the year. The closing provision includes £10.2m of work planned to be delivered in the 2023/24 year with the remainder being delivered thereafter.

- 2) £16.7m costs for action reported under s10 Reservoirs Act 1975 (2022: £12.8m)

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 based on internally costed models or quoted delivery proposals from third parties. Where a reliable estimate is available a provision is recognised for the estimated costs for the work to be delivered in future periods.

During the year the Trust has recognised £14.9m of new provision related to updated cost estimates and new requirements outlined in new reports published up to 31 March 2023. £10.2m of the previously provided cost has been utilised in line with work delivered during the year and £0.4m of the brought forward provision has been released in the year unused.

The brought forward provision included £1.5m of other infrastructure provisions that were transferred to other provisions in the year.

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, plus property dilapidation provisions.

21. Financial instruments

| | Group | | Canal & River Trust | |
|---|---------------------|------------------------------------|---------------------|------------------------------------|
| | 31 March 2023 £m | 31 March 2022 £m (Restated*) | 31 March 2023 £m | 31 March 2022 £m (Restated*) |
| Financial assets that are debt instruments measured at amortised cost: | | | | |
| Investments in subsidiaries | - | - | 56.7 | 59.6 |
| Cash | 35.4 | 29.8 | 31.9 | 26.6 |
| Current asset investments | 2.7 | 2.8 | - | - |
| Trade debtors | 36.2 | 31.3 | 34.4 | 31.3 |
| Other amounts owed from Group undertakings | - | - | - | 0.3 |
| Other debtors | 16.0 | 16.9 | 10.6 | 11.9 |
| | 90.3 | 80.8 | 133.5 | 129.7 |
| Financial liabilities measured at amortised cost: | | | | |
| Trade creditors | 9.6 | 18.0 | 9.6 | 17.7 |
| Accruals | 23.6 | 15.2 | 21.0 | 12.7 |
| Other amounts owed to Group undertakings | - | - | 17.9 | 25.1 |
| Other creditors | 7.3 | 7.1 | 7.3 | 6.4 |
| Loan notes | 150.0 | 150.0 | 150.0 | 150.0 |
| | 190.4 | 190.3 | 205.8 | 211.9 |
| Financial assets measured at fair value through profit and loss: | | | | |
| Investments in subsidiaries | - | - | 24.4 | 34.5 |
| Investment property | 711.6 | 784.7 | 567.6 | 619.7 |
| Diversified investment funds | 295.2 | 315.8 | 295.2 | 315.8 |
| | 1,006.7 | 1,100.5 | 887.2 | 970.0 |

* The prior year Trade debtors for Group and Canal & River Trust have been restated as outlined in note 28.

22. Movement in funds

| | Group 2022/23 | | | | |
|--|-----------------------|---------------------------|-------------------------------------|----------------------------------|--------------|
| | Unrestricted funds | | Restricted funds | | Total £m |
| | General fund £m | Designated Funds £m | Restricted income funds £m | Protected Asset Fund £m | |
| At 1 April 2022 | 2.8 | 7.9 | 1.3 | 1,030.3 | 1,042.3 |
| Income | 210.7 | - | 5.6 | 8.8 | 225.1 |
| Expenditure | (228.1) | - | (5.7) | (14.1) | (247.9) |
| Gains/(losses) on investments | 0.1 | - | - | (62.0) | (61.9) |
| Gift aid receivable, dividends and other transfers from subsidiaries | 9.2 | - | - | (9.2) | - |
| Transfer to General Fund | 13.7 | (7.9) | - | (5.8) | - |
| SLP contribution to Pension Fund* | (5.0) | - | - | 5.0 | - |
| Actuarial gains/(losses) on defined benefit pension scheme | - | - | - | (82.4) | (82.4) |
| At 31 March 2023 | 3.4 | - | 1.2 | 870.6 | 875.2 |

| | Group 2021/22 | | | | |
|--|-----------------------|---------------------------|-------------------------------------|----------------------------------|----------------|
| | Unrestricted funds | | Restricted funds | | Total £m |
| | General fund £m | Designated Funds £m | Restricted income funds £m | Protected Asset Fund £m | |
| At 1 April 2021 | 0.8 | 18.5 | 0.6 | 861.8 | 881.7 |
| Income | 197.7 | - | 7.2 | 9.7 | 214.6 |
| Expenditure | (210.0) | (0.2) | (6.5) | (5.1) | (221.8) |
| Gains on investments | 0.3 | 5.2 | - | 78.4 | 83.9 |
| Gift aid receivable, dividends and other transfers from subsidiaries | 3.4 | - | - | (3.4) | - |
| Transfer to General Fund | 15.6 | (15.6) | - | - | - |
| SLP contribution to Pension Fund* | (5.0) | - | - | 5.0 | - |
| Actuarial gains/(losses) on defined benefit pension scheme | - | - | - | 83.9 | 83.9 |
| At 31 March 2022 | 2.8 | 7.9 | 1.3 | 1,030.3 | 1,042.3 |

* For further detail see note 25.

