

STROUD DISTRICT COUNCIL**AGENDA
ITEM NO****CABINET****10 June 2010****13**

Report Title	CANAL RESTORATION PROJECT
Purpose of Report	To provide an update on the progress of the development of Phase 1A of the Cotswold Canals.
Decision(s)	Cabinet RESOLVES to note the report.
Consultation and Feedback	As set out in the report below.
Financial Implications & Risk Assessment	<p>Since the last report, the contract for the A46 bridge has been let by the County Council. The shortfall in funding was split between GCC and Stroud costing the project a further £15,000. This will have to be met from savings elsewhere in the project.</p> <p>The funding from Sport England for the project of £225,000 has had to be re-applied for. At the time of writing the report, no confirmation had been received that the application was successful.</p> <p>The main risk for the Council at this stage is that the estimated cost variance shown in Appendix A cannot be reduced. Although high risk, it is mitigated by the comprehensive risk register in place and the continuous scrutiny of the detailed cost plan.</p> <p>Should there be any doubt that the project can be delivered on budget, Members will be informed at an early stage.</p> <p>Sandra Cowley, Head of Finance Tel: 01453 754136 Email: sandra.cowley@stroud.gov.uk</p>
Legal Implications	The Funding Agreement entered into by this Council with Stroud Valleys Canal Company and the South West Regional Development Agency (SWRDA) for £7,686 million contains conditions as to the provision of funding and detailed monitoring arrangements for Brimscombe Port. For example, there are conditions that the Council reasonably expects to have sufficient funding to meet the Project expenditure, to complete the Project by 2014 and to achieve the milestones, outputs and objectives in Schedule 2 of the Agreement. The CPO for the Canal Ironworks has been drafted in accordance with the conditions set out in the National

Legal Implications	Heritage Lottery Fund Agreement dated 27th July 2009 ('NHMF') which triggered the release of funds on 31st December 2009. The NHMF Agreement also contains detailed monitoring arrangements with strict timetables for land acquisitions by 31st December 2010. Lisa Jones, Principal Solicitor Tel: 01453 754364 Email: lisa.jones@stroud.gov.uk
Report Author	Paul Coupe, Canal Project Manager Tel: 01453 754260 Email: paul.coupe@stroud.gov.uk
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Options	N/A
Performance Management Follow Up	N/A
Background Papers/ Appendices	N/A

Progress

Progress continues to be made on the development of this project with a number tenders complete and a number of packages currently out to tender.

Planning application has recently been submitted for works at Ryeford Lock and Wallbridge Lock with work at both of these locations anticipated over the summer.

The resurfacing of the towpath to a new 2 metre wide multi-user path has begun at the Ocean, being undertaken in partnership with REACH, and a Contract awarded.

Gloucestershire Council have awarded a Contract to Carillion to undertake the replacement of the A46 Merrywalks Bridge, with a works commencement date planned for 4th May 2010.

Tenders have been invited for a rolling programme of Geotechnical investigations commencing at Wallbridge and continuing through the summer to provide design parameters for the design of structures along the route. The tenders are due to be returned in Mid May 2010.

This Ground Investigation will enable the proposals for the Wallbridge area to be developed to such a degree to enable the works to be included in the A46 Merrywalks works, which will provide a cost saving to the overall project.

Tenders have also been invited for the works associated with the restoration of the Ryeford Double Locks, with a Tender Return date of 21st May.

It is anticipated that Contracts for both the Geotechnical Investigation and the Restoration of Ryeford Double Locks will be awarded in early June 2010, with an anticipated start in June.

The waste exemption licence for the dredging of the canal between Ocean and Ryeford Locks has been received, and it is anticipated that a Contract will be awarded for this work during the summer.

It is anticipated that the Volunteers will commence restoration of Griffins Mill lock during the summer months and will continue for until 2011.

Land negotiations continue with agreements being reached with a number of interested parties. Boundary issues in other locations are being progressed.

Programme

As a live document, the project programme continues to be updated and refined as the project goes on. Based on the latest revision to the programme, the completion date for the project remains at January 2014, though final payments to Contractors will be made in April 2014.

