

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

7 MARCH 2024

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| Report Title | Cotswold Canals Connected Project Update | | | |
| Purpose of Report | To update the Committee on the revised approach to the delivery of the Cotswold Canals Connected project. | | | |
| Decision(s) | <p>The Committee RESOLVES to:</p> <ul style="list-style-type: none"> • Endorse the revised approach to the delivery of the Cotswold Canals Connected Project, taking note of the associated risks and implications. • Recommend that Full Council approves the revised approach as set out in this report. | | | |
| Consultation and Feedback | The revised approach for the project that is set out in this report has been the subject of detailed discussion and agreement with all partners on the Cotswold Canals Connected Project Board, including Stroud District Council, Gloucestershire County Council, Cotswold Canals Trust, Canal and Rivers Trust and Stroud Valleys Canal Company. The revised approach has also been agreed by the principal funding body for the project - National Lottery Heritage Fund. | | | |
| Report Author(s) | Chris Mitford-Slade – Canal Project Director Email: chrisms@stroud.gov.uk | | | |
| Options | Members may opt to not support the revised approach to the delivery of the project that is set out in this report. This is not recommended as the approach has been developed following detailed analysis and discussion with the relevant project partners as well as National Lottery Heritage Fund. | | | |
| Background Papers | | | | |
| Appendices | Appendix A – Environment Programme Progress Report Jan 24 Appendix B - Community Engagement Progress Report Jan 24 Appendix C – Engineering Programme – CCT Update Jan 24 Appendix D - Cotswold Canals Trust “TROW) Magazine - Spring 2024 | | | |
| Implications (further details at the end of the report) | Financial | Legal | Equality | Environmental |
| | No | No | No | No |

1. INTRODUCTION / BACKGROUND

- 1.1 A detailed Canal Report was submitted to the Strategy and Resources (S&R) Committee on 24th November 2022 where it was agreed to allocate £1m to the Phase 1B project from the SDC Capital Reserve Fund as an additional contribution to the project. This was further discussed at the full SDC Council Meeting on 15th December 2022 where it was resolved to increase the capital budget for the Canal Project by £10.87m. During both of these meetings there was agreed support across all councillors for the successful completion of the Canal Project (Phase 1B) and recognition of the significant economic, environmental and community benefits of this project.
- 1.2 The following key information was highlighted in the Minutes of the November 2022 S&R Committee Meeting:
 - 1.2.1 The restoration of the canal would bring significant economic, environmental and community benefits to the local area.
 - 1.2.2 The project budget was set in early 2020 prior to the start of the Covid Pandemic and was based on a completion date of the end of 2024.
 - 1.2.3 Following the first lockdown in May 2020 a Covid Impact Assessment was drafted which stated that the situation could change if there were further impacts of Covid-19.
 - 1.2.4 There had been an impact on both project delivery and costs.
 - 1.2.5 Rising inflation had impacted energy costs and the cost and availability of materials.
 - 1.2.6 A gap of approximately £10m had been identified.
 - 1.2.7 The CCC Project were applying for £2.2m from National Highways and between £2m and £2.5m from the National Lottery Covid Fund.
 - 1.2.8 The remaining funds would be made up from other partners, fundraising and the sale of materials.
 - 1.2.9 If the Committee agreed to additional funding it would not be drawn down until after full Permission to Start was awarded by the National Lottery Heritage Fund.
- 1.3 Since the decision in November 2022 there have been two significant changes to the project delivery:
 - 1.3.1 Planning approval has taken longer than expected, but planning was permitted at the Development Control Committee Meeting on 27th February 2024 subject to S106 agreement and planning conditions. The Engineering Programme and project completion is now unlikely before end 2027. The timeline for completion is primarily driven by the time required to secure the additional funding to complete the project. The two biggest projects to be funded are Walk Bridge and the M5 crossing.
 - 1.3.2 Grant funding bids from National Highways and National Lottery were not been submitted as it should be noted that the as the National Highways fund closed unexpectedly in June 2023 as their remaining funds were allocated to the Ash Dieback project which went significantly over budget. The next National Highways fund is expected to be open for grants from April 2025 but the size and criteria for this fund have not yet been confirmed. A detailed fundraising plan is in place which includes securing the additional funding through public

sector grants, charitable trusts, corporate sponsorship, legacies, donations and general fundraising.

- 1.4 Despite these challenges progress has been made on both the Environment and Community programmes and these reports are attached at Annexes A and B respectively, with the plan of works for 2024.