22. Movement in funds (continued)

| Canal & River Trust 2022/23 | | | | | |
|---|-----------------------|---------------------------|-------------------------------------|----------------------------------|--------------|
| | Unrestricted funds | | Restricted funds | | Total £m |
| | General fund £m | Designated Funds £m | Restricted income funds £m | Protected Asset Fund £m | |
| At 1 April 2022 | 10.5 | 7.9 | 1.3 | 974.0 | 993.7 |
| Income | 210.7 | - | 5.6 | 1.3 | 217.6 |
| Expenditure | (228.1) | - | (5.7) | - | (233.8) |
| Gains/(losses) on investments | 0.2 | - | - | (55.9) | (55.7) |
| Gift aid receivable, dividends and other transfers from subsidiaries | 9.2 | - | - | - | 9.2 |
| Transfer to General Fund | 13.7 | (7.9) | - | (5.8) | - |
| SLP contribution to Pension Fund* | (5.0) | - | - | 5.0 | - |
| Actuarial gains/(losses) on defined benefit pension scheme | - | - | - | (90.8) | (90.8) |
| At 31 March 2023 | 11.2 | - | 1.2 | 827.8 | 840.2 |

| Canal & River Trust 2021/22 | | | | | |
|---|-----------------------|---------------------------|-------------------------------------|----------------------------------|--------------|
| | Unrestricted funds | | Restricted funds | | Total £m |
| | General fund £m | Designated Funds £m | Restricted income funds £m | Protected Asset Fund £m | |
| At 1 April 2021 | 5.5 | 18.5 | 0.6 | 830.8 | 855.4 |
| Income | 197.7 | - | 7.2 | 0.1 | 205.0 |
| Expenditure | (204.9) | (0.2) | (6.5) | (2.3) | (213.9) |
| Gains on investments | 0.3 | 5.2 | - | 77.2 | 82.7 |
| Gift aid receivable, dividends and other transfers from subsidiaries | 1.3 | - | - | - | 1.3 |
| Transfer to General Fund | 15.6 | (15.6) | - | - | - |
| SLP contribution to Pension Fund* | (5.0) | - | - | 5.0 | - |
| Actuarial gains/(losses) on defined benefit pension scheme | - | - | - | 63.2 | 63.2 |
| At 31 March 2022 | 10.5 | 7.9 | 1.3 | 974.0 | 993.7 |

* For further detail see note 25.

22. Movement in funds (continued)

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

| 2022/23 | | | |
|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| | Major Asset Failure Fund £m | Pension Contingency Fund £m | Total Designated Funds £m |
| At 1 April 2022 | 7.9 | - | 7.9 |
| Transfer between designated funds | - | - | - |
| Gains | - | - | - |
| Expenditure | - | - | - |
| Transfer to General Fund | (7.9) | - | (7.9) |
| At 31 March 2023 | - | - | - |

| 2021/22 | | | |
|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| | Major Asset Failure Fund £m | Pension Contingency Fund £m | Total Designated Funds £m |
| At 1 April 2021 | - | 18.5 | 18.5 |
| Transfer between designated funds | 18.5 | (18.5) | - |
| Gains | 5.2 | - | 5.2 |
| Expenditure | (0.2) | - | (0.2) |
| Transfer to General Fund | (15.6) | - | (15.6) |
| At 31 March 2022 | 7.9 | - | 7.9 |

During the 2021/22 year the board approved the transfer of the £18.5m balance of the pension contingency fund to the major asset failure fund, given the immediate requirement for asset spend.

During the 2022/23 year the Trust incurred costs associated with the major asset failures amounting to £7.9m (2021/22 £15.6m) through the general fund. A funds transfer from the major asset failure fund to the general fund has been made to cover these costs.

22. Movement in funds (continued)

Restricted Income Fund

| 2022/23 | | | | |
|---------------------------------------|----------------------------------|--------------|-------------------|-----------------------------------|
| Fund name | Balance at 1 April 2022 £m | Income £m | Expenditure £m | Balance at 31 March 2023 £m |
| Canal & River Trust funds: | | | | |
| Friends Fund | - | 2.8 | (2.8) | - |
| Specific Project Funds | | | | |
| People's Postcode Lottery | 0.7 | 2.5 | (2.6) | 0.6 |
| Other Specific Project Funds | 0.6 | 0.2 | (0.2) | 0.6 |
| Total Group | 1.3 | 5.5 | (5.6) | 1.2 |

| 2021/22 | | | | |
|---------------------------------------|----------------------------------|--------------|-------------------|-----------------------------------|
| Fund name | Balance at 1 April 2021 £m | Income £m | Expenditure £m | Balance at 31 March 2022 £m |
| Canal & River Trust funds: | | | | |
| Friends Fund | - | 3.0 | (3.0) | - |
| Specific Project Funds | | | | |
| People's Postcode Lottery | - | 3.1 | (2.4) | 0.7 |
| Other Specific Project Funds | 0.6 | 1.1 | (1.1) | 0.6 |
| Total Group | 0.6 | 7.2 | (6.5) | 1.3 |

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 £1m are shown in one aggregate total as "Other Specific Project Funds". At 31 March 2023 there were 59 (2022: 56) separate funds within this total.