The critical tasks driving this final delivery date are:

- Brimscombe Port development agreements and planning
- Canal Ironworks land acquisition
- Capel's Mill Japanese Knotweed treatment

A number of issues have led to delays in elements of the project, however as these are not on the programme critical path, they do not have an overall effect on the final completion date for the project. These are:

- Delay in placing of Upper Mills Bridge contract due to delay by Gloucester County Council in tendering the A46 Merry Walks Bridge replacement contract.
- Delay in commencement of dredging works between Ocean Bridge and Ryeford Double Lock due to delay in receipt of waste exemption license from the Environment Agency for disposal of silt to an adjacent field. The exemption license is expected shortly.

For both of these packages, tenders have been carried out with contracts ready to be awarded and site works commence as soon as the issues are resolved.

Cost

The overall income and expenditure on the project remains as reported in the previous SOSC report. This is summarised in the tables below.

INCOME PROFILE		
SOURCE	VALUE	
HLF	£11,924,000	
SWRDA	£7,480,000	Brimscombe Purchase Cost
BRIMSCOMBE DEVELOPMENT	£5,500,000	Income from developer and Mill sale
BRIMSCOMBE RENTAL INCOME	£120,000	Assume 15% of £275k over 3 years
CCT	£800,000	
WATERWAY TRUST	£350,000	
GCC	£1,086,000	Includes £800k for Wallbridge
SPORT ENGLAND	£225,000	
SDC CAPITAL	£3,862,000	
Total	£31,347,000	

FORECAST COSTS		
ITEM	VALUE	SUB-TOTALS
CAPITAL COST		
- Ocean to Wallbridge	£5,094,000	
- A46 to Arundel Aqueduct	£4,107,000	
- Arundel Aqueduct to Ironworks	£1,530,000	
- Ironworks	£1,411,000	
- Ironworks to Brimscombe Hill	£2,051,000	
- Brimscombe Basin	£2,905,000	
SUB-TOTAL		£17,098,000
PROJECT MANAGEMENT COSTS		
- SDC Staffing Cost	£1,845,000	
- Consultancy services (planning, environmental, engineering)	£1,645,000	
- Provelio costs for procurement management	£20,200	
- Arup costs for planning strategy and environmental scoping	£45,000	
- Environmental Statement	£50,000	
- Engineering Management	£230,000	
- Programme, Risk and Cost Management	£343,000	
SUB-TOTAL		£4,179,000
OTHER COSTS		
- Brimscombe Land Acquisition	£7,480,000	
- Other Land Acquisition	£400,000	
- Risk Allowance	£2,925,000	
- Arts and Interpretation	£50,000	
- Inflation Allowance	£1,500,000	
SUB-TOTAL		£12,355,000
Total cost of project		£33,632,000
Current SDC Budget		£31,347,000
Variance cost		£2,285,000
Variance percentage		7.29%

Risk

Monitoring and management of risk continues to be a key item to ensure efficient delivery of the project. The top 10 project risks and top 10 risks requiring action in the next month are shown in the table below.

Risk ID	Risk Description			Response Action Plan	Impact	
	Risk Owner	Source of Risk	Consequence	Specific Action	Probability of Risk Occuring	Worst Case Outcome Cost
O1	P Williams	Seek Early Developer Involvement for Brimscombe Port	Integrated plans for specific sites, potential for contributory funding, tax breaks associated with contaminated land	Identify and map all development sites along route (assess potential for developer involvement). Also a risk where project is reliant on developer interest.	30%	£2,500,000
C10	Stroud DC	Unidentified works	ie Arundel Aqueduct, Lock Walls, Invert works, Slope stabilisation/embankments, Canal walls, Banks, building demolition, Linings to Canal and Locks, grouting of lock walls, culverts, sluices, Copings, Landscaping)	Include cost & time contingency - until all inspections have been completed	20%	£900,000
PM8	A Bagnall	Land Acquisition (Negotiation/CPO)	Variable item with potential for significant costs; difficulty in securing land required to deliver project; potential delay to individual elements; Budget allocation for SDC and legal services	Take forward Land Acquisition Strategy. Identify and map all potential land requirements and initiate early negotiation / CPO and take forward acquisitions.	30%	£600,000
C3	C Meakin	Sites for disposal of dredged material	Difficulty in securing disposal sites; potential to limit volume removed (not always beneficial); Escalated costs and potential delay	Thorough investigation and testing of potential disposal /beneficial use sites to ensure suitability of sites offered.	25%	£600,000

