

COTSWOLD CANALS CONNECTED – BID TO NATIONAL LOTTERY HERITAGE FUND UPDATE

1. BACKGROUND

- 1.1. In November 2017, a funding Bid was submitted to the then Heritage Lottery Fund (HLF) for restoration of a 4.4-mile stretch of the Stroudwater Navigation between Saul Junction and Stonehouse Ocean. This would connect the already restored stretch between Thrupp and Ocean (Phase 1A) to the national waterway network, making Stroud and Stonehouse canal towns once again.
- 1.2. Historically, the Stonehouse – Saul section has been known as Phase 1B; the entire 36-mile length of the Cotswold Canals being divided into Phases 1, 2 and 3. When the 2017 bid was submitted, the project, which covers Phase 1B, was titled 'Stroudwater Navigation Connected'. Subsequent consultation showed that this did not chime with the public. In addition, use of the term 'Cotswold' immediately gives regional and national significance to the project. It is therefore now referred to as 'Cotswold Canals Connected'.
- 1.3. The bid was successful and announced in April 2018. We secured from the HLF a 'Round 1' Development Stage pass; one of only four in the country. This awarded us £842,800 funding to work up the bid into a fully costed and planned project. 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.
- 1.4. The Development Stage ran for 2 years and a further 'Delivery Stage' Bid has to be submitted no later than 1st June. This Information Sheet signals our intention to make that submission. Doing so does not involve the Council in any commitment.

2. PHASE 1A UPDATE

Phase 1A has been an undoubted success. The benefits generated by this 5.5-mile linear park have been outlined previously, but there are some updates: -

- 2.1. External investment of £139 million attracted into the canal corridor. This figure, and others, are verifiable using a methodology agreed with the South West Regional Development Agency (now part of Homes England) in 2006.
- 2.2. As at 1st March 2020 the Dudbridge hydro-electric turbine had generated 480MWh of electricity, since its inception, saving 252 tonnes of CO² emissions.
- 2.3. Continuous improvements – e.g. new access ramp at Ham Mill and the planned creation of a boat turning area at Stroud Brewery, making it into a canal destination.
- 2.4. Towpath usage at Ebley is now 250,000 per year, verified by automatic counters. Unfortunately, baseline data was not collected by British Waterways prior to the project starting.
- 2.5. The canal is now navigable between Stonehouse and Thrupp, thanks to additional dredging by volunteers. This is a distance of just over 5 miles.

- 2.6 The Stroud Valleys Canal Company is about to conclude the purchase of a small parcel of land at Thrupp. Once dug out, this will create a turning area for boats at Stroud Brewery, turning it into a canal destination in advance of access to Brimscombe Port.
- 2.7 Since the May 2018 report, 17 landing stages have been installed, with more to follow. These were designed in-house and can accommodate canoes. They are installed by volunteers and consist largely of reused motorway crash barrier. Some have been sponsored and it is hoped a similar pattern may continue in the future.
- 2.8 Access ramps at Eagle Mill Close and Ham Mill are now complete, allowing wheelchair and pushchair access to and from the towpath at those points.
- 2.9 Lodgemore Bridge has been electrified. Rebuilding the Brewery Wall in Stroud has transformed this town centre gateway site
- 2.10 Repairs are underway at Dudbridge Lower Lock, where the Victorian brick face has become detached from the original stone wall
- 2.11 It was reported in May 2018 that a sum of £165,000 remained in the phase 1A budget, but that this was dependent on a £140,000 s.106 contribution from the proposed Cheapside development, which has not materialised. At the time, the invoice for work at Wallbridge Lower Lock had not been received. We have now paid £147,000 to the contractor towards an Assessed Value of £172,000. An invoice for the difference has not been received and a Final Account has not been agreed. The net effect of these issues is that the likely overspend on this part of the project is £147,000 (Final Account £172,000 less budget of £25,000)

3. COTSWOLD CANALS CONNECTED DEVELOPMENT STAGE

- 3.1 Since April 2018, the Canal Team, which consists of a mix of paid staff, contractors and volunteers, has been working on a production of a full Delivery Stage Bid, including the following: -
 - Base line surveys so that the impact of the project can be measured
 - Reaching agreement with utilities for dealing with canal crossings
 - Drawing up 3 Conservation Plans, covering the restoration, the historic archives and wildlife/biodiversity. Negotiate land acquisitions and draw up legal agreements
 - Developing Activity Plans – basically community involvement plans – covering all aspects of the project.
 - Developing a digitisation plan for the archive and a pilot website
 - Preparing a Project Business Plan
- 3.2 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.
- 3.3 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.

