



House of Commons
Environment, Food and Rural
Affairs Committee

**British Waterways:
follow-up**

Eighth Report of Session 2007–08

*Report, together with formal minutes, oral and
written evidence*

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Environment, Food and Rural Affairs Committee

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Summary

In summer 2007 we reported on British Waterways (BW). We urged the Department for Environment, Food and Rural Affairs (Defra) to ensure adequate funding of the waterways network under the Comprehensive Spending Review. We also expressed concern at the poor relations that existed at the time between Defra and BW.

We were prompted to examine this subject again by BW's decision in February 2008 to withdraw from the partnership to restore the Cotswold Canals so as to be able to fund urgent repairs to the Monmouthshire and Brecon Canal. We decided to focus on BW's regeneration and restoration work, but we have also received evidence on how Defra and BW are working together.

We are encouraged by the work BW and Defra have done since summer 2007 to improve and clarify their relationship. The strategic guidance to the BW Board from the Department reflects the importance the Government attaches to BW maintaining the existing network. They have undertaken to communicate effectively with each other, and have agreed how they will work together. These are important steps forward. We welcome too the establishment of a group within Whitehall to bring together all the government departments with an interest in BW's work.

BW received slightly more financial support from Defra than it expected from the Comprehensive Spending Review. While not enough to avoid underspending on its major works programme, in the present climate the settlement is acceptable.

BW's property development work produces a substantial proportion of its commercial income. But restoration of canals produces little if any direct benefit to BW, and BW has often carried all the financial risk in such projects. Canal restoration schemes can be of great value to the areas where the canals are restored, producing knock-on benefits such as more jobs and visitor income. What BW's decision on the Cotswold Canals demonstrates is that it is not reasonable to expect a BW Board charged primarily with maintaining the existing waterways network to take on substantial risk from such projects, especially in present economic conditions. If the public sector wishes to obtain external benefits from canal restoration schemes, the bodies responsible for obtaining those benefits should bear the risk. Defra, with British Waterways and other interested government departments and public bodies, should develop a mechanism to score and prioritise public investment in canal restoration according to the external benefits that would be created, and should agree how the financial risks of such projects should be borne.

1 Introduction

The EFRA Committee inquiry in 2007

1. Last year, the Environment, Food and Rural Affairs Committee inquired into the work of British Waterways (BW). Our terms of reference were to examine how BW was working towards its ambition of creating “an expanded, vibrant, largely self-sufficient waterway network”, in the context of the policies set out by the Government in its 2000 document, *Waterways for Tomorrow*, the 2004–05 policy review of British Waterways, and recent changes in Defra’s budget.

2. We reported in July 2007. We commended the commitment of Government, BW and individuals over the past decade to improving the waterways network, and their success in doing so. We said that the waterways network was a vital public asset, and that the Government had a responsibility to keep it in good order. We were concerned at the implications of likely lower Defra grant levels in the Comprehensive Spending Review 2007 period, from 2008–09 to 2010–11, on BW’s ability to maintain the waterways network to an acceptable standard. We recommended that BW and Defra work together closely to agree a CSR 07 settlement that ensured the long-term stability of the waterways network. We expected Defra to consider carefully BW’s claim that additional capital funding would be necessary for each year of the CSR 07 period if its grant settlement continued to reduce in real terms. We considered it imperative that BW was granted every opportunity to deliver strategies that could help generate more of its own income.

3. Our inquiry showed that relations between BW and its sponsor department in England and Wales, Defra, had been tense, and that communication between Defra and BW needed to be improved.

This follow-up inquiry

4. On 4 February 2008 BW announced that with effect from April 2008 it was withdrawing from the Cotswold Canals Partnership, a collaboration with other partners including Stroud District Council, the South West England Regional Development Agency, the European Union, Gloucestershire County Council, the Waterway Trust and the Cotswold Canals Trust. The Partnership’s aim is to restore the Stroudwater Navigation (7 miles/12km) and the Thames and Severn Canal (29 miles/46km) to form a link between the Thames and the Severn. BW said that its withdrawal followed a review of funding commitments for the next financial year and the diversion of significant funds to make progress with the urgent first phase of a repair programme for the Monmouthshire & Brecon Canal in Wales, which was expected to cost about £15 million over four years.¹

5. We announced on 22 February 2008 that we were reopening last year’s inquiry into British Waterways as follows:

1 BW press release, 4 February 2008

The Environment, Food and Rural Affairs Committee will hold a one-off evidence session on British Waterways (BW), to follow up its work in this area last year (Seventh Report of Session 2006–07, HC 345–I).

The Committee will take oral evidence from both Defra and British Waterways to examine BW's regeneration and restoration role, with particular reference to BW's decision to withdraw from the Cotswold Canal Partnership.²

6. We received an unusually high number of memoranda—124. We are very grateful to all those who took the trouble to respond to our call for evidence.

7. Most of the memoranda we received fell into one of three broad categories:

- A large number came from BW's regeneration partners around the country. The great majority expressed satisfaction with BW as a partner and support for BW in its work, and asked us to encourage this to continue. The large number of such responses is partly explained by the fact that BW told us that it had suggested to its partners that they might wish to write to the Committee with their views of their experience of working with BW.³
- Some supported the repair of the Monmouthshire and Brecon Canal. A few criticised BW for allowing such a breach of the canal to occur and for not having adequate contingency funding.
- A further group expressed concern about the decision to withdraw from the Cotswold Canals project. In these memoranda,
 - Some criticised BW on a number of grounds, including letting down partners, the short notice of the decision given to partners, lack of commitment to the project, risk aversion, and overestimation of future property income
 - Some accepted that the Monmouthshire and Brecon canal needed to be repaired, but thought that the Government should have paid for it or that BW should have asked the Welsh Assembly Government to pay the cost, so that the Cotswold project did not suffer as a result
 - Some people concerned with other projects believed that BW's wider reputation as a partner in restoration projects has been damaged and feared the same happening to them.

8. This report concentrates on the changes to the relationship between BW and the Department for Environment, Food and Rural Affairs (Defra) over the last year, how decisions on its involvement in regeneration and restoration projects are made and what the decision on the Cotswold Canals Partnership reveals about BW's appetite for risk.

9. There are several important developments taking place at the moment. The "Status Options Review", commissioned by BW from the consultants KPMG, is being prepared.

2 EFRA Committee Announcement, 22 February 2008
http://www.parliament.uk/parliamentary_committees/environment__food_and_rural_affairs/efra_pn20_080222.cfm

This will examine whether a different institutional structure for BW could more effectively secure a sustainable long-term future for the waterways. In Whitehall, a new Interdepartmental Working Group is evolving. Finally, the new “Strategic Steer” from Defra to BW has only just been issued. With this amount of further work on the future structure of BW still being undertaken, we will no doubt wish to examine their conclusions in due course.

British Waterways

10. British Waterways (BW) is a public corporation, established by the Transport Acts of 1962 and 1968, with a main purpose of “managing, maintaining and developing its network of waterways and docks for the wider public benefit”. Its network consists of some 2,200 miles of canals and rivers in England, Scotland, and Wales, about half of the UK’s navigable inland waterways system. Approximately half the UK population lives within five miles of a BW canal or river, and BW’s waterways serve the centres of almost every large town or city. The organisation employs 1,800 staff, based in nine regional offices in England, Wales and Scotland.