Funds with donations less than £1m in the 2021/22 table above have also been aggregated so the two years are comparable.

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.

23. Analysis of net assets by fund

Net assets are analysed between funds as follows:

| As at 31 March 2023 | Group | | | |
|--|--------------------------|------------------------|----------------------------|------------------------------|
| | Unrestricted Funds £m | Restricted Funds £m | Protected Asset Fund £m | Total 31 March 2023 £m |
| Tangible fixed assets | 31.9 | - | 22.4 | 54.3 |
| Investments | - | - | 1,011.4 | 1,011.4 |
| Current assets | 96.0 | 1.2 | 23.9 | 121.1 |
| Current liabilities | (85.6) | - | (3.5) | (89.1) |
| Creditors – amounts falling due after more than one year | (3.3) | - | (150.0) | (153.3) |
| Provisions | (35.5) | - | (0.1) | (35.6) |
| Pension (liability)/asset | (0.1) | - | (33.5) | (33.6) |
| Total net assets | 3.4 | 1.2 | 870.6 | 875.2 |

| As at 31 March 2022 (Restated*) | Group | | | |
|--|--------------------------|------------------------|----------------------------|------------------------------|
| | Unrestricted Funds £m | Restricted Funds £m | Protected Asset Fund £m | Total 31 March 2022 £m |
| Tangible fixed assets | 30.5 | - | 21.3 | 51.8 |
| Investments | 25.9 | - | 1,088.6 | 1,114.5 |
| Current assets | 66.4 | 1.3 | 38.5 | 106.2 |
| Current liabilities | (73.4) | - | (10.5) | (83.9) |
| Creditors – amounts falling due after more than one year | (3.5) | - | (150.0) | (153.5) |
| Provisions | (35.1) | - | (0.2) | (35.3) |
| Pension (liability)/asset | (0.1) | - | 42.6 | 42.5 |
| Total net assets | 10.7 | 1.3 | 1,030.3 | 1,042.3 |

* The prior year Current assets, Current liabilities and Creditors – amounts falling due after more than one year within Unrestricted Funds and Total Funds have been restated as outlined in note 28.

23. Analysis of net assets by fund (continued)

| As at 31 March 2023 | | Canal & River Trust | | |
|--|--------------------------|------------------------|----------------------------|------------------------------|
| | Unrestricted Funds £m | Restricted Funds £m | Protected Asset Fund £m | Total 31 March 2023 £m |
| Tangible fixed assets | 31.9 | - | 22.4 | 54.3 |
| Investments | - | - | 943.9 | 943.9 |
| Current assets | 107.6 | 1.2 | - | 108.8 |
| Current liabilities | (89.3) | | (13.6) | (102.9) |
| Creditors – amounts falling due after more than one year | (3.5) | - | (150.0) | (153.5) |
| Provisions | (35.4) | - | - | (35.4) |
| Pension (liability)/asset | (0.1) | - | 25.1 | 25.0 |
| Total net assets | 11.2 | 1.2 | 827.8 | 840.2 |

| As at 31 March 2022 (Restated*) | | Canal & River Trust | | |
|--|--------------------------|------------------------|----------------------------|------------------------------|
| | Unrestricted Funds £m | Restricted Funds £m | Protected Asset Fund £m | Total 31 March 2022 £m |
| Tangible fixed assets | 30.5 | - | 21.3 | 51.8 |
| Investments | 26.4 | - | 1,003.2 | 1,029.6 |
| Current assets | 89.3 | 1.3 | 6.2 | 96.8 |
| Current liabilities | (89.4) | - | (14.5) | (103.9) |
| Creditors – amounts falling due after more than one year | (3.7) | - | (150.0) | (153.7) |
| Provisions | (34.6) | - | - | (34.6) |
| Pension (liability)/asset | (0.1) | - | 107.8 | 107.7 |
| Total net assets | 18.4 | 1.3 | 974.0 | 993.7 |

* The prior year Current assets, Current liabilities and Creditors – amounts falling due after more than one year within Unrestricted Funds and Total Funds have been restated as outlined in note 28.

24. 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 (Entity) | |
|-----------------------------|---------------------|---------------------|------------------------------|---------------------|
| | 31 March 2023 £m | 31 March 2022 £m | 31 March 2023 £m | 31 March 2022 £m |
| Leasehold properties | | | | |
| Within one year | 0.9 | 0.7 | 0.9 | 0.7 |
| Within two to five years | 3.1 | 2.6 | 3.1 | 2.6 |
| In more than five years | 99.8 | 99.9 | 99.8 | 99.9 |
| | 103.7 | 103.2 | 103.7 | 103.2 |

