

## STRATEGY AND RESOURCES COMMITTEE

12 OCTOBER 2017

**10**

<b>Report Title</b>	<b>REGENERATING THE COTSWOLD CANALS – PROGRESS WITH THE CANAL PROJECT AND THE NEXT STEPS</b>
<b>Purpose of Report</b>	<ol style="list-style-type: none"> <li>1. To provide an update on the progress made in implementing the Canal Project.</li> <li>2. To outline the bid being made to the Heritage Lottery Fund next month.</li> </ol>
<b>Decision(s)</b>	<p><b>The Strategy and Resources Committee RESOLVES to</b></p> <ol style="list-style-type: none"> <li><b>1. Note the imminent successful completion of ‘Phase 1A’ – the Stonehouse – Bowbridge section.</b></li> <li><b>2. To delegate approval of the Governance arrangements for Phase 1B – ‘Stroudwater Connected’ to Canal Project Manager in consultation with Head of Legal Services/Monitoring Officer.</b></li> <li><b>3. Approve that a funding bid be submitted to the Heritage Lottery Fund in November 2017.</b></li> </ol>
<b>Consultation and Feedback</b>	<p>Consultation during the life of the Canal Project has been extensive with, for example, regular meetings with the Western Canals Consultative Committee representing town/parish councils and interest groups affected by the project. Furthermore, the Cotswold Canals Partnership receives updates on a quarterly basis.</p> <p>The council has also included questions on further canal restoration in its 2015 and 2017 Budget Consultations with residents and businesses. At the same times, the Cotswold Canals Trust received 1548 completed questionnaires.</p>
<b>Risk Assessment</b>	There is no risk associated with the Stroudwater Connected bid at present. If the bid is successful, we will have to enter into a contractual relationship with the Heritage Lottery Fund. A further report will be made to Committee in that instance.

<b>Financial Implications</b>	<p>This report sets out the progress made with Phase 1A to date, the financial performance of the project, and also provides members with details of the bid submission process for Stroudwater Connected.</p> <p>The Council, as part of the Capital Programme, has allocated £3m of funding to the Phase 1B project. The Council would also be the lead authority and accountable body, thereby responsible for the delivery of the project and would be cashflow financing the project. This would take the form of interest foregone on investments the council could have made due to the timing difference between expenditure and receipt of HLF funding. A full appraisal of the financial implications will be provided as part of the formal sign-off of the project.</p> <p>The project would need to adhere to the Council's Financial Regulations and follow the Council's Contract and Procurement Procedure Rules.</p> <p>David Stanley, Accountancy Manager (S.151 Officer) Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a></p>
<b>Legal Implications</b>	<p>No material legal issues arise at this stage. Governance arrangements for the scheme are set out in the report.</p> <p>Alan Carr, Solicitor Tel: 01453 754357 Email: <a href="mailto:alan.carr@stroud.gov.uk">alan.carr@stroud.gov.uk</a></p>
<b>Report Author</b>	<p>David Marshall, Canal Project Manager Tel: 01453 754646 Email: <a href="mailto:david.marshall@stroud.gov.uk">david.marshall@stroud.gov.uk</a></p>
<b>Performance Management Follow Up</b>	<p>The progress of the Canal Project is managed and monitored by the Canal Project Board which meets bi-monthly and comprises the Leader of the Council, the Chair of the Environment Committee, the Chief Executive, the Accountancy Manager and the Canal Manager.</p>
<b>Background Papers/ Appendices</b>	<p>The following Background Papers are relevant to this Report: <i>Strategy &amp; Resources Committee, 24<sup>th</sup> March, 2017. Agenda Item 9 – Canal Project Update</i> <i>Strategy &amp; Resources Committee, 25<sup>th</sup> June, 2015. Agenda Item 10 – Canal Project Update</i></p>

## 1. BACKGROUND

- 1.1. Since December 2008, the Council has been leading the restoration of the Cotswold Canals between Stonehouse and Thrupp. This work, usually referred to as 'Phase 1A', is virtually complete.

- 1.2. This report also outlines the bid which will be submitted to the Heritage Lottery Fund (HLF) in November 2017, which seeks funding for restoring the canal between Stonehouse and Saul Junction. This would connect the restored canal to the national waterway network.

