

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

24 MAY 2018

7

Report Title	STROUDWATER NAVIGATION CONNECTED – REGENERATING CULTURAL AND NATURAL HERITAGE FOR EVERYONE
Purpose of Report	To provide an update on the progress made in implementing the Canal Project, particularly in securing further Heritage Lottery Fund support and to make provision for progressing the project through its development stage.
Decision(s)	The Strategy and Resources Committee RESOLVES 1. To accept the Heritage Lottery Fund’s offer of £842,800 for the Development Stage of <i>Stroudwater Connected</i> on the terms set out in the offer. 2. To agree the establishment of a Council-led Canal Project Board, as outlined at Section 4 of this committee report. 3. Delegate authority to the Canal Manager in consultation with the Head of Legal Services to review and agree terms for a partnership agreement with the Council’s project partners to progress the project through the development stage 4. Delegate authority to the Canal Manager in consultation with the Leader of the Council to make decisions on behalf of the Council in order to progress the Development Stage of the project subject to the approval of the Chief Executive to any decision involving capital expenditure or anticipated capital expenditure in excess of £75,000 and provided that any expenditure is within the Council’s approved budget for the project.

<p>Consultation and Feedback</p>	<p>34 letters of support were received from various organisations in support of the bid to the Heritage Lottery Fund. 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>
<p>Financial Implications and Risk Assessment</p>	<p>This report sets out the next stage of the Stroud Navigation Connected project following the successful bid to the HLF for funding.</p> <p>Paragraphs 3.1 to 3.6 outline the Development Stage and the financing required to enable a Round 2 submission to the HLF. A total of £2.205m of funding is set out in the report, with £843k in the form of HLF Grant. The Council will provide up to £438k in funding (in line with the allocation included in the Council's Capital Programme). As lead partner in the project, the Council does bear some financial risk should there be a shortfall in fundraising or the contingency for inflation and risk prove to be inadequate.</p> <p>Given the scale of the project (£23.4m as outlined in paragraph 2.2), a report will need to be taken to a future Council meeting when the Round 2 bid submission is made. The report will provide members with a detailed cost-plan and risk mitigation strategy, along with a thorough assessment of the financial risks the Council will be taking as the lead partner in delivering the project.</p> <p>David Stanley, Accountancy Manager (s151 Officer) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p> <p><u>Risk Assessment</u></p> <p>The financial implications outline some financial risk to the authority at the development stage in terms of cashflow financing the project and risk around cost pressures.</p> <p>In common with major construction projects, there will be risk associated with project delivery – particularly</p>

	around inflationary cost pressures. The Development Stage will identify any further project risks and possible mitigation measures. Given the nature of the project, there are risks around issues such as contaminated land, and the costs associated with dealing with them.
Legal Implications	At this stage the terms of grant are not onerous and the commitment of the Council to the project does not raise significant legal implications. Those implications will need to be reviewed as and when the project moves on to the Delivery stage. Alan Carr, Solicitor Tel: 01453 754357 Email: alan.carr@stroud.gov.uk
Report Author	David Marshall, Canal Manager Tel: 01453 754646 Email: david.marshall@stroud.gov.uk
Performance Management Follow Up	The progress of this Project is managed and monitored by the Canal Project Board which meets regularly and currently comprises the Leader of Council, the Chair of the Environment Committee, the Chief Executive and the Head of Finance, with the Canal Manager in attendance. Regular reports will be made to the Environment Committee.
Background Papers	The following Background Paper is relevant to this Report: <i>STROUDWATER NAVIGATION CONNECTED – Regenerating cultural and natural heritage for everyone. 2017 Bid to the Heritage Lottery Fund – Project Summary. This can be found at www.stroud.gov.uk/canalbidssummary</i>

1. BACKGROUND

- 1.1. In November last year, a boat carrying Heritage Lottery Fund (HLF) project monitors made a continuous trip from Stonehouse Ocean to Bowbridge Lock. This was the criterion set by the HLF to signify practical completion of phase 1A. Phase 1A comprised £20m of work to reopen a 6 mile stretch of canal.
- 1.2. Crucially, completing phase 1A enabled SDC to make a further funding application (*Stroudwater Connected*) to the HLF on 30th November; this being restoration of the canal between Stonehouse and Saul Junction, which will make Stonehouse and Stroud canal towns once again.
- 1.3. That bid was successful. This report sets out the implications of that success and also provides a brief update on phase 1A.