During the year £1.4m (2022: £1.5m) 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 (Entity) | |
|------------------------------|---------------------|---------------------|------------------------------|---------------------|
| | 31 March 2023 £m | 31 March 2022 £m | 31 March 2023 £m | 31 March 2022 £m |
| Investment Properties | | | | |
| Within one year | 38.1 | 37.5 | 32.1 | 31.5 |
| Within two to five years | 129.5 | 126.6 | 105.3 | 102.4 |
| Within six to 100 years | 1,008.2 | 1,015.6 | 433.4 | 440.9 |
| In more than 100 years | 2,353.5 | 2,354.4 | 1,514.0 | 1,508.9 |
| Other | | | | |
| Within one year | 16.3 | 17.5 | 16.3 | 17.5 |
| Within two to five years | 43.6 | 47.0 | 43.6 | 47.0 |
| Within six to 100 years | 383.8 | 421.1 | 383.8 | 421.1 |
| In more than 100 years | 268.3 | 485.8 | 268.3 | 485.8 |
| | 4,241.3 | 4,505.5 | 2,796.9 | 3,055.1 |

Amounts receivable under operating leases are calculated to the next contractual break date or the full term where there is no contractual break clause.

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

25. Pension and other post – retirement benefits

| | Group | | Canal & River Trust | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31 March 2023 £m | 31 March 2022 £m | 31 March 2023 £m | 31 March 2022 £m |
| Defined benefit pension fund surplus/(deficit) | (33.5) | 42.6 | 25.1 | 107.8 |
| Other post-retirement benefits | (0.1) | (0.1) | (0.1) | (0.1) |
| Employee benefit asset/(liability) | (33.6) | 42.5 | 25.0 | 107.7 |

25. Pension and other post – retirement benefits (continued)

Pension fund 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 now 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 (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.

An accounting judgement has been taken that the Scheme's £58.6m (2021/22: £65.2m) 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 surplus/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 £33.5m 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 FRS102, 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 2023 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.

25. Pension and other post – retirement benefits (continued)

The key assumptions used are as follows:

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Discount rate | 4.7% | 2.80% |
| Rate of increase in salaries | 3.5% | 3.90% |
| Rate of increase for majority of pensions in payment and deferred pensions* | 2.8% | 3.20% |
| Rate of CPI inflation | 2.8% | 3.20% |
| Tax free cash | Members are assumed to take 25% of their pension as tax free cash 95% of S3PMA_H (males) 95% of S3PFA_H (females) | Members are assumed to take 25% of their pension as tax free cash 95% of S3PMA_H (males) 95% of S3PFA_H (females) |
| Post retirement mortality assumption | CMI 2021 model, long term rate of improvement 1.25% (smoothing factor 7.0) Initial improvements of 0.00% | CMI 2021 model, long term rate of improvement 1.25% (smoothing factor 7.0) Initial improvements of 0.00% |

* The rate of increase for the career average re-valued earnings (post 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 2023 | 31 March 2022 |
|--------------------------|---------------|---------------|
| Male currently aged 43 | 23.2 | 23.1 |
| Female currently aged 43 | 26.8 | 26.7 |
| Male currently aged 63 | 21.7 | 21.6 |
| 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 |
|-----------------------|--|--|
| Discount rate | Increase by 0.1% Decrease by 0.1% | Decrease by 1.3% (£5.7m) Increase 1.3% (£5.7m) |
| CPI rate of inflation | Increase by 0.1% Decrease by 0.1% | Increase by 1.1% (£4.6m) Decrease by 1.1% (£4.6m) |
| Life expectancy | Increase by one year Decrease by one year | Increase by 3.2% (£13.7m) Decrease by 3.2% (£13.7m) |

25. Pension and other post – retirement benefits (continued)

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

| | Group | |
|--|-----------------------------|-----------------------------|
| | Year to 31 March 2023 £m | Year to 31 March 2022 £m |
| Administration expenses | (0.9) | (0.8) |
| Interest cost | (15.1) | (12.1) |
| Interest on assets | 16.3 | 11.2 |
| Amount charged within net income | 0.3 | (1.7) |
| Actuarial gain/(loss) | (82.4) | 83.9 |
| Amount charged within net movement in funds | (82.1) | 82.2 |

Amounts recognised in the balance sheet at 31 March 2022:

| | Group | | Canal & River Trust | |
|--|---------------|--------------|---------------------|--------------|
| | 2023 £m | 2022 £m | 2023 £m | 2022 £m |
| Equities | 3.4 | 9.0 | 3.4 | 9.0 |
| Corporate bonds | 110.6 | 179.0 | 110.6 | 179.0 |
| LDI (Liability Driven Investment) | 199.2 | 285.6 | 199.2 | 285.6 |
| Property funds | 33.2 | 44.4 | 33.2 | 44.4 |
| Diversified growth funds | 25.8 | 51.3 | 25.8 | 51.3 |
| Investment in property interest in SLP | - | - | 58.6 | 65.2 |
| Other growth assets | 13.7 | 10.1 | 13.7 | 10.1 |
| Cash & liquidity funds | 12.1 | 10.2 | 12.1 | 10.2 |
| Total fair value of assets | 398.0 | 589.6 | 456.6 | 654.8 |
| Present value of scheme liabilities | (431.5) | (547.0) | (431.5) | (547.0) |
| Surplus/(deficit) in the scheme | (33.5) | 42.6 | 25.1 | 107.8 |

The actual return on the Scheme's assets during the year was a £177.7m loss (2022: £51.3m gain) for the Group and a £184.3m loss (2022: £33.7m gain) for the Trust.