## **2. PROGRESS**

- 2.1. Work completed since the June 2015 S&R report has been considerable and the highlights are as follows:-
  - a. Dredging 300m of the Thames and Severn Canal at Cheapside. This work included the use of contiguous wooden piles through two landslip sections, which has stabilised the slope above the canal.
  - b. Restoration and gating of two locks – Ham Mill at Thrupp, and Bowbridge, Stroud.
  - c. Dredging a further 300m of Thames & Severn Canal between Capel's Mill and Bowbridge. This was carried out by Newland Homes as a Section 106 obligation.
  - d. Restoration of Bowbridge Bridge and removal of canal infill. This work was led by Gloucestershire County Council.
  - e. Repair and reinforcement of a 50m section of collapsed bank at Wallbridge. Although most of the work was done by volunteers, this was an extremely complex and large task which cost over £80,000 – and was not foreseeable.
  - f. Installation of a new lift bridge at Lodgemore, Stroud. This is to a unique design by a Frampton-on-Severn company.
  - g. Repair and restoration of Wallbridge Lower Lock, Stroud. At the time of writing, this was virtually complete - a verbal update will be given at the meeting. This has been especially problematic. The offside lock wall had failed due to the progressive building-up of the bank above the lock since it was built.
  - h. A bespoke signage scheme along the canal and the installation of bridge nameplates. The use of two different fonts reflects the heritage of the two constituent canals.
  - i. The project has won another major award – the Historic Environment category of the 2016 national Living Waterway Awards.

## **3. OTHER BENEFITS**

- 3.1 The canal restoration project continues to deliver other benefits as outlined in the March 2015 S&R report. The most recent developments are:
  - a. Establishment of the Cotswold Boatmobility charity, which aims to give boating experience to those with limited mobility – using katekanus and a purpose-built wheelchair carrier, similar to a miniature landing craft.
  - b. The inception of the Stroud Raft Race, begun last year with the next scheduled for 1<sup>st</sup> October.
  - c. The Cotswold Way now splits into two routes; one taking in the towpath between Ebley and Ryeford. It should be noted that this involves a different section of towpath to that which would be utilised if the Cotswold Way was to be rerouted through Stroud as per this Council's resolution dated 28<sup>th</sup> November 2013.

- d. Volunteer hours spent on phase 1A of the Cotswold Canals Project total 29,540 hours over the past year (2016/17), valued at £370,000. Since 2013, the total is 138,270 hours, valued at £1.67 million. The large financial value represents the 'upskilling' of volunteers, meaning they can take on more complex, and therefore more valuable tasks. With the involvement of over 60 young people with learning difficulties, this represents huge gains in terms of social capital.
- e. The Brewery Wall at Wallbridge, Stroud is being rebuilt by canal volunteers. This historic site is a hugely prominent 'gateway' to Stroud and the work will transform the appearance of the area. The work has been funded by Gloucestershire County Council and project managed by ourselves.

#### 4. ECONOMIC OUTPUTS

- 4.1 Since the last report, new figures have been produced detailing economic outputs deriving from the Canal Project. These have been produced using a robust methodology approved in 2011 by the South West Regional Development Agency (now part of the Homes & Communities Agency):

TARGET (2006 baseline)	Achieved 2006 – 14 (June 2015 S&R)	Current total (up to April 2016)
To lever £64 million of private investment in and around the area benefited by the Project.	£100,953,145	£113,600,000
To recycle 21 hectares of brownfield land as part of the Project including the 15 hectares of the canal itself	24.57	62
To create 14,000 sq m of new workspace in and around the area benefited by the Project.	21495	25708
To enable 31 new businesses to start up in and around the area benefited by the Project.	57	Not yet available
To create 220 new jobs (gross) and to assist 24 people to get a job and to assist 124 people with skills development in and around the area benefited by the Project.	687	763
To support the provision of 286 housing units in and around the area benefited by the Project	503	552

*NB – New figures are currently being produced and should be available at the meeting*

#### 5. FINANCE UPDATE

- 5.1 The forecast outturn for the project in 2015 was £20,061,499, matched by expected income.
- 5.2 Expected income has now risen to £20,222,472, but the final outturn is likely to be in the order of £20,270,000. This represents an approximate overspend of 0.25% on the total budget over 28 months.

5.3 This increase is due principally to problems at Wallbridge. An unexpected bank collapse there cost £84,000 and the extremely complex remedial work to the lock has proved expensive. The June 2015 report stated: 'It should be emphasised that this remains a high risk project and the risk of a cost overrun still exists. No budgetary provision has been made since it is virtually impossible to make any estimate until the Lock examination has been undertaken.'

## **6. HLF COMPLETION**

6.1 Because the planned November HLF bid will be led by Stroud District Council, the current phase of HLF-funded work must be complete. To validate this completion, the HLF's project monitor will be taking a boat journey from Bowbridge Lock to Stonehouse Ocean (a distance of 6.5 km) on 18<sup>th</sup> October.