DS6	P Williams	Brimscombe Port (Requirement to open specific area of Basin)	Inappropriate area and difficulty in securing with long-term commitments	Develop approach to heritage 'interpretation' ; Needs to tie in with developer over development of the port area	40%	£500,000
C11	Stroud DC	Unforeseen conditions	Requiring additional works (ie excavations, obstruction etc)	No Specific Action	35%	£500,000
DS4	P Williams	Iron Works' Development Agreement	Difficulty in securing ideal solution	Alternative Solutions to be conceived to support decision making	30%	£500,000
D4	S Richings	Unknown Service/Utilities and unknown costs for crossings/diversions	Potential for delays and high costs at short notice	Need to obtain quotations for known utilities which require moving or realigning. Early engagement to identify; opportunity for Canal Trust to divert for minimal costs. Progress obtaining quotes for diversions early in programme to avoid delays during construction works.	25%	£500,000
DS3	C Meakin	Capels Mill Contamination	High cost solutions, delay in agreeing and designing solutions	C Meakin / Robin Lancefield taking forward contamination mitigation measures. Paul Evans to develop engineering solutions.	25%	£500,000
DS9	P Coupe	SDC required to cover full risk cost of A46 bridge	Additional money from project not available	Ensure project is not covering overspend on site works out side of the project teams control. Project Executive to discuss A46 at high level with GCC and take robust position on costs.	50%	£400,000

CURRENT TOP TEN PRIORITY RISKS FOR NEXT MONTH						
DS9	P Coupe	SDC required to cover full risk cost of A46 bridge	Additional money from project not available	Ensure project is not covering overspend on site works out side of the project teams control. Project Executive to discuss A46 at high level with GCC and take robust position on costs.	50%	£400,000
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D5	P Williams	Interaction with Existing Rivers	Greater effort to develop and agree design	Develop agreed conceptual designs prior to a submission of LDC applications	35%	£50,000
DR14	S Dowling	Need to re-tender Upper Mills Bridge due to the delays caused by A46 tender process	Additional cost, delays	Liaise with contractors to ensure tender validity can be extended	25%	£20,000
C1	A Bagnall	No Section 106 input to access ramp at Upper Mills Bridge	Additional costs	Pursue Section 106 with adjacent developer, Agreement with GCC and Witcliff	20%	£50,000
A3	P Marsh	Onerous Consent conditions (ie dredging or Flood risk management, water control from EA)	Additional costs to fulfil	Progress designs for detailed consultation with EA	10%	£50,000
DR9	C Meakin	Waste exemption license withheld	Leading to additional cost	Application to be discussed with EA to ensure all information required is submitted.	10%	£5,000

For the purposes of this report the current residual probability following implementation of the is presented along with the worst case associated costs should the risk be realised.

It should be noted that the overall 95%ile figure used as the current risk contingency requirement is not simply the summation of the most likely costs. The risk register also includes the least and the most likely costs associated with the risk. These figures combined with the probability of occurrence are then used in a Monte Carlo statistical analysis which runs over 1000 separate permutations of the potential costs to derive the outcome risk figures. The results of these different permutations are then input into a normal distribution to obtain the most likely cost of the risks over the life of the project, least and the most likely costs associated with the risk. These figures combined with the probability of occurrence are then used in a Monte Carlo statistical analysis which runs over 1000 separate permutations of the potential costs to derive the outcome risk figures. The results of these different permutations are then input into a normal distribution to obtain the most likely cost of the risks over the life of the project.