11. BW has estimated that it costs £124 million per annum, at 2006–07 prices, to maintain its network at the minimum acceptable standard. Of this amount, £35 million each year is required for ‘major works’ on the network, which includes repair work on both principal⁴ and non-principal assets, and dredging. About £89 million per annum is required for routine waterways maintenance (minor repairs, vegetation management, customer service provision).⁵

12. As well as maintaining its existing network, BW is involved in other activities including property development on land adjacent to its waterways, the restoration of derelict parts of the network, and the encouragement of freight transportation on the waterways.

Funding of British Waterways

13. As a public corporation, BW operates as “a self-financing trading entity acting at significant arm’s length from Government”. This means it is required to run its affairs on a commercial basis, consistent with its statutory obligations, powers and objectives agreed with Government. BW therefore earns revenue from boat licence and mooring fees, utility sales, joint venture projects with the private sector and property development on the land it owns adjacent to its waterways. Its total income in 2006–07 was about £189 million. Since its creation, BW has also received substantial levels of Government grant funding. Sponsorship of BW is a devolved matter in Scotland so, since 2000, BW has received grants from both Defra and the Scottish Executive’s Enterprise, Transport and Lifelong Learning Department.⁶

14. In recent years, BW has had success with its commercial activities. Earned commercial income grew by 91% between 2002 and 2006. Commercial income as a percentage of total

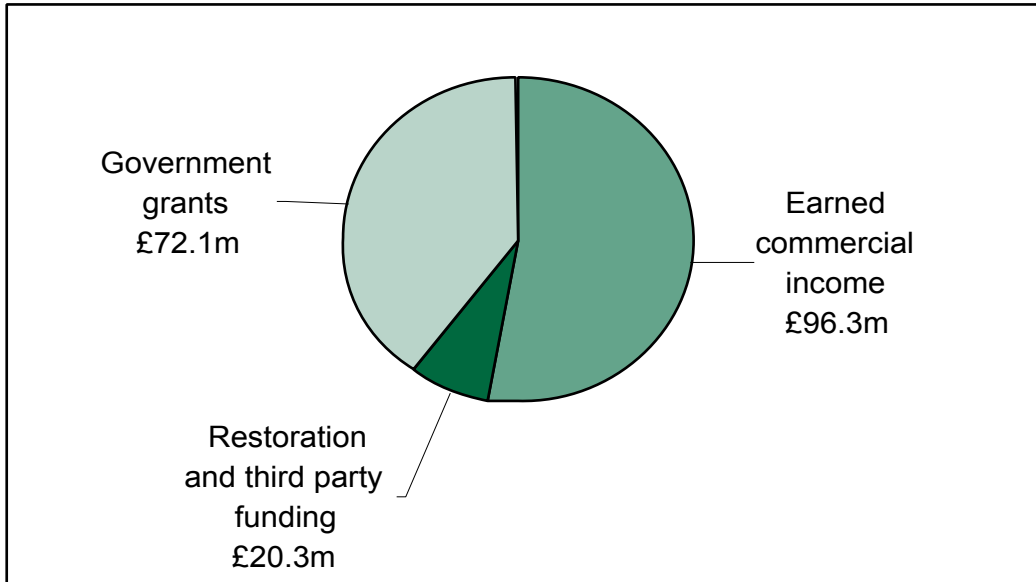
4 Principal assets are bridges, aqueducts, embankments, tunnels and reservoirs

5 British Waterways, *Strategic Options Review*, May 2007, para 4.1

6 Defra is responsible for sponsorship of BW in England and Wales. The Department says it works closely with the Welsh Assembly Government.

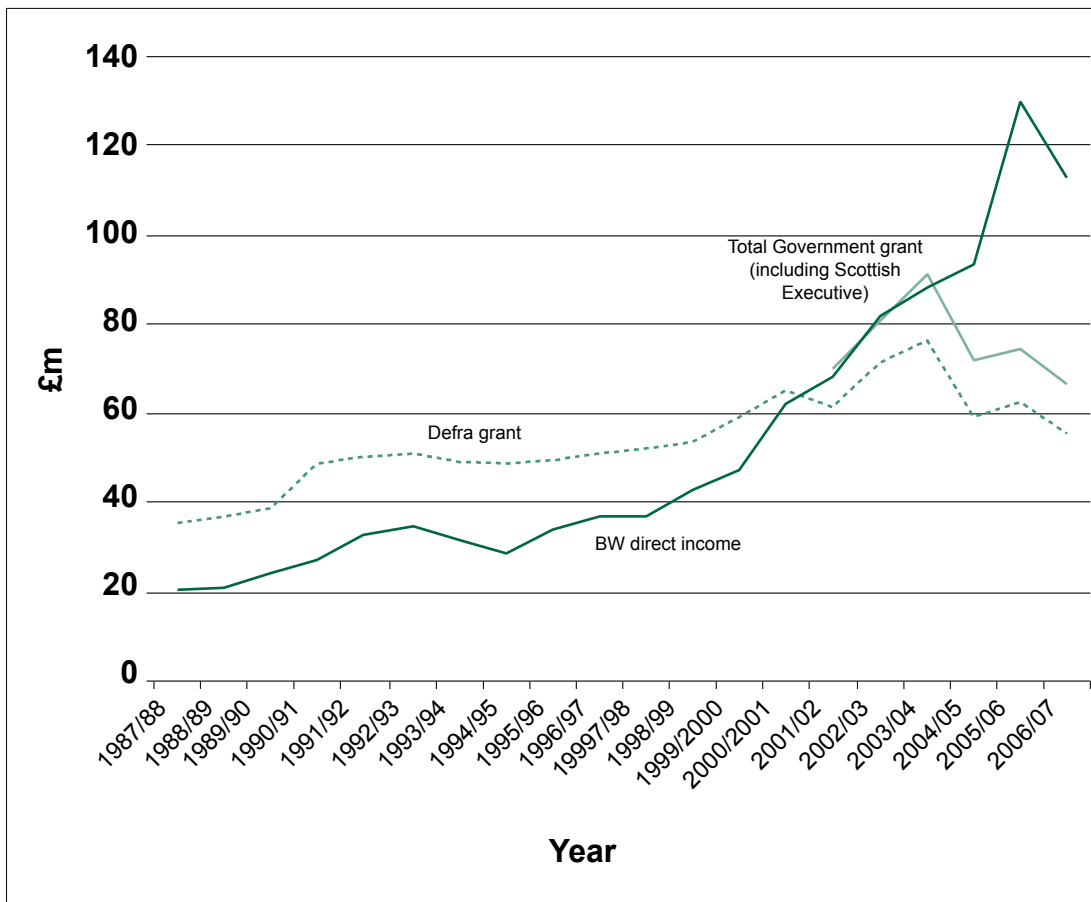
income grew from 39% to 60% over the same period. Earned commercial revenue is now BW's main source of income (see Figure 1), and BW believes it is likely to remain so in the future. Figure 2 shows the levels of BW's commercial income and Government grant since 1987–88; it clearly shows the increase in commercial income over the past decade.

Figure 1: BW's sources of income in 2006–07—total revenue £188.7 million



Source: *British Waterways, Annual Report & Accounts 2006–07, page 1*

Figure 2: Government grant to British Waterways over the past twenty years compared with BW's direct income



Source: Defra

15. There are some constraints on BW's commercial freedoms because of its status as a public corporation. For example, BW is only allowed to operate commercially on those waterways it owns or manages. It is also subject to constraints on its ability to borrow.