- 3.4 The total cost of the project was estimated at £20.2 million, including the Development Stage and provision for contingencies and inflation.

The total budgeted cost of the Development Stage, as reported to Committee in May 2018 was £2,205,200. This budget, together with expected income, was 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

- 3.5 It is measure of volunteer commitment that the actual value of hours contributed in the Development Stage is £769,717, though this cannot be counted over the total above.
- 3.6 The original expected contribution to the Development Stage budget above from SDC was £438,000. The expected final cost to the Council is now due to be £700,000. Changes are largely due to:-
- Higher than budgeted costs from Network Rail and Gloucestershire County Council
 - The need to fund work undertaken in 2017, prior to the Development Stage beginning formally. These costs do not therefore form part of the lottery funded project and must be funded by the Council.
 - Over dependence on volunteer engineers who were not able to give sufficient time to the project, resulting in more professional work needing be commissioned
 - Increased Flood Risk work
 - The later than scheduled Bid application, resulting in additional staff costs
 - A reduction in 'in kind' assistance from Gloucestershire County Council and Canal & River Trust

The Council has not approved any increase in its original £3 million allocation to the project so this increase cost of the development stage has been factored into the Council's contribution to the delivery stage.

4. BID SUBMISSION AND BUDGET

- 4.1 The Development Stage has allowed the project to be fully worked up, designed, and costed. This massively reduces risk in the Delivery Stage. Other Development Stage work includes:-
- 4.2 Submission of the Delivery Stage Bid does not involve the Council in any commitment. We would expect to be notified of the Lottery decision in September, together with any conditions which have to be fulfilled before Permission to Start is granted. It is the signing of the Permission to Start agreement which triggers the Council's contractual commitment and it is leading up to this point that the exact commitment will be known and approval will be sought.
- 4.3 The expectation was that the Delivery Stage Bid would be submitted in late 2019. A number of factors have caused this to be delayed, the principal ones being:-

- Delayed access to some land along the route, preventing archaeological and engineering survey work being carried out
- Community engagement work taking longer than planned. This was due largely to a mismatch between the Lottery timetable and the academic year timetable
- Additional work having to be done on Flood Risk, due to deficiencies with the Environment Agency flood model

4.4 Post development stage, and allowing for works on the A38 roundabout being done early thanks to a £4 million Highways England grant, the Delivery Stage budget, though not fully finalised, is as follows, assuming a successful Lottery bid:-

Income

Committed cash:	£3,610,000
'In kind' assistance:	£1,593,000
Heritage Lottery Fund:	£8,957,000
Secured fundraising:	£625,000
Identified but not yet secured fundraising:	£1,397,000
Gap to be met by further fundraising:	<u>£169,000</u>
TOTAL	£16,351,000

Note: Committed Cash includes the balance of SDC's £3 million, i.e. The £2.3 million left after the development stage.

Expenditure

Construction:	£11,746,000
Community Engagement:	£1,019,000
Biodiversity:	£991,000
Other staffing:	£1,623,000
Inflation:	£525,000
Contingency:	<u>£447,000</u>
TOTAL	£16,351,000

4.5 The above does include certain assumptions based on risk, inflation and timing and is therefore likely to change over time. The range of potential project outgoings is between £15.9m and £17.8m, a range of £1.9m. The breakdown above is the result of an industry - standard Monte Carlo simulation to find the modal (expected) cost of the total project.

4.6 The Council is the funder of last resort on the project. It therefore carries the financial risk of both fundraising and variations in project cost. This will include the likely but not yet secured fundraising (£1.397 million) and the gap to be met by further fundraising (£169k). The decision to fund the project, and accept these risks, must be made by members when the decision to accept any possible HLF offer is made. Clearly the risks introduced by the Covid-19 pandemic must be properly considered at that time.

4.7 The fundraising effort which the Council is likely to be asked to underwrite is led by Cotswold Canals Trust. It should be emphasised that the Trust has an excellent Dave Marshall, Canal Project Manager david.marshall@stroud.gov.uk

fundraising track record, particularly with regard to raising £4 million which has enabled work to proceed on the A38 roundabout.

- 4.8 Although the deadline for Bid submission is 1st June, we can continue to update it into August. By that time, we need to have eliminated as much risk and uncertainty as possible, particularly over land acquisition. As has always been the case, our aim is to secure land by agreement, but this may not be totally possible. For this reason, S&R Committee is being asked to approve the use of Compulsory Purchase powers.