FRS102 requires all Scheme assets to be valued at fair value for accounting purposes. As at 31 March 2022, the fair value of the Scheme's investment in the SLP was £58.6m (2022: £65.2m).

25. Pension and other post – retirement benefits (continued)

Changes in scheme assets

| | Group | | Canal & River Trust | |
|----------------------------------|---------------|---------------|---------------------|---------------|
| | 2022/23 £m | 2021/22 £m | 2022/23 £m | 2021/22 £m |
| At 1 April | 589.6 | 551.5 | 654.8 | 635.6 |
| Interest on scheme assets | 16.3 | 11.2 | 18.1 | 13.0 |
| Principal employer contributions | 6.0 | 6.0 | 6.0 | 6.0 |
| Benefits paid and expenses | (19.9) | (19.2) | (19.9) | (19.2) |
| Actuarial gain/(loss) | (194.0) | 40.1 | (202.4) | 19.4 |
| At 31 March | 398.0 | 589.6 | 456.6 | 654.8 |

Changes in scheme liabilities

| | Group | | Canal & River Trust | |
|-----------------------|----------------|----------------|---------------------|----------------|
| | 2022/23 £m | 2021/22 £m | 2022/23 £m | 2021/22 £m |
| At 1 April | (547.0) | (597.1) | (547.0) | (597.1) |
| Interest cost | (15.1) | (12.1) | (15.1) | (12.1) |
| Benefits paid | 19.0 | 18.4 | 19.0 | 18.4 |
| Actuarial gain/(loss) | 111.6 | 43.8 | 111.6 | 43.8 |
| At 31 March | (431.5) | (547.0) | (431.5) | (547.0) |

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

| | Group | | Canal & River Trust | |
|--|---------------|---------------|---------------------|---------------|
| | 2022/23 £m | 2021/22 £m | 2022/23 £m | 2021/22 £m |
| At 1 April | 42.6 | (45.6) | 107.8 | 38.5 |
| Expenses recognised in SoFA | 0.3 | (1.7) | 2.1 | 0.1 |
| Contributions | 6.0 | 6.0 | 6.0 | 6.0 |
| Actuarial gain/(loss) recognised in SoFA | (82.4) | 83.9 | (90.8) | 63.2 |
| At 31 March | (33.5) | 42.6 | 25.1 | 107.8 |

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 9 in these financial statements. There were no material amounts owing or prepaid at 31 March 2023.

26. Capital commitments

Capital expenditure for which the Trust had contracted at 31 March 2023 was £0.3m (2022: £1.1m) relating to tangible fixed assets and £1.2m (2022: £0.2m) relating to the commitment to purchase investment property.

These commitments fall due within one year.

27. Related party transactions

The Trust has considered the disclosure requirements of the SORP for charities and FRS102, section 33 'Related Party Disclosures' and believes that the following related party transactions, all of which were made on an arm's length basis, required disclosure:

Susan Wilkinson, Trustee and Remuneration Committee member, is a Commissioner at Historic England. In 2022/23 the Trust received a £127,802 (2022: £nil) contribution towards waterway infrastructure works from Historic England.

Stuart Mills, Chief Investment Officer, is a director of Sustrans Ltd. In 2022/23 the Trust received £706,381 (2022: £8,052) from Sustrans for services provided and paid £nil (2022: £nil) to Sustrans for services received. At 31 March 2023, the amount owing to the Trust from Sustrans was £308,007 (2022: £nil).

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 2023 £m | Amount receivable during the year to 31 March 2022 £m | Amount receivable/ (payable) at 31 March 2023 £m | Amount receivable/ (payable) at 31 March 2022 £m |
|--|---|---|--|--|
| Transactions with joint ventures | | | | |
| Property sales and investment activity with joint ventures | 0.1 | 0.5 | - | - |
| Other significant transactions with joint ventures | 0.1 | 0.3 | - | - |
| | 0.2 | 0.8 | - | - |

The table above excludes capital and loan investments in joint ventures which are detailed in note 16 in these financial statements.

| | Amount receivable during the year to 31 March 2023 £m | Amount receivable during the year to 31 March 2022 £m | Amount receivable/ (payable) at 31 March 2023 £m | Amount receivable/ (payable) at 31 March 2022 £m |
|---|---|---|--|--|
| Transactions with subsidiaries | | | | |
| Canal & River Trading CIC | | | | |
| Qualifying charitable donations | 8.1 | 0.3 | - | - |
| Canal & River Pension Investments LP (SLP) | | | | |
| Profit share payments | 1.1 | 1.0 | - | - |
| | 9.2 | 1.3 | - | - |

Further details on our subsidiaries can be found in note 16 to these financial statements.