2 BW's relationship with Defra and other Government departments

The new "Strategic Steer" from Defra to BW and the "Deal" between them

16. Last year we expressed concern about BW's tense relationship with Defra after Barry Gardiner MP, the then Minister for Biodiversity, Landscape and Rural Affairs, strongly criticised the actions of senior British Waterways management on two occasions, including for a lack of transparency with the Department and for not providing information he had requested. Although we believed that BW had provided information to Defra, we did not think it had done so clearly enough. We concluded that communication between Defra and BW had to be improved, and that the appointment of a new Minister was an opportunity for a fresh start in this relationship.

17. The Committee's recommendations appear to have had beneficial effects. BW said that there had been a "real improvement" in their relations:

The improved relationship between Defra officials and ministers and BW, which the Committee recommended in its last enquiry, has come about and the clarity of the Department's guidance is of great assistance to the BW Board and senior management team in reaching decisions on competing priorities.⁷

This improvement has partly been as a result of BW obtaining higher level access to Defra officials and of ministerial engagement.⁸

18. The Minister responsible for British Waterways, Jonathan Shaw MP, told us that Defra and BW had acknowledged in 2007 that they could not carry on as they were and that what he called "a period of conflict" was in the past. He was satisfied that the new arrangements were working well.⁹

Defra's priorities for BW

19. In February 2008, following discussions from the end of 2007, Defra issued a "Strategic Steer" for BW which recognises BW has to balance a very wide range of interests and competing priorities. The three areas for Government priority in England and Wales are:

- maintaining the network in satisfactory order;
- achieving the shared Government/BW longer term vision of moving towards greater self sufficiency; and
- delivering a range of additional public benefits.

7 Q 2; Ev 2

8 Q 4

9 Q 101

20. The Government “broadly favours” maintaining the network in satisfactory order as the foremost priority, in order to sustain the delivery of many public benefits, such as regeneration, which are dependent on a vibrant canal network. Defra looks to the BW Board “to strike a balance between the objectives, taking account of the costs and benefits in deciding what BW can reasonably achieve against all three”.¹⁰ The Steer, Defra says, “will give Defra Ministers an assurance that the Government’s priorities will be taken into account in decision making by the BW Board”.¹¹

21. The Strategic Steer is accompanied by a “Deal” signed by Defra and BW setting out how they have agreed to work with one other. The emphasis is on cooperation, transparency and communication. Among other things, Defra undertakes not to try to micromanage BW, and BW undertakes to “achieve clarity for Defra in BW decision making and outputs given the complexity of the BW business”.¹²

22. We welcome the improved relationship between Defra and British Waterways since our Report in 2007. Their commitment to improved communication is very helpful, as is the greater clarity about Defra’s priorities for the network and the extent of BW’s autonomy to manage itself.

BW’s Corporate Plan

23. BW’s decisions on the balance it strikes between the objectives it has been set will be reflected in a Corporate Plan for each rolling three year period. Defra says that:

We would like the rationale behind the Plan to be sufficiently articulated for Defra to have clarity on what is being planned and why, including the trade offs that have been considered. This should set out the link to the Government’s strategic objectives as reflected in its PSAs, which would be helpful to Ministers in endorsing the Plan. It should also have good indicators of projected achievement which can be monitored. Every time the Corporate Plan is signed off by Ministers they can then consider if they agree with the balance that has been struck by the Board or if they would prefer some adjustment. We can also then consider if there are additional benefits which Government might wish to buy, engaging OGDs [other Government departments] in the IDG [Interdepartmental Working Group]. It will probably be necessary to see some updated longer term projections, e.g. of commercial income, to give context to the Plan period and to help the assessment of risk.¹³

Interdepartmental Working Group

24. Last year we concluded that “there is a strong case for other Government departments—such as Culture, Media and Sport, Transport and Communities and Local Government—to make a direct contribution to BW’s funding, to reflect the contribution

10 Ev 23

11 Ev 25

12 Q 6

13 Ev 26

BW makes to the agendas of those departments. We recommend that Government prepare proposals to ensure this is achieved, as part of the next CSR review”.¹⁴

25. The Government responded positively:

Defra will set up an Interdepartmental Working Group to formalise and strengthen its contact with other Departments and make sure that the potential benefits of waterways are understood. Other Government Departments have the flexibility to fund the inland waterways sector direct where it can help deliver specific policy requirements, for example through grants for regeneration and freight projects where funds are provided to reflect the contribution of inland waterways to Departmental objectives.¹⁵

The Group is expected to meet three or four times a year. It met for the first time in December 2007 and we were told it would meet again during Spring 2008. Its terms of reference are to provide a focal point for:

- more effective cross-government coordination on inland waterways matters;
- a fuller understanding and recognition of the contribution that the inland waterways can make to government policies for climate change, environmental improvement, public health, recreation, regeneration, heritage, planning, transport and community cohesion;
- discussion on proposed research into the social and economic value of the waterways and undertake a refresh of government policy for the waterways; and
- discussion on key strategic issues.¹⁶

BW hoped that the Group would give them an understanding, for example, of how the waterways could contribute to the achievement of the Department for Transport’s public service agreement objectives.¹⁷ Defra told us that the Group’s creation reflected the fact that although Defra was BW’s sponsoring Department, Defra fulfilled that function on behalf of the whole of government.¹⁸ The Minister told us that he regarded the Interdepartmental Working Group as “absolutely vital”, and that it would help him in refreshing the policy document *Waterways for Tomorrow* on behalf of the Government.¹⁹

26. We welcome the formation of the Interdepartmental Working Group, and expect Defra to ensure that other Departments send appropriately high level representatives

14 Environment, Food and Rural Affairs Committee, Seventh Report of Session 2006–07, *British Waterways*, HC 345-I, para 65

15 Environment, Food and Rural Affairs Committee, Fifth Special Report of Session 2006–07, *British Waterways: Government Response to the Committee’s Seventh Report of Session 2006–07*, HC 1059, page 5

16 Ev 27–8

17 Q 10. The Department for Transport leads on new PSA 5, *Deliver reliable and efficient public transport networks that support economic growth*. One of its indicators is “Expected benefits of approved investments”. See H M Treasury, *Meeting the aspirations of the British people: 2007 Pre-Budget Report and Comprehensive Spending Review*, CM 7227, October 2007

18 Q 130

19 Q 133

to its meetings. We look forward to receiving a report from Defra on its work and achievements before Parliament rises for the summer recess.

British Waterways budget for 2008–09

27. For 2008–09, Defra has given BW a grant of £56.624 million. BW says that the comparable figure for 2007–08 is £56.4m, so it has effectively received “flat cash”. When the grant was announced British Waterways’ Chief executive Robin Evans expressed satisfaction with the amount:

In the current difficult government funding climate this is a reasonable settlement and in line with our expectations. It shows that Defra has listened to the arguments that further funding cuts would be very damaging. I would like to thank our minister, Jonathan Shaw, and his team of officials, for all the hard work they have put in to protect waterways funding. I know they recognise the value of maintaining the integrity of the canal network for delivery of a wide range of public benefits, including regeneration and public enjoyment of the environment. This can only be a positive development as Defra completes its planning for the remaining two years of the Comprehensive Spending Review.²⁰

28. Last year BW told us that it expected a CSR settlement of RPI-5% (it assumed RPI to be 2.5%). It warned that a RPI-5% settlement would result in a £35 million under-spend on its major works by the end of the CSR 07 period (as shown in the table below): the under-spend would “accumulate to such a level that assets in poor condition with high consequence of failure will remain un-repaired”.