2. THE STROUDWATER CONNECTED BID

- 2.1. The bid, led by SDC and the Cotswold Canals Trust (CCT), was compiled with much assistance from 'Core Partners' in the project – Gloucestershire County Council (GCC), the Canal & River Trust (C&RT), the Stroudwater Navigation

Archive Charity, Gloucestershire Wildlife Trust, the Inland Waterways Association and the Stroud Valleys Canal Company.

- 2.2. The total cost of the project is estimated at £23.4 million, including the Development Stage and provision for contingencies and inflation. Income against this figure is estimated as follows:

Committed cash:	£5,065,000
'In kind' assistance:	£1,460,000
Heritage Lottery Fund:	£9,800,000
Environmental grants and offset credits:	£500,000
Donations/Trusts/Foundations:	£1,000,000
Commercial/business:	£1,000,000
Fundraising:	£1,375,000
Volunteer effort (cash equivalent):	<u>£3,200,000</u>
TOTAL	£23,400,000

The risk and inflation provision in the bids totals £4.8 million, which exceeds the fundraising target. Effective cost management will thus minimise any risk of not meeting fundraising targets.

- 2.3 The bid was 'community led'. In effect, restoring the canal is a tool for community involvement, learning, economic development, biodiversity, health and wellbeing, leisure and conservation.

3. THE DEVELOPMENT STAGE

- 3.1 We have secured from the HLF a 'Round 1' pass; one of only four in the country. This awards us £842,800 funding to work up the bid into a fully costed and planned project. A further application for 'Round 2' Delivery Stage funding has to be made within 2 years. Whilst Round 1 funding does not automatically guarantee a Round 2 pass, the HLF was clearly sufficiently impressed to offer Development funding. Provided that the project looks certain to deliver its outcomes to budget, there is no reason why a Round 2 bid should fail.
- 3.2 The Development Stage allows the project, and its 33 sub projects, to be fully worked up, designed, costed and with all approvals in place. This massively reduces risk in the Delivery Stage. Other Development Stage work includes:-
- Base line surveys so that the impact of the project can be measured
 - Reach agreement with utilities for dealing with canal crossings
 - Draw up 3 Conservation Plans, covering the restoration, the historic archives and wildlife/biodiversity. Each of these will include an Action Plan for the Delivery Stage
 - Negotiate land acquisitions and draw up legal agreements
 - Develop community involvement plans – volunteering, internships, training, mentoring
 - Develop an interpretation plan for the archive and a pilot website
 - Prepare a Project Business Plan
- 3.3 The bid assumed recruitment of a professional Fundraiser, Project Engineer, Administrator, Environment Manager and a Community Engagement team in order to deliver the Development Stage. Discussions are underway with partner organisations to establish whether this is necessary, or whether some capacity exists within partner organisations, at cost to the project but with less risk.

- 3.4 Our current expectation is that the Development Stage will be completed by December 2019. This shortened timescale reduces the impact of inflation on costs. There is generally a 3-4 month time lapse between a Round 2 submission and the result being known. With HLF meetings being held quarterly, the expectation is that the Round 2 bid would therefore have to be submitted at the end of November 2019.
- 3.5 The total cost of the Development Stage is £2,205,200, including a contingency of £155,000 for inflation and risk. This sum is included in the table at 2.2.
- 3.6 This cost will be met as follows:
- | | |
|-----------------------------------|-----------------|
| Cash contributions from partners: | £437,740 |
| 'In kind' assistance: | £177,060 |
| Volunteer time: | £444,900 |
| HLF grant: | £842,800 |
| Fundraising: | <u>£302,700</u> |
| | £2,205,200 |