28. Prior period restatement

The published financial statements for the year ended 31 March 2022 included a material misstatement that has been corrected in the disclosure of the prior year comparatives in this report. The Group and Canal and River Trust entity reported debtors was overstated by £15.1m, creditors falling due within one year was overstated by £13.6m and creditors falling due after more than one year was overstated by £1.5m. The effect of the restatement on the previously reported balances for the prior year is outlined below.

The restatement relates to amounts billed in advance at the end of the financial year and which were previously recorded as trade debtors and deferred income in the balance sheet as at 31 March 2022. It has now been determined that no entitlement to the amounts billed arose until 1 April 2022 and, accordingly, neither the related debtors nor the equal amount of deferred income (included within creditors) should have been recognised in the comparative balance sheet. The restatement gives affect to these changes and, as shown below, has no effect on cash, net assets or total funds at 31 March 2022.

| | Note | Group | | | Canal & River Trust | | |
|--|------|--|---------------------------------------|------------------------------------|--|---------------------------------------|------------------------------------|
| | | 31 March 2022 Previously reported £m | 31 March 2022 Restatement £m | 31 March 2022 Restated £m | 31 March 2022 Previously reported £m | 31 March 2022 Restatement £m | 31 March 2022 Restated £m |
| Fixed assets | | | | | | | |
| Tangible assets | 12 | 51.8 | - | 51.8 | 51.8 | - | 51.8 |
| Heritage assets | 13 | - | - | - | - | - | - |
| Investments: | | | | | | | |
| Property | 14 | 784.7 | - | 784.7 | 619.7 | - | 619.7 |
| Diversified investment funds | 15 | 315.8 | - | 315.8 | 315.8 | - | 315.8 |
| Subsidiaries | 16 | - | - | - | 94.1 | - | 94.1 |
| Joint ventures | 16 | 14.0 | - | 14.0 | - | - | - |
| | | 1,166.3 | - | 1,166.3 | 1,081.4 | - | 1,081.4 |
| Current assets | | | | | | | |
| Stock | | 1.6 | - | 1.6 | 1.6 | - | 1.6 |
| Debtors: Amounts falling due within one year | 17 | 75.5 | (15.1) | 60.4 | 76.9 | (15.1) | 61.8 |
| Debtors: Amounts falling due after more than one year | 17 | 11.6 | - | 11.6 | 6.8 | - | 6.8 |
| Investments | 15 | 2.8 | - | 2.8 | - | - | - |
| Cash at bank and in hand | | 29.8 | - | 29.8 | 26.6 | - | 26.6 |
| | | 121.3 | (15.1) | 106.2 | 111.9 | (15.1) | 96.8 |
| Current liabilities | | | | | | | |
| Creditors: Amounts falling due within one year | 18 | (97.5) | 13.6 | (83.9) | (117.5) | 13.6 | (103.9) |
| Net current assets | | 23.8 | (1.5) | 22.3 | (5.6) | (1.5) | (7.1) |
| Total assets less current liabilities | | 1,190.1 | (1.5) | 1,188.6 | 1,075.8 | (1.5) | 1,074.3 |
| Creditors: Amounts falling due after one year | 18 | (155.0) | 1.5 | (153.5) | (155.2) | 1.5 | (153.7) |
| Provisions for liabilities | 20 | (35.3) | - | (35.3) | (34.6) | - | (34.6) |
| Net assets excluding pension fund asset/(liability) | | 999.8 | - | 999.8 | 886.0 | - | 886.0 |
| Pension fund asset/(liability) | 25 | 42.5 | - | 42.5 | 107.7 | - | 107.7 |
| Net assets including pension fund asset/(liability) | | 1,042.3 | - | 1,042.3 | 993.7 | - | 993.7 |
| Funds | | | | | | | |
| Unrestricted Funds: | | | | | | | |
| General Fund | 22 | 2.8 | - | 2.8 | 10.5 | - | 10.5 |
| Designated Funds | 22 | 7.9 | - | 7.9 | 7.9 | - | 7.9 |
| | | 10.7 | - | 10.7 | 18.4 | - | 18.4 |
| Restricted Funds: | | | | | | | |
| Restricted Income Funds | 22 | 1.3 | - | 1.3 | 1.3 | - | 1.3 |
| Protected Asset Fund | 22 | 1,030.3 | - | 1,030.3 | 974.0 | - | 974.0 |
| | | 1,031.6 | - | 1,031.6 | 975.3 | - | 975.3 |
| Total funds | | 1,042.3 | - | 1,042.3 | 993.7 | - | 993.7 |