Figure 3: BW’s under-spend on major works, assuming a RPI -5% settlement for the CSR 07 period

	Forecast CSR expenditure on major works (£m)	Required expenditure on major works (£m)*	Under-spend (£m)
2007–08	27.5	35.0	7.5
2008–09	29.1	37.3	8.2 (cumulative, 15.7)
2009–10	30.0	39.7	9.7 (25.4)
2010–11	32.7	42.3	9.6 (35)

* £35m at 2007 prices increased by construction price inflation at 6.5% pa

29. BW told us that the CSR settlement, though “better than we anticipated”, would not make much impact on closing the gap between the money required for major works and the money available.²¹ Construction industry inflation also added to the pressure on the major works programme, which ideally ought to be about £35 million but would in fact be around £30 million.²² BW would have to prioritise its spending on “works in the interests of safety”, those assets in the poorest condition, and the 80% of waterways that constituted

20 Defra announces British Waterways Grant for 2008/09, British Waterways press release, 21 February 2008

21 QQ 18–19

22 QQ 27–28

its “classified waterways” which they had a statutory obligation to maintain for public use. It would be unable to spend as much as it like on dredging, for example.²³

30. Defra’s Strategic Steer says that:

Defra recognises that its sponsorship of British Waterways enables BW to discharge its duties in England and Wales as the custodian of the canal network for posterity on behalf of the Government and reflecting statutory obligations. For Defra this is one of our “Licence To Operate” areas (LTO) which needs to be got right in the public interest and for the reputation of the Department. Realistically, BW will not be central to the delivery of the two key outcomes for the Department captured in its PSAs on climate change and the natural environment; but Ministers are committed to recognising the importance of the LTO areas (egs of others are flood risk management and animal health) in their decision making on allocations in what is a very tough CSR period.²⁴

31. Defra says of its funding for 2008–09:

We have maintained investment in the canal network at broadly flat cash which reflects Defra’s commitment to the waterways and recognises the value of maintaining the integrity of the existing BW canal network for delivery of a wide range of public benefits including regeneration. This is the best that could be realistically achieved for the waterways within a tight spending review and competing priorities. We shall be finalising the position for 2009/10 and 2010/11 over the coming weeks.²⁵

32. On funding for the CSR period, the Strategic Steer adds:

The allocation for the CSR period will reflect an increased injection of capital reflecting the importance of maintaining the network to us and to help secure immediate and longer term reduction in taxpayer support for ongoing operations. It will also seek a BW commitment to help fund the Government’s priorities from its commercial capital pot over the 3 years of the CSR period whilst plans are developed to increase BW’s self sufficiency in the longer term.²⁶

33. BW’s stated vision has been to be “largely self sufficient”. Defra says that this has “imprecise meaning”, and that BW is working on a revision. But Defra says that it wants:

BW to grow its commercial business and alternative sources of funding so it can both invest more in the network and reduce central government’s commitment over time. There is a critical balance here between the short and longer term—prioritising self sufficiency for the future might not deliver as many benefits as improved investment in the network in the shorter term; maximising the quantifiable best economic return from investment might therefore not always be the Government’s priority if e.g. it

23 QQ 30, 63

24 Ev 25

25 Ev 23

26 Ev 25

resulted in a loss of confidence in the waterways because of a shortage of immediate investment.²⁷

Defra explained that the short term in this context meant the three year CSR period, whereas the “longer term” meant the next ten or 15 years. Defra was urging BW not always to seek the quantifiable best economic return for its investment, because this might mean that it did not spend enough on the network; hence Defra asking BW to strike a balance.²⁸

34. BW’s grant under the CSR settlement is not enough to prevent continued underspending on its major works programme, but the CSR round was a tight one. In the circumstances a “flat cash” settlement for BW is acceptable. However, given the gains that have already been made in improving the condition of the canal network, Defra and BW should now jointly produce a strategy indicating how the improvements will be sustained against a background where current property market trends will make it more difficult for BW fully to realise its income potential from waterside developments.

British Waterways Status Options Review

35. In our Report in 2007 we noted BW’s then “strategic options review”. Undertaken at Defra’s request, this was to consider whether its institutional form and financial structure were optimal for the long term security and success of its waterways. BW’s confidential brief to consultants revealed that privatisation was one of the options being considered as part of the review, which led to an angry response from the then minister, who said that he had said to BW that all options but privatisation could be reviewed.²⁹

36. The Minister, Jonathan Shaw, said on 18 February 2008 in answer to a Parliamentary Question from Mr David Drew MP that

While we do not anticipate a further review of BW funding at present, BW, with our support, is currently undertaking a review of its status as a public corporation to identify whether or not a different structure might be more beneficial, for example through enabling greater investment in the waterways.³⁰

37. It is not clear what relationship the current status review has to the strategic options review mooted last year, but the purpose of the exercise seems much the same. The consultants KPMG have been working on this status review since September 2007, with input from Merrill Lynch. KPMG’s memorandum to us says that the terms of reference of the review (agreed with Defra and the devolved administrations) are:

- to identify whether a different institutional structure for British Waterways could more effectively secure a sustainable long-term future for its inland waterways as valued national assets in each of the nations in which it operates; and

27 Ev 25

28 Q 128

29 Environment, Food and Rural Affairs Committee, Seventh Report of Session 2006–07, *British Waterways*, HC 345-I, pages 24–5

30 HC Deb, 18 February 2008, col 262W

- to make recommendations supported by comparative analysis and rationale.³¹

38. The terms of reference require that “any option must maintain the waterway assets of British Waterways in long term public ownership in a manner that ensures their long term financial security”, but KPMG said that in some of the options they are looking at “operational and commercial activities (but not core waterway assets) would be hived down to an entity positioned outside the public sector, to give BW greater commercial and financial freedom, whilst ensuring security of the core waterway assets in public ownership”.³² A possibility, BW told us, was having some of the operating parts of the business in a “community interest company” while the waterway assets themselves remained in full public ownership.³³

39. BW told us that it had already paid KPMG £300,000 for its work, and that it could cost about the same again when it was completed.³⁴ The Board had not yet seen a full list of options from the consultants, but it did not expect them to come up with a “magic bullet”. It was likely to report in the second half of 2008.³⁵ This comes at a time when BW has made substantial cuts in staff, operational activities and minor repair work.

40. The Minister told us that the status review was “necessary if we are going to be clear about what the possibilities are for the future of the organisation”. Any greater flexibility for BW to borrow was dependent on the review.³⁶

41. We are unconvinced by the need for BW to spend up to £600,000 on a report by consultants on its future structure when it is by its own admission short of money. We find it hard to believe that analytical capability does not exist within BW, Defra or other public sector organisations that could have conducted this study at lower cost to public funds. BW should now explain why it was necessary to spend money of this order at a time when it was facing significant pressure on its finances sufficient for it to withdraw its support for the Cotswold Canals project.