6.2 The Canal Manager will then submit a Completion Report to the HLF, enabling it to release its £1m retention.

## **PART 2 - PHASE 1B – 'STROUDWATER CONNECTED'**

### **7. BACKGROUND**

7.1 In 2015, the Cotswold Canals Trust submitted a bid to the Heritage Lottery Fund (HLF) to restore the canal between Stonehouse and Saul Junction. This was rejected, primarily because of a lack of matched funding from other bodies.

7.2 In February 2017, the Council committed £3 million in its capital programme towards 'Stroudwater Connected'. At the same time, the Canal and River Trust committed £625,000 and Gloucestershire County Council committed £700,000, both to be supported with services in kind. These commitments transformed the project financially and also placed it at the top of the national waterway restoration priority list.

7.3 The Council's investment makes it the accountable body (to the HLF) for the project and therefore the lead partner for the bid, which has to be submitted by a deadline of 29<sup>th</sup> November 2017.

7.4 The Council is able to offer other services to the project, as it currently does for phase 1A - specifically legal, HR, contaminated land advice, accountancy, ecology and communications.

### **8. PROJECT GOVERNANCE**

8.1 Signatories to the HLF bid will be Stroud District Council, the Cotswold Canals Trust (CCT) and the Stroud Valleys Canal Company (SVCC) as owner. SDC will be the Accountable Body.

8.2 These organisations are members of the Stroudwater Connected Partnership, which will co-ordinate delivery of the restoration and report to the Project Board (below). Other members of the Partnership are Gloucestershire County Council (GCC), the Canal and River Trust (C&RT), Gloucestershire Wildlife Trust, the Stroudwater Navigation Archive Charity and the Inland Waterways Association. Each will be expected to sign a Partnership

Agreement, a draft of the main terms of which can be found at Appendix 1. This Agreement will clearly set out the commitment which each partner will make to the project.

- 8.3 If the bid is successful, a Project Board will be chaired by SDC, with a membership expected to comprise:-

Chief Executive (SDC)	CCT Company Secretary
Leader (SDC)	SVCC Chairman
Chair, Environment Committee (SDC)	GCC representative
CCT Chairman	C&RT representative

## 9. HLF BID OUTLINE

- 9.1 The bid will be submitted to the HLF no later than 30<sup>th</sup> November 2017. We can expect an assessment visit, probably in February, with a decision being made in April/May 2018.
- 9.2 The bid comprises a 250-word summary for the HLF Trustees, a 9,000-word online form and a large quantity of supporting documents, mainly covering the HLF's 14 key outcomes, distilled into 6 cross-cutting themes. The bid also includes finance and governance details, together with a plan for the Development Stage – planning tasks which will be carried out prior to the start of physical work if the bid is successful.
- 9.3 Whilst work on the bid is ongoing, indications are that the gross cost of the project will be in the order of £25 million. This figure is all-inclusive – for example it factors in the notional HLF rate for volunteer hours in different skill bands; in itself valued at over £3 million.  
Exact income and expenditure figures are currently being finalised, but the bid assumes an ask from the HLF in the sum of £9.8 million. It should be noted that as a result of falling ticket sales, the HLF only has a total of £40 million for national awards.

## 10. STROUDWATER CONNECTED' PROGRESS TO DATE

- 10.1 In order to maintain momentum, several pieces of work have been carried out between Stonehouse and Saul in the past few months. The most significant is the opening of a 'mini' Visitor Centre inside the Bond's Mill gatehouse. 250m of heavily vegetated canal channel have been cleared west of the A38, as has Whitminster Lock. Westfield Lock has been surveyed and 100m of upgraded towpath laid at Eastington. A lock bypass, to an in-house design, has been constructed at Dock Lock. Further channel clearance west of the A38 and either side of Bond's Mill is planned for the winter months.
- 10.2 Work has also been undertaken which will both enhance and de-risk the HLF bid. This involves an outline planning application in respect of the 'missing mile' between Dock Lock and the A38, a Flood Risk Assessment, an Economic Outputs Assessment and a Statement of Heritage Significance.

