

MEMORANDUM TO THE BOARD

CORPORATE SERVICES REPORT –SEPTEMBER 2011

Report by Legal and Corporate Services Director

1. PUBLIC BODIES BILL

- 1.1 The House of Commons Bill Committee is currently considering the Bill clause by clause with the last meeting of the Committee due to take place on Thursday 13 October. Debate on Clause 5 and Schedule 5 (the provisions directly relevant to BW/NWC) is timetabled for 11 or 13 October. The National Bargees Travellers Association (NBTA), a new organisation representing 'continuous moorers', has submitted some highly tendentious written evidence to the Committee.
- 1.2 The progress of the Bill is currently on track and the proposed Transfer Order is planned to be laid before Parliament in the week beginning 5 December. Drafting of the (complex) Order is progressing at a pace with extensive liaison between myself and the team of Defra lawyers. By the time of the Board meeting I hope to be in a position to report further on progress. The draft needs clearance by Parliamentary Counsel and the Clerk to the Delegated Legislation Committee in Parliament before it can be laid.

2. PROCUREMENT AND OTHER CONTRACTS DUE DILIGENCE

Following completion of the legislation due diligence necessary for the drafting of the proposed Transfer Order, the Legal Department is now involved in a review of all significant revenue (e.g. utilities) and services (e.g. IT and construction omnibus) contracts to check for the existence of issues that may need addressing in connection with the Transfer Scheme (the separate ministerial instrument that provides for the transfer of property assets and liabilities of BW E&W to NWC). Early focus is on cross-border contracts that have issues in the disaggregation process. This overall is an extensive exercise and some temporary additional resource is likely to be bought in as a cost of the transfer project.

3. INTERNAL AUDIT

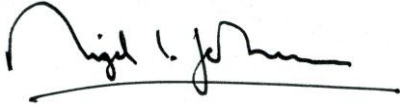
The Internal Audit Department continues to provide substantial support to the Transfer Project both in terms of maintenance of the project plan and monitoring of progress against it and, in particular, substantial support from Keith Labbett to the work Disaggregation Oversight Committee.

4. MOORINGS ENFORCEMENT

Once mooring enforcement proceedings are issued most cases settle or are withdrawn following compliance by the defendant. There are however three contested enforcement cases currently before the Courts (one in the High Court) with the NBTA closely involved in one as advocates and the defendants in in some liaison. The NBTA will in all likelihood use the case(s) to generate adverse publicity to the transfer to NWC which they oppose. A number of short pieces have appeared in *Private Eye* recently and they have been able to generate some exposure in *The Guardian* in the past.

5. CARBON REDUCTION COMMITMENT – REGULATORY SUBMISSION

Legal Department prepared and submitted the first (and very extensive) BW regulatory submission reporting on progress towards its carbon reduction commitment. The work was for a week or so a considerable drain on the department resources at a busy time and is illustrative of the increasing business burden of environmental regulation, notwithstanding the worthy objectives.

A handwritten signature in black ink, appearing to read 'Nigel Johnson', with a horizontal line drawn underneath it.

NIGEL JOHNSON
Corporate Services Director
14 September 2011