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

Board of Trustees April 2022 – March 2023

| | Title | Appointed | Term | Committee Membership |
|---------------------|---------|----------------|-------------------------------------|---|
| Allan Leighton | Chair | September 2015 | Term of Office Ended September 2022 | Investment Committee, Joint Council & Trustees Appointments Committee |
| David Orr, CBE | Chair | September 2022 | First | |
| Dame Jenny Abramsky | Trustee | September 2016 | Third | Joint Council & Trustees Appointments Committee (Chair), Audit & Risk Committee |
| Nigel Annett, CBE | Trustee | September 2016 | Third | Infrastructure Committee (Chair), Audit & Risk Committee, Investment Committee |
| Ben Gordon | Trustee | September 2014 | Term of Office Ended September 2022 | Remuneration Committee (Chair), Infrastructure Committee |
| Janet Hogben | Trustee | September 2016 | Third | Joint Council & Trustees Appointments Committee, Remuneration Committee, Infrastructure Committee |
| Sir Chris Kelly | Trustee | September 2017 | Second | Audit & Risk Committee (Chair), Infrastructure Committee |
| Bronagh Kennedy | Trustee | September 2022 | First | Remuneration Committee (Chair) |
| Ian Peters | Trustee | September 2022 | First | Investment Committee |
| Jennie Price, CBE | Trustee | September 2018 | Second | Audit & Risk Committee, Infrastructure Committee |
| Tim Reeve | Trustee | September 2016 | Third | Investment Committee |
| Sarah Whitney | Trustee | September 2018 | Second | Investment Committee (Chair) |
| Susan Wilkinson | Trustee | September 2017 | Second | Remuneration Committee |

Executive Team

| | Role |
|--------------------|---|
| Richard Parry | Chief Executive |
| Heather Clarke | Strategy, Engagement & Impact Director |
| Steve Dainty | Finance Director |
| Tom Deards | Legal & Governance Director |
| Maggie Gardner | Director of Fundraising |
| Anne Gardner-Aston | Director of Health & Safety |
| Malcolm Horne | Chief Infrastructure & Programmes Officer |
| Stuart Mills | Chief Investment Officer |
| Karen Seth | People Director |
| Julie Sharman | Chief Operating Officer |

Council Membership at 31 March 2023

Elected Members

| | | |
|-------------------|--|-------------------|
| Boating Business | Heather Duncan | Business Boating |
| | Carl Onens | Business Boating |
| Private Boating | 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/Fisheries | David Kent | Angling/Fisheries |
| Friends | Stella Ridgway (<i>until March 2023</i>) | 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 (<i>until March 2023</i>) | British Canoeing |
| | Ben Seal | |
| | Andrew Phasey | Association of Waterway Cruising Clubs |
| Inland Waterways Association | Neil Edwards (<i>until March 2023</i>) | Inland Waterways Association |
| | Jonathan Smith | |
| Other supporters | Mark Riches | Country Land & Business Association |
| | Heather Clatworthy | Ramblers Association |
| | 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 | Terry Fuller | 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 (<i>until March 2023</i>) | Mind |
| Youth Engagement | Cllr Joe Porter | Step Up to Serve |

Regional Advisory Boards Chairs

| | | |
|------------------------|--|-----|
| East Midlands | Anil Majitha | N/A |
| London & South East | Sir Peter Dixon | N/A |
| North West | Prof. Nigel Weatherill | N/A |
| South West | John Podmore | N/A |
| | David Hagg (<i>until March 2023</i>) | N/A |
| West Midlands | John Hudson | N/A |
| Yorkshire & North East | Helen Grantham | N/A |

Regional Advisory Board as at 1st April 2022

| | | | |
|---------------------|--|------------------------|----------------------------|
| East Midlands | Anil Majithia (Chair) | West Midlands | John Hudson, OBE DL(Chair) |
| | Terry Cavender | | Nick Giess |
| | Nigel Cooke | | John McNicholas |
| | Ahtesham Mahmood | | Helen Paterson |
| | Andy Oughton | | Prubhdyot Singh |
| | Kamla Pattni | | Dean Hill |
| | Adrian Honeybill | | Naseem Aktar BEM |
| London & South East | Sir Peter Dixon (Chair) | | Councillor Liz Clements |
| | David Brough | | Councillor Carl Edwards |
| | Louis Howell | | Waseem Zaffar |
| | Matthew Hunt | Yorkshire & North East | Helen Grantham (Chair) |
| | Loraine Butler | | Adrian Curtis |
| North West | Prof Nigel Weatherill DL (Chair) | | Caroline Thorogood |
| | Tayo Adebawale | | Nick Garthwaite |
| | Gerry Proctor, MBE | | Jon Ingham |
| | Professor Ebrahim Adia | | Gillian Allan |
| | Rt Hon Sir Robert Atkins | | Dr Christina Edgar |
| | Mick Cartledge | | Zulfi Hussain |
| | Nigel Weatherill | | |
| South West | Vacant – David Hagg (Chair until March 2023) | | |
| | David Fearn | | |
| | Bryony Houlden | | |
| | Mary Hutton | | |
| | Tamsin Phipps, MBE | | |
| | John Podmore | | |
| | Julian Atkins | | |

Bwrdd Glandŵr Cymru Membership as at April 2022

| | |
|---------------------|--------------------------|
| Bwrdd Glandŵr Cymru | Steve Thomas CBE (Chair) |
| | Dr Ruth Hall CB |
| | Carys Howell |
| | Phil Hughes |
| | Peter Ogden |
| | Paul Thomas |
| | Celia Jenkins |