STROUDWATER NAVIGATION CONNECTED  
(COTSWOLD CANALS PHASE 1B)

AGREEMENT MADE ON  
BETWEEN

2017

STROUD DISTRICT COUNCIL of Ebley Mill, Stroud, GL5 4UB ('the Council') and THE CORE PARTNERS comprising:-

- Canal and River Trust
- Cotswold Canals Trust
- Gloucestershire County Council
- Gloucestershire Wildlife Trust
- The Inland Waterways Association
- Stroudwater Navigation Archive Charity
- Stroud Valleys Canal Company

## 1. Purpose

- 1.1 To establish how the parties to this Partnership Agreement will work together to plan and deliver the restoration of Phase 1B of the Cotswold Canals, known, for the purposes of the 2017 Heritage Lottery Fund ('HLF') Bid, as Stroudwater Navigation Connected (hereafter referred to as 'the Project').
- 1.2 To clarify the roles and responsibilities of the parties to this Agreement.

## 2 Background

- 2.1 This Agreement establishes the partnership between the Council (one of the Lead Partners and Accountable Body) and the Core Partners in the Project to complete the restoration of Stroudwater Navigation Connected (also known as Phase 1B). This Agreement is created to cover the final months of the preparation of the 2017 Heritage Lottery Fund bid, and, in expectation of funding, the Development and Delivery Phases of the Project. Once funding has been obtained it may be necessary to revise this Agreement, and/or its Terms of Reference and Ways of Working.
- 2.2 This Agreement specifies mutually accepted expectations between the eight partners in the Project, as they work together towards the common objective of completing the restoration of phase 1B.
- 2.3 The Council and the Cotswold Canals Trust are the Lead Partners in the Project. Working in partnership is a key aspect of major projects such as this. The Council, and the Core Partners are all committed to seeing the Cotswold Canals, particularly phase 1B fully restored. Each party represents interests that are relevant to at least one of the 14 HLF outcomes. These outcomes are grouped under three headings: Outcomes for Heritage, Outcomes for People and Outcomes for Communities (see Annex 1 for a full list). Individual letters of support from all eight parties accompany this Agreement. Each letter specifies the precise contribution each partner will make to the Project.
- 2.4 A bid for funds to help finance the Project will be submitted to the Heritage Grants Programme of the Heritage Lottery Fund on or before 30 November 2017. The total value of the Project is expected to be around £20 million.

### **3 Scope of activity**

- 3.1 The activities which the parties to this Agreement will pursue are designed to achieve the successful restoration/re-creation and sustainable long-term management of the western 4 miles of the Cotswold Canals known as Stroudwater Navigation.

### **4 Governance and accountability**

- 4.1 All parties to this Agreement are members of the Core Partners Group of the pre-bid stage of the Project. This is the interim Project Board for the Project, which will start once HLF funding has been secured and the Lead Partners have signed a contract with the HLF. At that point the Core Partners Group will be converted to a formal Project Board.
- 4.2 The Core Partners Group is accountable to Stroud District Council.

### **5 Terms of Reference and Ways of Working**

- 5.1 Terms of Reference and Ways of Working for the Core Partners Group are attached as Annexes 2 and 3. The Core Partners Group will revise these as necessary.
- 5.2 The signatories to this Agreement are committed to working collaboratively. The Core Partners Group's Ways of Working set out how disputes that may arise during the Project will be resolved.

### **6 Mutual Support**

- 6.1 The Lead Partners will provide all reasonable support and advice to the other Core Partners on all matters concerning the Project.
- 6.2 Each Core Partner will provide all reasonable support and advice to the Lead Partners and to each other on all matters within their sphere of interest that concern the Project.

### **7 Status of the Agreement**

- 7.1 Together with the individual partner letters of support that set out the contributions that each partner will make to the Project, both in cash and in kind, this Agreement forms a contract. Stroud District Council and the other partners have, by signing the Agreement, agreed to comply with the terms and spirit of the Agreement.
- 7.2 The first review of the operation of the Agreement, its Terms of Reference and Ways of Working, will take place in December 2017. The second review will take place no later than 30 June 2018. Further review dates will be agreed at the second review.
- 7.3 No partner will commit any action that puts others in breach of this Agreement or the contract with the Heritage Lottery Fund.
- 7.4 Any amendments to this Agreement have to be agreed by all parties. Once the contract with the Heritage Lottery Fund is signed, it may not be terminated unless the Project is significantly amended or terminated in agreement with the Heritage Lottery Fund.

### **8 Standard Terms**

- 8.1 The Council's standard terms of contract set out in Annex 4 shall apply to this agreement and all parties to this agreement shall be jointly and severally bound by and comply with those standard terms and references in those standard terms to the "Company" shall for the purposes of this agreement be deemed to be a reference to each of the CORE PARTNERS whether acting jointly or severally.