2. THE REVISED APPROACH TO THE PROJECT

- 2.1 Due to the significant changes in the project delivery a detailed review of the Phase 1B project was conducted by the Cotswold Canals Connected (CCC) Project Board in October 2023 and approved by the National Lottery Heritage Fund (NLHF) Board. This programme was based on delivering the following “*phased programme of work*” by December 2025 within the original budget:
 - a. Completing the Community Engagement and Environment programmes
 - b. Completing Section 3 of the canal (Stonehouse to Eastington)
 - c. Monitoring & Evaluation report to be submitted in December 2025
 - d. Securing additional funding required to complete the project
 - e. Commencing works in the Missing Mile once Planning Approval secured and within available budget funding
- 2.2 The majority of the work in the “*phased programme of work*” will be volunteer led projects and Cotswold Canals Trust (CCT) are currently recruiting for additional volunteers as well as putting in place the teams, processes and resources to deliver these projects. Maps, engineering designs and photographs of the engineering sub-projects are attached at Annex C. There are also a number of interesting articles in the Spring 2024 Edition of the TROW Magazine (Annex D), including an update on the project on pages 12 to 15.
- 2.3 Completing the engineering project and connecting the Stroudwater Canal to the national canal network at Saul Junction will be dependent on finding more affordable design solutions, as well as securing the additional funding required to deliver these. Both of these programmes are already in place with the new Chief Engineer, Rob Benson, leading on a design review of the engineering projects: the two largest projects being the M5 crossing and Walk Bridge.
- 2.4 Quarterly progress reports will be submitted to both CCC Project Board and NLHF so that they can assess progress against:
 - 2.4.1 Phased Programme of Work.
 - 2.4.2 Forecast engineering costs to complete the project, and securing the additional funding required (Note: the additional £1m allocated by S&R Committee in November 2022 has been allocated to this additional funding).
- 2.5 The NLHF Board will review progress in December 2024 and will consider making a further grant to the project once forecast costs are known and the majority of funding is in place to achieve this.
- 2.6 The key difference to the plan submitted to the S&R Committee in November 2022 is that this plan commits the current budget to delivering a reduced section of canal (Stonehouse to Eastington). The engineering costs of completing the project, and the funding required to meet the additional costs, remain as the highest risk to the success of this project. The £1M awarded by the S&R Committee will help to reduce this funding gap and demonstrates the council’s commitment to the project.

- 2.7 The S&R Committee also need to be aware that Stroud Valleys Canal Company (SVCC) and CCT have a framework agreement to hand over the responsibility for operating and maintaining the canal from SVCC to CCT. There are significant benefits with this approach as CCT have resources, volunteers and an established fundraising model; and are also recognised as the face of the canal. They are currently working up this model and it is anticipated that they will require commitment and support from the four members of SVCC (SDC, Gloucestershire County Council (GCC), CCT and the Company of Proprietors of the Stroudwater Navigation (CoPSN). They will assess this in two parts:
- 2.7.1 Maintenance model pre-connection. This will include the maintenance of Phase1A and the additional work required pre-connection which will be mainly around additional moorings. This was a known requirement when the bid was submitted but for the costs for this work was not included in the NLHF bid.
 - 2.7.2 Maintenance and operations model post connection. The canal will not be operational until the Phase1B project has been completed. The operating model was submitted at Annex I (Business Plan) to the NLHF bid. This will need to be reviewed.

3. CONCLUSION/NEXT STEPS

- 3.1 The S&R Committee is requested to support the revised programme of work agreed by both the CCC Project Board and NLHF Board.
- 3.2 The S&R Committee is requested to note that the future operating model of the canal is being developed and that this may have an impact on SDC, as one of the four members of SVCC. It is acknowledged that impacts on SDC will likely require a decision by members. Therefore, a further report will be presented to S&R Committee, once proposals for the future operating model are available and potential impacts on SDC are known.

4. IMPLICATIONS

4.1 Financial Implications

The report sets out a revised approach for Phase 1B of the Canal project, following on from the report to Strategy and Resources Committee in November 2022 in which the financial position of the project was detailed. The current proposal sets out that work will continue on the canal, but is limited to funding committed from project partners, including the National Lottery Heritage Fund. This allows work to continue on the project, whilst reducing SDCs potential liability as the project lead and funder of last resort. The project will need to be closely monitored to ensure that all expenditure remains within the agreed funding envelope from SDC and other partners. Further funding will be sought before the remaining elements of the canal project are progressed.

The report also sets out potential changes to the management of the canal. Any financial implications of this will need to be included in a future report to Strategy and Resources for consideration.

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4.2 **Legal Implications**

The project is continuing under the original agreement with NLHF and the revised Partial Permission to Start which was issued on 15th January 2024. There are therefore no legal implications associated with this approach.

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4.3 **Equality Implications**

There are no equality implications arising from a decision to endorse the revised approach to delivery of the canal project set out in this report.

Members are asked to note that the Community Engagement programme has been established to provide accessibility and opportunities for all along the canal. This work is being evaluated by an independent consultant, Ann Nicol, and an interim report will be produced in December 2024.

4.4 **Environmental Implications**

There are therefore no environmental implications arising from a decision to endorse the revised approach to delivery of the canal project set out in this report.

Members are asked to note that the Environmental programme has been established to increase the biodiversity along the canal and ensure that the engineering programme adheres to environmental best practice and legislation.