

Example of how the grant to CRT will work

Prepared for the Association of Waterways Cruising Clubs National Executive Committee Meeting on 4 February 2012

Note that this is in practice what the Minister's announcement of 21 January 2012 means and it will form a binding contract with CRT.

The example shows a steady inflation index of 2.5% for the whole period, which commences on the core grant in FY2015/16. In practice, the figures will be set for each three-year period, in advance, and will be taken from the Treasury Model of the Economy as the anticipated index for general inflation. Once set, the figures will not change, regardless of what happens to the economy in practice.

The Performance Grant starts to reduce in FY2022/23 by the amount that the Core Grant increases. Payment of this aspect is dependent of asset maintenance criteria being met. Note that BW currently meets these requirements

The figures apply to the current BW track only. Any decision by Government to bring the EA waterways into the Trust will require a separate contract.

Financial Year	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	Total
Core Grant	39.00	39.00	39.00	39.98	40.97	42.00	43.05	44.12	45.23	46.36	47.52	48.71	49.92	51.17	52.45	668.48
Performance Grant				10.00	10.00	10.00	10.00	10.00	10.00	10.00	8.84	7.65	6.44	5.19	3.91	102.03
Total	39.00	39.00	39.00	49.98	50.97	52.00	53.05	54.12	55.23	56.36	56.36	56.36	56.36	56.36	56.36	770.51

In addition to the above, BW will receive a one off cash grant of £25M for the Pension Fund, plus a “last resort” guarantee for the Fund and a £6.2M cash grant this FY to pay-off the National Loan Fund debt. The Minister also confirmed that the BW property portfolio, currently valued at £460, would remain within the Trust.

Apart from the lack of indexing in the first three FYs, this is exactly the sort of deal that AWCC was recommending and it should be viewed by all our members as a good deal and the best available under the circumstances. It is nice to see that DEFRA has taken AWCC's advice in this important matter.

David Pearce

2 Feb 2012