31 Ev 159

32 Ev 158

33 Q 38

34 Q 35

35 QQ 40–41

36 QQ 151–152

3 British Waterways' regeneration and restoration work

Benefits of waterside development

42. BW says that the Inland Waterways Advisory Council has estimated that:

In the first seven years after the public investment [in waterside regeneration], the direct economic benefits amount to about £6 worth of direct economic benefit for every pound of public money invested, and that the social and environmental benefits mean that this total benefit is substantially higher [...] this is good value for the nation and, by now, the contribution of waterways development to both urban and rural regeneration should be widely recognised.

43. BW adds that this contribution is mostly realised as public benefit rather than direct financial benefit to British Waterways.³⁷ Defra, however, says that:

BW's investment in waterside property development/joint ventures with partners is supported not just because it might reduce Defra's financial commitment by growing the commercial business but because it can transform local economies and communities and is a strong contributor to regeneration and regional economic performance at the same time as enabling BW to invest more in the waterways over time.³⁸

Regeneration and the expansion of BW's network

44. BW's memorandum points to its regeneration work and achievements, and the role of expansion of the network:

There are currently waterside regeneration schemes in progress on BW's network with a total value of approximately £19 billion. BW is participating in about £7 billion of those schemes. That participation takes a range of different forms depending on the size of the scheme, its relevance to the waterway and BW's own landholdings (if any). Planning permission or work on site is underway on 18 major schemes regenerating more than 33 hectares of waterside land. Most schemes are on urban brownfield land. [...]

Waterway restoration has contributed to this regeneration success. During the last decade, some 200 miles of restored (or newly built) waterway have been added to the BW network. Currently, despite the difficult decision to withdraw from the Cotswold Canals Partnership [...], BW is a partner in five major restoration/new build projects. These are Droitwich Canals, Helix Project (Forth & Clyde Canal), Liverpool Link*, Manchester, Bolton & Bury*, and the Olympic related Bow Back Rivers in London*. Three of these (marked*) are currently being constructed. BW expects

37 Ev 1

38 Ev 26

these projects to be completed over the next five years and other projects to emerge to take the momentum on beyond that.³⁹

45. BW told us in oral evidence that the current economic slowdown meant that proceeds from its regeneration projects were likely to come in more slowly than might have been expected before the summer of 2007.⁴⁰ BW aimed to obtain a 15% return on its development capital. In some cases it might not be willing to commit its capital to development projects.⁴¹

Restoration

46. Restoration of canals, as opposed to regeneration involving property development of brownfield sites adjacent to the water, is not usually of direct benefit to BW. It told us that:

Canal restoration may sometimes create opportunities for British Waterways to invest commercial capital on adjacent land to create commercial returns. However, the actual canal restoration is never commercially viable and has to be supported almost entirely by public or volunteer funding. In many cases canal restoration creates increased, albeit marginal, future maintenance costs for BW.

British Waterways' policy is that it does not in principle contribute capital or revenue to restoration projects. That is because the main benefits, both financial and non-financial, accrue to local organisations and people in the private, public and voluntary sectors. It is therefore right that projects should be driven by local enthusiasm and local priorities. [...]

In reality, it is rarely possible for major projects to proceed without any funding input from British Waterways, particularly as more detailed due diligence of schemes tends to realise greater risks than were originally identified in outline proposals. Most funders fix their contribution up front before the full risk assessment is complete.

Consequently, British Waterways tends to act as funder of 'last resort' deciding how much to put in on a practical assessment of a scheme's benefits to British Waterways and to the wider community, its deliverability and the likely risk (of cost overruns etc) involved. There is a three stage formal approval process for making decisions to participate in waterway restoration projects.⁴²

47. The process BW refers to applies in circumstances where BW may wish to commit more than £100,000 to a project or pay for more than 25% of a restoration project. Stage one can take that figure to £250,000 over five years. Stage two requires approval from the Board for developing the technical and financial feasibility of the project, based on how it measures against 12 headings (including benefits to BW and the network, and wider public benefits). Stage three enables BW to participate in a project to completion but requires 95%

39 Ev 1

40 Q 65

41 Q 69

42 Ev 39

certainty on the cost of delivery and commitments from all funders. At present the BW board envisages an upper limit of £2 million for any project.⁴³

48. BW says that “The ability of British Waterways to engage in the restoration of derelict waterways has also to be understood in the context of its statutory framework.” BW says that the consequences of this framework are that:

BW’s first priority for its own resources is to ensure that the commercial and cruising waterways are kept in (and in particular, when out of use, are promptly returned to) a condition that secures their general availability for public use.

Restoration of remainder waterways has to be done almost entirely with third party funds—the extent to which BW can devote its own resources (or carry financial risk/contingencies) is limited by the statutory economic test.

Potential for use as a cruising waterway lowers the threshold for the economic test—but such potential will usually require connection to the wider network, or prospect of a connection within a reasonable timescale.⁴⁴

49. BW’s primary remit was not regeneration: that was a “side benefit” of its activity, and that was why it wanted other people’s money to go into projects to reflect their benefits to local communities.⁴⁵ It was unwilling to be the sole risk-taker in a project but its partners were usually unwilling to share those risks. Other partners often capped their contributions and there was pressure on BW to make a further contribution if the costs of a project rose. It was very difficult to be precise about what the final costs would be at the start of a project.⁴⁶

50. The Inland Waterways Association (IWA) argues that:

British Waterways needs to revisit its strategy towards waterway restoration. Up until two years ago, British Waterways was far more positive in its attitude towards restoration, in some instances taking the leading role. The past two years have seen a significant decline in support at a senior level for waterway restoration.

Evidence at present indicates a BW attitude of “we will join in only if it is profitable for us”. There are a number of projects that British Waterways has frustrated, obstructed or been unhelpful about, including the Grantham Canal and Pocklington Canal. IWA believes that British Waterways has an obligation, as the guardian of the nation’s inland waterways, to promote and instil confidence in waterways restoration. British Waterways’ current over-cautious and retreating stance is short-sighted and ignores the opportunities to develop for the public good.

The Inland Waterways Association believes that BW should be given a far stronger lead by Government, with expansion of the system as a key responsibility. Government should explicitly state that its expectation of BW is actively to support

43 Ev 40–41

44 Ev 2

45 QQ 52, 62

46 QQ 56–59

expansion of the waterways network. Expansion of the inland waterways should be established as a key Performance Indicator for BW.⁴⁷

51. Defra's "Strategic Steer" says that:

BW's current vision is to expand the network and the Government remains supportive of this ambition in principle given the possible public benefits described. However the Government is not in favour of expansion if this compromises BW's ability to maintain the existing network through creating additional ongoing financial liabilities. Provided BW is satisfied that any such ongoing maintenance costs can be contained without such a risk, including without putting pressure on Government grant, we recognise that there will be particular circumstances where the multiple public benefits, including those to BW customers, of say connecting two separate stretches of canal can be significant. Restoration of unused canals can also capture the imagination of the public and produce tremendous volunteer resource but clearly—given the financial constraints—we would expect the capital funding to come from other sources than BW and Defra, e.g. RDAs or Lottery funds, and, as noted, that BW would seek to make sure its ongoing additional maintenance costs were covered by future return in some way. This also applies where restoration is to deliver wider regeneration benefits rather than waterways/BW business benefits ie where wider public benefits greatly outweigh future returns to BW. However Defra acknowledges that in exceptional circumstances BW might have to invest some of its capital on a de minimis seedcorn funding basis to get worthwhile projects off the ground.⁴⁸

BW's withdrawal from the Cotswold Canals restoration project

History of the restoration project

52. The Cotswold Canals Partnership is a collaboration of partners, including Stroud District Council, the South West England Regional Development Agency (SWRDA), the European Union, Gloucestershire County Council, the Waterway Trust, the Cotswold Canals Trust and, until April 2008, British Waterways. The Partnership's aim is to restore the Stroudwater Navigation (linking the River Severn with Stroud—7 miles/12km) and the Thames and Severn Canal (Stroud to Inglesham—29 miles/46km). This would form a link between the Thames and the Severn. Much of the original line remains, but significant lengths are in private ownership. The Cotswold Canals Trust has said that "the restoration of the Cotswold Canals is ranked near the top, if not at the top, of the priority list by waterway bodies and enthusiasts alike. Its strategic place as the missing link between England's two greatest rivers is unique".

