Guest Editorial

The leisure market from a public sector perspective

Bureaucratic, slow-moving and non-commercial. Fusty, dark and dreary offices full of staff who work to time, are completely unhelpful and are just passing the time until they retire. Is this your view of the public sector?

Once upon a time that might have been true. Very often decisions were made based on a paternalistic ethos where — for example — employees were provided with housing, commercial tenancies were agreed on the shake of a hand and rents were kept low in order to retain tenants who had ‘always’ been a tenant of whichever public sector organisation owned the land. The word profit was almost a swearword, and ‘customers’ and employees of such bodies regarded them as gentle giants who owed them security.

Some local authorities appear to be having difficulty moving beyond this, with councillors being approached with complaints as soon as a surveyor tries to increase a tenant’s rent or, worse still, terminate a lease. British Waterways would be an example of a public sector organisation which is making the transition, although at times the complaints still come in. Having been perceived as an engineering-oriented guardian of the nation’s 2,000 miles of inland waterways, British Waterways has slowly (and at times more rapidly) undergone a huge transformation. Its goal is to double the millions of visitors to its canals and rivers by 2012 but also to ensure that the waterway network is vibrant, that visitors are delighted with their experience and that the waterways become largely financially self-sufficient and not dependent on government grants.

British Waterways’ leisure ‘offer’ may not be what most readers of this august journal work with daily; it does not run or own big-buck hotels, casinos and nightclubs; but perhaps it has something, either as a landlord or as a landowner, for nearly everyone. There are pubs and hotels alongside Britain’s canals — the canals have been a key catalyst for regeneration in city centres such as Manchester, Birmingham, Leeds and Edinburgh, where there may also be nightclubs or museums alongside the canal — and on the retail front many supermarket chains are all too uncomfortably aware of the number of trolleys they have to fish out of adjoining waterways. Tenants of the organisation run pubs, cafés, restaurants, tea rooms, boat-hire businesses, hotel boats, trip boats and restaurant boats; boating holidays can last as long as you like — a

lifetime if you want! On the less commercial side, the readily accessible towpath is a means of relaxation for cyclists, runners, walkers, anglers and families.

Asset management plans, documents which each local authority has to produce each year to demonstrate how it will manage its property portfolio, have been a requirement for several years now. British Waterways, on the other hand, which is charged by government to 'act commercially', has had for some years a property strategy which many local authority surveyors would welcome. It sells its low-value, low-returning properties which are not of heritage or strategic value in order to invest in higher-returning properties and ones which suit better its current image of a commercially aware leisure player. For the guardian of the nation's waterways this is sometimes a difficult balance to strike: heritage, environmental, engineering, operational and commercial issues all have to be considered and balanced. While the driver for change might be more visitors enjoying an excellent leisure experience, this is not to be obtained at a cost to other areas.

To provide real examples, canal cottages frequently fetch sums of money well in excess of other properties nearby which do not adjoin the canal or waterway. Many of them are listed, but British Waterways' stretched resources mean that it has not always been possible to maintain these properties to the level they truly deserve. Should the organisation sell them off to the highest bidder, or should it retain them in the hope that it can turn them into tea-rooms, canal shops, pubs, etc? Obviously in each situation the answer is different. At Stoke Bruerne on the Grand Union Canal, for example, there is a mixture of leased and sold buildings, with uses ranging from a waterway museum to restaurants, pubs and residential. The whole is attractive, creating a mini 'honeypot' site where the many visitors can either spend money on cups of tea and ice cream or just watch the boats going through the locks. On the other hand, elsewhere there may be a run-down, vacant, boarded-up cottage in an isolated site, in which a purchaser would invest plenty of money in order to restore the property to its former glory. In yet other locations the cottage may in fact be useful as housing for British Waterways' bank-side staff.

In addition to its own differing internal priorities, British Waterways then has also to satisfy its many external partners. In 2003–2004 48 per cent of its funding came from the government, 45 per cent from its own generated income (angling fees, craft licences and property rents, for example) and 7 per cent from third-party funding organisations such as the Heritage Lottery Fund and regional development agencies. In addition it works closely with organisations such as the Environment Agency and the local authorities through whose boroughs British Waterways-owned waterways run. Again, there can be a conflict between conserving heritage and environment and, for example, assisting in the regeneration of an area of a city. As any developer knows, even in

a city centre a site which has been dormant a long time may have all sorts of wildlife living on it, and turning it into a waterside pub may seem an attractive idea but can raise all sorts of important considerations.

British Waterways not only has to take a commercial but balanced approach in terms of managing its property portfolio, but has also entered into various joint ventures. Its latest venture with Scottish & Newcastle Pub Enterprises (Management) Ltd will create a network of waterside pubs that will attract visitors to the waterside and earn income for reinvestment into the care and improvement of the nation's canals and rivers. British Waterways has also set up British Waterways Marinas Limited to help fulfil the growing popularity and increasing demand for moorings on the waterways. Retailing is taking more priority, with consideration being given to the viable development of 'shops', cafés and visitor centres. Various property joint ventures have helped regenerate city centres — the one most recently having obtained planning permission being Gloucester, where a shopping outlet centre and a supermarket will sit alongside residential, pubs and a college site, with moorings put back into a basin near the city centre. British Waterways has also established a successful consumer website called Waterscape.com which provides information and inspiration for visiting the waterways, including bookings for all sorts of waterside facilities and organisations — not only those owned by British Waterways.

These partnerships of course create their own tensions, but British Waterways is careful about the partners it chooses. When it set up ISIS, its joint venture for property development, it was careful to choose a development partner and a funding partner which would share its views in relation to sustainability, mixed-use development and making the waterway the focus of the development. Indeed, ISIS' sustainability vision would doubtless have been viewed as impossible financially to achieve not so long ago, it is so innovative.

But innovation is one of the things which British Waterways is now about. It owns the third highest number of listed buildings in the UK after the National Trust and the Church of England, including almost 50 scheduled ancient monuments, and waterways run through miles of sites of special scientific interest (SSSIs); but by providing innovative solutions to balance tensions and keeping an eye to what is commercial, it is perhaps one of the most vibrant public sector organisations in the UK.

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