5. GOVERNANCE

- 5.1 The Development Stage has been overseen by a Project Board, with voting membership comprising:-

- | | |
|---------------------------------------|-----------------------|
| • Chief Executive (SDC) | • CCT Vice Chair |
| • Leader/Chair of S&R Committee (SDC) | • SVCC Chair |
| • Chair, Environment Committee (SDC) | • GCC representative |
| • CCT Chair | • C&RT representative |

The Strategic Directors of Resources and Place also attend, along with the Canal Manager and CCT's Treasurer.

An agreement was concluded between the above organisations for the purpose of submitting a bid for HLF funding. That agreement has been revised into a Strategic Partnership Agreement to accommodate the Delivery Stage of the project. It will come into being as and when a Lottery offer is made and accepted.

- 5.2 This partnership agreement provides for the Council to take a lead role in administering funds and procuring works and services required to progress and complete the project. In order to give effect to this partnership agreement it will be 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 will therefore be proposed that all such powers for these purposes (including spending and recruitment) are delegated to the Canal Manager, similar to those approved by Committee in May 2018 and applicable to the Delivery Stage.

6. COTSWOLD CANALS CONNECTED OUTPUTS

In summary, Cotswold Canals Connected is on course to produce the following:

- 6.1 Lottery Heritage Outcomes for Heritage:

- Reopening 4 miles of the Stroudwater Navigation, linking the already restored canal to the national waterway network and making Stonehouse and Stroud canal towns once again
- Restoring 6 original locks and 3 original bridges
- Imaginatively restoring, interpreting and making accessible the Stroudwater Navigation archive (100,000 documents) through interpretation projects, public exhibitions, informal and formal learning and collaboration with existing restored Mills and Museums.
- Inclusion of work on the 1-mile stretch between Saul and Framilode. This is disused and will remain so, but is very much part of the historic Stroudwater

Navigation. We plan to work with the community to improve access, site interpretation materials and improve the channel's biodiversity.

6.2 Lottery Heritage Outcomes for People:

- Increasing knowledge of the cultural built and natural heritage for 750,000 people and communities both nationally, through our marketing and promotion and locally through events, festivals, walks, talks, visits, and exhibitions.
- Stimulating historical enquiry through arts, STEM and literacy, schemes of work for 2,000 primary school children, 300 secondary school children and 150 college and university students.
- Working with the Canal & River Trust to provide placements for 17 apprentices, together with a council placement undertaking communications and marketing.
- Offering appropriate and supported training and work placements, in areas of canal restoration, business development, archive and wildlife enhancement and conservation to 35 people.
- Attracting 500 new people into meaningful new volunteering opportunities in canal restoration, business development, archive and wildlife enhancement and conservation.
- Improving health and well-being for 24,000 people and communities through improving access to outdoor activities, heritage events and meaningful education and training opportunities which lead to greater self-esteem, confidence and commitment to learning.
- Specifically broadening participation by people from different socio-economic groups and ethnic backgrounds, age groups and abilities, tackling barriers to participation and ensuring the participation of those hardest to engage
- Offering opportunities for people in preventative or rehabilitation programmes.
- Health benefits of £7.9 million per annum on the total restored canal

6.3 Lottery Heritage Outcomes for wildlife and the environment:

- 21ha of new biodiversity created
- 30,000 trees and shrubs to be planted across the Project area
- Creation or restoration of 3 ponds
- Creation of 1,700m of shallow depressions with gently sloping edges, which seasonally hold water. They create obvious in-field wet features that are very attractive to wildlife.)
- 25kg of wildflower seed (harvested locally) to be sown creating 6.25 hectares of wildflower meadow
- 4km of new hedgerow to create connectivity across the landscape and link up isolated patches of woodland and hedge.
- 300m of in-river habitat restoration. To support partner projects including the Salmon to Salmon Springs Project and the Upper Framilode Flood Alleviation Scheme.
- The inclusion of eel passes within lock structures will help conserve the critically endangered European Eel.
- Wildlife habitat – 116 bat boxes, 2 pillboxes converted to Horseshoe summer roosts, 150 bird boxes (for songbirds, riparian, birds of prey), 1 kingfisher bank, 6 reptile and amphibian hibernacula, 3 insect hotels, 2 wood pile otter holts.
- Built structures – 6 benches and either 1 large or 2 small bird hides.
- Creation of 5-10 cycling and 5-10 walking trails/circular routes along the canal
- 2 Gloucestershire Wildlife Trust for Nature courses per annum
- 12 people trained in wildlife monitoring to cover different lengths of the canal).

- Biodiverse habitat within the canal river corridor that reaches enough extent and condition to offset all impacts of the development within 15 years.
- The first infrastructure project to achieve Building with Nature Accreditation (within 5 years).
- Achieve biodiversity net gain and Environment Bank accreditation within 15 years.