53. £11.9m of lottery funding was granted by the Heritage Lottery Fund in January 2006, with British Waterways as the grantee. This formed part of a £27.6m package to restore the six mile section of canal (which has ten locks and six bridges) from Stonehouse to Brimscombe Port. This work would form the first of two phases of the project: Phase 1A

47 Ev 127, paras 11–13

48 Ev 26

would involve the restoration of the Stroudwater Navigation from Stonehouse to Stroud and 4km of the Thames and Severn Canal from Stroud to Brimscombe port, and the establishment of a walking trail to Saul. Phase 1B would see the restoration of the Stroudwater navigation between Stonehouse and Saul Junction. An application to the Big Lottery fund for Phase 1B was ultimately unsuccessful.

54. Stroud District Council, SWRDA, European Union, Gloucestershire County Council, British Waterways, the Waterway Trust and the Cotswold Canals Trust are funding partners in Phase 1A (the Cotswold Canals Partnership). BW agreed to provide matching funds of £6 million in association with the Lottery bid. Given that the normal limit for any single project is £2 million, BW said that this reflected “a strong commitment” on British Waterways’ part to help the project go ahead if at all possible”.⁴⁹ £1.5 million of the £6 million has already been spent.

British Waterways’ decision to withdraw from the Cotswold Canals Partnership

55. On 4 February 2008 BW announced that it was withdrawing from the Cotswold Canals Partnership with effect from April:

British Waterways is today (4th February 2008) announcing its decision to withdraw from the Cotswold Canals Partnership from April 2008.

The move follows a review of funding commitments for the next financial year and the diversion of significant funds to progress the urgent first phase of a repair programme for the Monmouthshire & Brecon Canal in Wales, which is expected to cost in the region of £15 million over four years.

Announcing the news, Robin Evans, Chief Executive said: “We have thought long and hard over this decision and know it will disappoint our partners in the project. Ultimately, however, we have a finite pot of money and the needs of our existing waterways must take priority.

“Around 16 miles of the Monmouthshire & Brecon Canal is currently closed and will require significant investment from us over the next 18 months as we undertake a massive repair programme to reopen it. These works are essential for those businesses and communities that depend upon and contribute to the canal and we are committed to getting it up and running in time for the 2009 cruising season. [...]”⁵⁰

56. BW told us that the decision was made by the Board at its meeting on 24 January. The minutes of that meeting have not yet been published, but Stroud Town Council’s memorandum annexed what it said were the minutes of that meeting obtained under Freedom of Information. These said that as well as the need to pay for the repair of the Monmouthshire and Brecon canal, and “the funding position generally”, a crucial factor was the refusal of Stroud District Council to indemnify BW for any non performance in

49 Ev 39 [BW note accompanying Minister’s letter of 21 April 2008]

50 BW press release, 4 February 2008

constructing the Brinscombe Port section of the project, leaving BW liable to pay back up to £14m to the Heritage Lottery Fund (HLF). BW thought it was unlikely that HLF would make such a demand, although it was still a risk; more likely, BW thought, was that the HLF and others would pressurise BW to step in and undertake or complete those works.⁵¹

57. BW's memorandum to us made the following points:

- The Board made its decision in the context of BW's statutory duty, Government policy framework, and the funds it would have available over the next three years. It concluded that its participation in the Cotswold Canal restoration was no longer affordable, primarily because of the cost of reopening the Monmouthshire and Brecon Canal;
- The Board was required to break even year on year.⁵² It had no recourse to borrowing so achieving a balanced cash flow was critical. The Board could not over-commit and run out of money. In addition to the Monmouthshire and Brecon Canal costs, the Board was mindful of the extra costs involved following the flooding in 2007 and early 2008, the need to increase expenditure on repairs and maintenance towards achieving steady state, and cost overrun risks in all its repair and restoration programmes. On the income side the Board noted the concerns of boating customers about recent licence price increases and the opposition to further increases, the state of the wider economy which would be reflected in its earned income going forward and the very tight constraints on public spending;
- The cost of the first phase of work to reopen the Monmouthshire & Brecon Canal would be approximately £7 million. The funding required for the Cotswold Canal restoration was expected to be at least £6 million. The Board was concerned that requirements for BW's contribution to the Cotswold Canals project had risen progressively from around £1.5 million to the current figure of at least £6 million;
- In making its decision, the Board also took account of its other restoration commitments. These averaged approximately £2 million per project and all these projects would immediately be connected to the existing network, whereas the first phase of the Cotswolds Canals restoration would not be connected until some uncertain time considerably in the future, if at all;
- The Board had done all it reasonably could over a number of years to back this restoration and it was with the greatest reluctance it decided to withdraw, primarily because of the costs involved in reopening the Monmouthshire & Brecon Canal;
- BW had rigorously costed the work using its wide experience of waterway repair and restoration and had involved its partners in two technical and estates reviews in March and November 2007 and SDC led subsequent property workshops from April 2007. It had never experienced a restoration that came in under budget and

51 Ev 117

52 Although when giving evidence last year BW said that it has to balance its books over two or at most three years [Environment, Food and Rural Affairs Committee, *British Waterways*, HC (2006-07) 345-II, Q 507].

that with current predictions for construction cost inflation, a cautious approach to costing is undoubtedly prudent and correct;

- Given the time pressures on the Monmouthshire & Brecon Canal repair, BW took the view that it was necessary to be unequivocal in its announcement so that it could move to reallocate funds with absolute certainty. An announcement of a potential problem for funding followed by a slower subsequent withdrawal from the project when additional funding was not forthcoming would have been interpreted as a very hostile act by major funders such as HLF or SWRDA and would also potentially have jeopardised relationships with Defra;
- BW was working hard to ensure its orderly withdrawal from the project and the partners' ability to continue to meet the original aims of the project, although it acknowledged this might now be at a slower pace; and
- The physical work done so far, and the extensive design, technical and community work that had been undertaken, had laid the foundation for furtherance of those project aims.⁵³

58. BW told us in oral evidence that it had not felt able to give its partners early warning of the decision to withdraw funding: not only would it be impossible to determine which partners were important enough to be given early warning, but BW also had to bear in mind that it would be unfair to let a decision affecting BW employees' future employment "seep out". BW's Chief Executive had, however, rung people in advance to warn them of the announcement.⁵⁴ This amounted to minutes in some cases and often resulted in a message being left on an answerphone which meant that individuals heard the formal announcement first.