Advisory Groups as at 1st April 2022

| | | | |
|---------------------|------------------------------|-------------------|----------------------------|
| Environmental | Ed Mitchell (Chair) | Navigation | Mike Carter (Chair) |
| | Prof Rafid Al Khaddar | | Sue Cawson |
| | Caroline Essery | | Nick Grundy |
| | Ash Girdler | | John Hatton |
| | Dr Bruce Lascelles | | Gareth Jones |
| | Duncan Mackay | | Ian McCarthy |
| Museums | Sam Mullins (Chair) | | Nigel Stevens |
| | John Bryant | | Lee Wilshire |
| | Emma Chaplin | Youth Engagement | Louis Howell (Chair) |
| | Bill Ferris | | Lydia Allen |
| | Rob Lansdown | | John Downes |
| | Andrew Lovett | | Michelle Hemmingfield |
| | Marilyn Scott | | Vanessa Joseph |
| | Dr Matthew Tanner MBE | | Holly Notcutt |
| | Robert Turner | | Kristen Stephenson |
| Fisheries & Angling | Professor Ian Trayer (Chair) | Cultural Heritage | Nigel Barker-Mills (Chair) |
| | Paul Coulson | | Elizabeth Adams |
| | John Ellis | | Nigel Crowe |
| | Sue Galloway | | Lizzie Glithero-West |
| | David Kent | | Dr Jennifer Hagan |
| | Michael Heylin | | Rebecca Madgin |
| | Dennis Hunt | | Neil Redfern |
| | Kye Jerrom | | David Rudlin |
| | Phil Mattock | | Sandar Stancliffe |
| | David Ottewell | | |
| | Mark Parry | | |
| | Andy Strickland | | |

Supporters of the Canal & River Trust

Thank you to everyone who 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. We would also like to thank and acknowledge all those who gave a gift in their will or in memory of a loved one this past year. These very personal gifts are very much appreciated and have a significant impact on the positive work of the charity.

Thank you to the following Charitable Trusts, Grant-making bodies, landfill operators, local authorities, lotteries etc (£1,000+)

| | | |
|--|---|---|
| Active Lancashire Ltd | Hinckley & Bosworth Borough Council | Rural Payments Agency |
| Arts Council England | Historic England | Rushcliffe Borough Council |
| Bath & Northeast Somerset Council | Hyndburn Borough Council | Sandwell MBC |
| Bentley Family Trust | JJ Charitable trust | Severn Trent Water Ltd |
| Birmingham Organising Committee for the Commonwealth Games | Kirklees Metropolitan Council | Solihull Metropolitan Borough |
| Black Country Consortium Ltd | Lancashire County Council | South Lakeland District Council |
| Blackburn with Darwen Borough Council | Lancashire Wildlife Trust | Sport England |
| Blackburn Youth Zone | Lee Valley Regional Park Authority | St Edwards School |
| Bob Halliwell Charitable Trust | London Borough of Barnet | Staffordshire Police |
| Brecon Beacons National Park | London Northeastern Railway | Statham Charitable Trust |
| Brigid McLeer | Mary Homfray Charitable Trust | Sustrans |
| Buckinghamshire Council | Millie's Watch | The North of England Zoological Society |
| Burnley Borough Council | Ministry of Housing, Communities and Local Government | The Rachel Kay Shuttleworth Textile Collections |
| Calderdale MBC | National Lottery Community Fund | Three Rivers District Council |
| Central Bedfordshire Council | National Lottery Heritage Fund | Together Active |
| Charnwood Borough Council | Natural England | Transport for Greater Manchester |
| Cheshire West & Chester Council | Nottingham Forest Community Trust | University of Manchester |
| Connected Places Catapult | Oadby & Wigston Borough Council | Veolia Environmental Trust |
| Cumbria County Council | Old Oak and Park Royal Development | Warwickshire County Council |
| Department for Communities & Local Government | Oxfordshire County Council | Waterloo Foundation |
| Doncaster MBC | P F Charitable Trust | Welsh Government |
| Dudley Council for Voluntary Service | Pendle Borough Council | Wessex Water PLC |
| EDF Energy | Players of People's Postcode Lottery | West Midlands Police |
| Environment Agency | Powys County Council | West Northamptonshire Council |
| Greater London Authority | Preston City Council | West Yorks Passenger Transport Executive |
| Groundwork | | Wolverhampton City Council |

Patron

The former HRH The Prince of Wales

Chair

David Orr, CBE

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
Bridgewater House
Counterslip, Bristol
BS1 6BX

Internal Auditors:

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Investment Managers:

Partners Capital
5 Young Street
London
W8 5EH




Front cover:
Grand Union
Canal, Leighton
Buzzard

Left: Birmingham,
Birmingham &
Fazeley Canal

Canal & River Trust

National Waterways Museum
Ellesmere Port
South Pier Road
Ellesmere Port
Cheshire
CH65 4FW

 CanalRiverTrust
 /canalrivertrust
 /canalrivertrust

Enjoy. Take Action. 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