4. GOVERNANCE

- 4.1 As per the October S&R Report, the Development Stage will be overseen by a Project Board, chaired by SDC, with a membership expected to comprise:-

Chief Executive (SDC)	CCT Company Secretary
Leader/Chair of S&R Committee (SDC)	SVCC Chair
Chair, Environment Committee (SDC)	GCC representative
Head of Finance (SDC)	C&RT representative
CCT Chair	

An agreement was concluded between the above members for the purpose of submitting a bid for HLF funding. That agreement will need to be reviewed to accommodate the Development Stage and ultimately the Delivery Stage of the project

- 4.2 The partnership agreement will provide for the Council to take a lead role in administering funds and procuring works and services required to progress and complete the project both at Development Stage and Final Delivery Stage. In order to give effect to this partnership agreement it is necessary to make appropriate constitutional arrangements for relevant decisions to be made on behalf of the Council. The necessary delegation of powers can only be granted to an officer of the Council; to a committee or to a new sub-committee of this committee. It is therefore proposed that all such powers for these purposes (including spending and recruitment) are delegated to the Canal Manager subject to the conditions set out in Resolutions 3 and 4.
- 4.3 A further report will be made to the S&R Committee before the final Delivery Stage application is made to the HLF.

5. PHASE 1A UPDATE

- 5.1 As reported above, the canal is now fully navigable between Stonehouse Ocean and Bowbridge Lock; a distance of 6.6 km. A CCT team is dredging the canal

above Bowbridge as far as Griffins Mill Lock initially and ultimately to Ham Mill Lock.

- 5.2 The visit by HRH The Prince of Wales on 2nd February this year was a major coup for the project – and a great challenge, with only 15 days' notice being given.
- 5.3 Remaining tasks on Phase 1A are the access ramp at Eagle Mill Close (funded by Stroud Town Council), additional landing stages and 'fine detail' work at Brewery Wall and Wallbridge Lower Lock. It is expected that SDC will be able to withdraw from phase 1A construction work by September, though maintenance activities will continue.
- 5.4 CCT teams will continue work on phase 1A projects, such as the electrification of Lodgemore Bridge and works at Ham Mill Lock.
- 5.5 As at March 2018, a sum of £165,000 remained in the phase 1A budget. The bulk of this will be taken by the works at Wallbridge Lower Lock, completed in November, but for which an invoice has yet to be received.
- 5.6 This means that the project has run to the budget outlined in July 2015, despite the unexpected £80,000 cost of dealing with a bank collapse. It should be emphasised, however, that the available £165,000 is dependant upon an s.106 contribution from Newland Homes, from an application which has not yet been implemented.
- 5.7 The £1.01 million retention held by the HLF has now been paid to SDC.
- 5.8 Benefits generated by phase 1A include:
 - Approximately 30,000 volunteer hours, valued at £370,000, put in each year
 - External investment of £115 million attracted into the canal corridor
 - Hydro-electric turbine has generated 340MWh of electricity, saving 179 tonnes of CO² emissions
 - 9.3 km of towpath upgraded for use by cyclists, mobility scooters and buggies
 - 100 nesting boxes, new wetland habitat, fish and eel passes on river section, reduced invasive plant species
 - Over 2,000 students from 33 local schools and colleges have taken part in canal-related learning
 - Over 60 young people with learning difficulties involved in the project
 - Stroud's gateway – the Brewery Wall – nearly completed
 - 61 canalside benches, 22 QR code points, 21 interpretation panels
 - Reduced flood risk
 - 5 Listed structures brought back to life.
- 5.9 In summary, the successful completion of Phase 1A – a project delivered within budget and timescale and the recipient of 12 national and regional awards – is something which should be acknowledged and celebrated.