Reaction to BW's decision

59. The Inland Waterways Association—which campaigns to restore waterways—was "highly critical" of BW's "sudden withdrawal" from the Cotswold Canals Partnership. It believed that BW's action had:

- jeopardised the hard work and financial commitment of BW's former partners in the Cotswold Canals Partnership, including the thousands of volunteers giving of their own time and money; and
- undermined the confidence of many other organisations either involved, or anticipating being involved, with BW in other waterways restoration projects.⁵⁵

60. The IWA says that the decision came without consultation or warning and was a "huge shock":

53 Ev 2–3

54 QQ 71–2

55 Ev 126, Executive Summary

[t]his lack of consultation by British Waterways was ill-judged, ill-mannered and left partners flatfooted and unable to respond with alternative plans when contacted by the media [...] To date, British Waterways has failed to consult in depth with its partners regarding its decision and has not communicated its thinking, financial situation or other reasons for its decision to withdraw.⁵⁶

61. The Cotswold Canals Trust said that:

Long before the DEFRA funding cuts and the Mon[mouthsire] & Brec[on]problem, BW had been showing signs that they were not wholeheartedly committed to the Cotswold Project. [...]

Coupled with inadequate project management came a near obsession with risk and an unwillingness to get the project moving. The minutes of BW Board Meetings in 2005 show that they were anticipating the real possibility of pulling out even then. [...]

In January 2006, HLF [Heritage Lottery Fund] confirmed their grant to the Cotswold Canals Project and the works were expected to be complete in 3 years. Incredibly, no project manager was put in place until January this year; the same month BW decided to withdraw. Instead, the intervening two years were occupied by yet more risk reviews either centred around engineering costs or lower potential property development returns whilst a small number of relatively junior BW engineering staff struggled to get the project going in the face of little support from senior management. [...]

Delays in the project have wasted about £3m in inflation costs alone. For a long time now, the biggest risk to the project has been the constant review of risk resulting in the failure to get on with the job. The delays have also put other time related third party funding at risk. [...]

The Cotswold Canals Project remains entirely viable, technically deliverable and remains highly desirable. CCT and Stroud District Council working together are determined to see the project through and it won't be hard to make a better job of it. The biggest problem we face is keeping the funding package intact. BW is perceived as the national body with all the expertise needed to successfully restore, operate and maintain canals; their withdrawal from any project can therefore have catastrophic consequences. There is already evidence that future funders have already been put off by BW's actions.⁵⁷

Defra's view

62. Defra makes little reference to the specifics of the case, but its view is that:

Given maintaining the existing network is our agreed main priority, Government supports British Waterways' restoration activities only where there are overriding

⁵⁶ Ev 127, para 8

⁵⁷ Ev 106–107, paras 8–16

benefits and where new cost streams do not compromise its ability to maintain the existing network in good order. Although restoration projects may bring regeneration benefits, there are ongoing costs to British Waterways which need to be carefully assessed for affordability. In addition, British Waterways often carries the risk of the project when it acts as project manager (in the case of the Cotswolds Canal Project, this had doubled to £6 million and could be more). Whether or not to engage in restoration projects is clearly a matter for the British Waterways Board in the light of the need for it to carefully assess the wide range of costs and benefits and alternatives together with existing pressures. Central government is not well placed to decide between restoration projects across the country or fund them through the grant to British Waterways which is to maintain the canal network. These projects benefit local communities and it is for regional and local funding providers to decide on priorities and what should be supported. Whilst some modest seedcorn funding might be appropriate, Government does not believe it is for British Waterways to carry the risk and responsibility for restoration projects—beneficiaries should share the burden.⁵⁸

63. BW says that under its guidance from Defra, “a decision of this kind is clearly for the BW Board to make”.⁵⁹ In answer to a PQ from Mr Drew, the Minister Jonathan Shaw said on 18 February 2008:

On Monday 28 January, DEFRA officials advised me that British Waterways (BW) had informed them that the board had decided to withdraw from the Cotswold Canal Partnership. BW asked that we allow them time to inform their staff and the most affected stakeholders in advance of the Press Notice which was issued on Monday 4 February.

We have always made it clear that, whilst we welcomed the project, this was a matter for the BW board. I was aware that BW had many new pressures on their budget, particularly in relation to the Monmouthshire and Brecon Canal breach, and that they were concerned at their overall level of exposure. It is for the BW board to decide how best to manage risk, taking into account both the interests of all stakeholders and BW's public policy objectives.⁶⁰

Under Defra's new “Deal” with BW the organisations have agreed to work together on stakeholder engagement and have adopted “a ‘No Surprises’ policy, giving advance notice of intent, sharing press notices in advance and problems arising”.⁶¹

Our views

64. BW says that it seeks to expand the waterways network, though not at the expense of the existing network in its care. It has a policy that in principle it does not contribute its own capital or revenue in canal restoration projects, although it accepts that it sometimes

58 Ev 23–4

59 Ev 2

60 HC Deb, 18 February, col 272W

61 Ev 27

needs to act as a funder of last resort, with an upper limit normally of £2 million per project. This approach is reflected in the system BW has had since 2005 for approving funding for such projects. Defra has also recently given BW a clear steer that it should give top priority to maintaining the present network. These factors mean that BW has to be extremely cautious in committing its capital to canal restoration projects. They also mean that such projects are vulnerable to losing BW funding if there are sudden calls for funding to maintain the existing network, as was the case with the Cotswold Canals project. Such decisions may have to be made by BW without it being able to take account of their effect on others, but they will involve lost opportunities to create external benefits such as housing, income and employment, and a great deal of frustration and disappointment in areas whose schemes have funding removed. It is much worse for all concerned for BW to commit money to a restoration project and then withdraw it than not to commit it in the first place.

65. BW and Defra are both well aware of the wider benefits of waterways restoration, but we accept that these benefits generally accrue to local organisations and people in the public, private and voluntary sectors. BW feels that it, rather than its partners, carries the risks associated with restoration projects. This view is certainly not shared by the other partners involved in the Cotswold Canals regeneration. In the present financial climate BW cannot be expected to take on substantial risk in order to secure benefits for others without help from government and its agencies. If there is wider public benefit to be obtained from a restoration project then the public sector agencies responsible for procuring those benefits, not BW, should not only put up the money for the project, but also bear the risk. **Defra, in cooperation with British Waterways and other interested government departments and public bodies, should develop a transparent mechanism to score and prioritise public investment in canal restoration according to the external benefits that such spending would create, and should agree principles as to how the financial risks of such projects should be borne.**

66. **BW should also reappraise the implications for its long term financial strategy of constraining its enthusiasm for restoration projects. Such ventures can provide BW with new income streams when canalside developments on BW land are associated with such projects. It is likely that BW will need increasingly to rely on income from canalside developments in the future. A reduction in restoration projects involving BW may therefore in the long term adversely affect BW's move towards achieving an even greater degree of financial self-sufficiency.**

BW's decision to withdraw from the Cotswold Canals Partnership

67. BW's involvement in the Cotswold Canals project from an early stage clearly gave comfort to all its partners that ultimately committed themselves to this project. Their support was a crucial ingredient in enabling the financial consortium necessary to see this project through to completion to be assembled. With this in mind we believe that **BW should have consulted earlier with its partners to enable them to consider whether alternative funding could have been put in place before BW's withdrawal from the project was put into the public domain.**

4 Conclusion

68. We will continue to monitor how British Waterways and Defra discharge their responsibility for the waterway system. We may return to this subject again when the KPMG report is concluded, the Interdepartmental Working Group has evolved, and as the Strategic Steer continues to guide BW's priorities.