6.4 Lottery Heritage Outcomes for economy, our communities and our organisations:

- Building and creating a sustainably managed canal corridor which attracts new and supports existing business & enterprise
- Providing canal-based heritage experiences which are attractive, provide services, information, transport links and offers a wide range of opportunities on the water, in nature reserves, in Mills and museums and through our existing plethora of community festivals and events.
- Offering formal and informal learning and skills-based volunteering opportunities which contribute towards building community cohesion, reducing youth unemployment and entrenched worklessness across the project area and targeted communities in Gloucester.
- Producing a proactive and robust tourism plan for the canal corridor which aligns with national and international tourism strategies and marketing campaigns, integrates the Cotswolds Canals with the UK's national waterways and links to sustainable transport through the Community Rail Partnership
- Stimulating local business and entrepreneurship through incubating, mentoring and providing support for small businesses and development of Community Hubs.
- Additional spend in the local economy of £5m - £5.6m per annum
- The proposed café in the Missing Mile would itself potentially support 10 full time equivalent jobs
- Land values on Phases 1A and 1B would increase by £73.6 million
- We are working with internationally renowned artist Luke Jerram (Eden Project Earth sculpture) and nationally renowned artist Jackie Lantelli (WW1 wire soldier sculptures).

7. TIMETABLE

- 7.1 The Delivery Stage bid has to be submitted by a deadline of 1st June. Ordinarily, there would have been a Lottery Trustees' visit to the project in July, followed by a decision in September. This visit is now expected to be replaced by a video briefing.
- 7.2 Once the decision is made, there may be a delay before work can start – if, for example, not all land has been secured. This 'Permission to Start' period is normally limited to 6 months, but can be extended. Work can be undertaken at risk during this period and is eligible for Lottery funding once Permission to Start has been given.
- 7.3 It is important to note that Network Rail (NR) has a 'possession' booked for the end of May, 2021 to enable construction of the new bridge taking the railway over the canal at The Ocean, Stonehouse. These possessions have a long lead-in time and require NR to compensate rail operators; thus any delay from the planned timetable would be long, consequently involve increased costs and may not be capable of fitting in to our own project timetable. As a result, once the outcome of the Lottery bid is known in the third week of September, an IMMEDIATE decision will be required (before the end of the month) to enable the construction contract to be let; this will be in the order of £3.8 million. As per 7.2 above, this commitment will have

to be taken at risk as it is highly unlikely that formal Permission to Start will have been given.

- 7.4 It is also important to note that an agreement was made with Network Rail earlier this month to allow detailed design work to proceed. This work, in the sum of approximately £500,000 had to be procured now if the above timetable is to be met and comes from the Council's existing capital allocation. This sum can come from the Council's budget for the project. However, it should be noted that this sum is committed and will not be reimbursed should the lottery bid not be successful and the project not proceed further.
- 7.5 In order to keep volunteers engaged, it is intended that limited work will start in advance of the Lottery decision. This work would be limited to repair work to existing locks and possible preparation of the site compound next to Ocean railway bridge, provided that safe working methods can be established in the present situation.
- 7.6 It should be noted that a planning application will soon be submitted in respect of the construction of new canal across the 'Missing Mile' – that section of canal which was lost when the M5 motorway was constructed. This application will include provision of a small basin, with moorings for up to 42 boats and a supporting café facility, between the M5 and A38. The provision of such facilities is of course essential to attract visitors to the canal and to make it viable. In last year's budget survey, toilets and café were top of respondents' answers when asked what would make them more likely to use the canal and towpath (53%).

8. CONSULTATION AND FEEDBACK

- 8.1 Online and interactive questionnaires provided useful information about exactly who and how people are interacting with the canal corridor, what their motivations are, whether they get out on the water and about their relationship with the wildlife, creativity, learning and local history. Since March 2018, 3,314 local people have participated in focus groups, interviews, surveys and questionnaires. Much of this feedback is extremely complicated and qualitative – and has been used to inform the funding bid. A further 36,923 people have attended talks on the Cotswold Canals or visited the two Canal Visitor Centres.
- 8.2 To date, 8 Town and Parish Councils in the canal corridor have signed up to the Cotswold Canals Connected Partnership Agreement, alongside 7 other groups.
- 8.3 Based on the old Western Canals Consultative Group, the new Cotswold Canals Connected Consultative Group meets regularly and mainly comprises Town & Parish Councils West of Chalford. This is the principal forum for the community to be briefed on the project and in turn to put questions, raise concerns etc.

9. NATIONAL SITUATION

- 9.1 This Information Sheet follows a meeting with the National Lottery Heritage Fund on 30th March. Our Case Officer was keen to emphasise that the situation regarding Lottery grants and timetable is fluid and could change at any time.