Conclusions and recommendations

Defra's priorities for BW

1. We welcome the improved relationship between Defra and British Waterways since our Report in 2007. Their commitment to improved communication is very helpful, as is the greater clarity about Defra's priorities for the network and the extent of BW's autonomy to manage itself. (Paragraph 22)

Interdepartmental Working Group

2. We welcome the formation of the Interdepartmental Working Group, and expect Defra to ensure that other Departments send appropriately high level representatives to its meetings. We look forward to receiving a report from Defra on its work and achievements before Parliament rises for the summer recess. (Paragraph 26)

British Waterways' budget for 2008–09

3. BW's grant under the CSR settlement is not enough to prevent continued underspending on its major works programme, but the CSR round was a tight one. In the circumstances a "flat cash" settlement for BW is acceptable. However, given the gains that have already been made in improving the condition of the canal network, Defra and BW should now jointly produce a strategy indicating how the improvements will be sustained against a background where current property market trends will make it more difficult for BW fully to realise its income potential from waterside developments. (Paragraph 34)

British Waterways Status Options review

4. We are unconvinced by the need for BW to spend up to £600,000 on a report by consultants on its future structure when it is by its own admission short of money. We find it hard to believe that analytical capability does not exist within BW, Defra or other public sector organisations that could have conducted this study at lower cost to public funds. BW should now explain why it was necessary to spend money of this order at a time when it was facing significant pressure on its finances sufficient for it to withdraw its support for the Cotswold Canals project. (Paragraph 41)

Our views

5. Defra, in cooperation with British Waterways and other interested government departments and public bodies, should develop a transparent mechanism to score and prioritise public investment in canal restoration according to the external benefits that such spending would create, and should agree principles as to how the financial risks of such projects should be borne. (Paragraph 65)
6. BW should also reappraise the implications for its long term financial strategy of constraining its enthusiasm for restoration projects. Such ventures can provide BW with new income streams when canalside developments on BW land are associated

with such projects. It is likely that BW will need increasingly to rely on income from canalside developments in the future. A reduction in restoration projects involving BW may therefore in the long term adversely affect BW's move towards achieving an even greater degree of financial self-sufficiency. (Paragraph 66)

BW's decision to withdraw from the Cotswold Canals Partnership

7. BW should have consulted earlier with its partners to enable them to consider whether alternative funding could have been put in place before BW's withdrawal from the project was put into the public domain. (Paragraph 67)

Formal Minutes

Wednesday 18 June 2008

Members present:

Mr Michael Jack, in the Chair

Mr Geoffrey Cox	Miss Anne McIntosh
Mr David Drew	Sir Peter Soulsby
Mr James Gray	David Taylor
Lynne Jones	Paddy Tipping
David Lepper	Mr Roger Williams

Draft Report (*British Waterways: follow-up*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 68 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Eighth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No.134.

Written evidence was ordered to be reported to the House for printing with the Report.

Several papers were ordered to be reported to the House for placing in the Library and Parliamentary Archives.

[Adjourned till Wednesday 25 June at 2.30 p.m.]

Witnesses

Tuesday 18 March 2008

page

Mr Tony Hales, Chairman, **Mr Robin Evans**, Chief Executive, **Mr Jim Stirling**, Technical Director and **Mr Nigel Johnson**, Legal Director, British Waterways Ev 8

Wednesday 19 March 2008

Jonathan Shaw MP, Parliamentary Under-Secretary of State (Marine, Landscape and Rural Affairs), **Mr Robin Mortimer**, Director, Natural Environment Group and **Ms Sarah Nason**, Deputy Director, Environment Agency Sponsorship and Waterways Division, Department for Environment, Food and Rural Affairs Ev 28

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3	Argyll & Bute Council	Ev 162
4	Neil Arlidge	Ev 137
5	Ashby Canal Trust	Ev 45
6	Associate Parliamentary Waterways Group	Ev 157
7	The Association of Waterways Cruising Clubs	Ev 144
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9	Beacon Park Boats Ltd	Ev 74
10	Bedford & Milton Keynes Waterway Trust on behalf of the Bedford & Milton Keynes Waterway Partnership	Ev 109
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20	Central Salford Urban Regeneration Company	Ev 150
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27	Country Land and Business Association	Ev 140
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29	Alan D Crowhurst	Ev 42
30	Department for Environment, Food and Rural Affairs	Evs 23, 39
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34	English Partnerships	Ev 101
35	Erewash Borough Council	Ev 77
36	Graham Fisher MBE	Ev 53
37	Glasgow City Council	Ev 76
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39	Gloucestershire Society for Industrial Archaeology	Ev 122
40	Grantham Canal Restoration Society Limited	Ev 122
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43	Mike Handford	Ev 59
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45	Heritage Lottery Fund	Ev 142
46	Jim & Penny Higginson	Ev 132
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48	Hodgson Elkington LLP	Ev 63
49	Hyndburn Borough Council	Ev 153
50	Igloo Regeneration and Muse Developments	Ev 148
51	Inland Waterways Advisory Council	Ev 160
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57	Kennet and Avon Canal Partnership	Ev 154
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59	KPMG	Ev 158
60	Lancaster Canal restoration Partnership	Ev 44
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62	Leaside Regeneration Limited	Ev 103
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64	Leicester College	Ev 98
65	Leicester Shire Promotions Limited	Ev 67
66	Leicestershire County Council	Ev 78
67	The Lichfield and Hatherton Canals Restoration Trust	Ev 61
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71	Peter Luff MP	Ev 108

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102	Alan T Smith MBE	Ev 83
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122	William Davis Limited	Ev 100
123	Wilts & Berks Canal Trust	Ev 70
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128	Wychavon District Council	Ev 85
129	Wyre Forest District Council	Ev 80
130	The Yacht Harbour Association	Ev 54

List of unprinted evidence

The following evidence has been reported to the House, but to save printing costs it has not been printed and copies have been placed in the House of Commons Library, where they may be inspected by Members. Other copies are in the Parliamentary Archives, and are available to the public for inspection. Requests for inspection should be addressed to The Parliamentary Archives, Houses of Parliament, London SW1A 0PW (tel. 020 7219 3074). Opening hours are from 9.30 am to 5.00 pm on Mondays to Fridays.

British Waterways annexes 1 and 5 (BW 2008 105)

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2007–08

Seventh Report	Implementation of the Nitrates Directive in England	HC 412
Sixth Report	Veterinary Surgeons Act 1966	HC 348
Fifth Report	Flooding	HC 49-I
Fourth Report	Badgers and cattle TB: the final report of the Independent Scientific on Cattle TB	HC 130-I
Third Report	The work of the Committee in 2007	HC 250
Second Report	Climate change: the "citizen's agenda": Government response to the Committee's Eighth Report, Session 2006–07	HC 189
First Report	The UK Government's "Vision for the Common Agricultural Policy: Government response to the Committee's Fourth Report, Session 2006–07	HC 48

Session 2006–07

Eighth Report	Climate change: the "citizen's agenda"	HC 88-I (HC 189 07–08)
Seventh Report	British Waterways	HC 345-I (HC 1059)
Sixth Report	The Implementation of the Environmental Liability Directive	HC 694 (HC 1058)
Fifth Report	Draft Climate Change Bill	HC 534-I (CM 7225)
Fourth Report	The UK Government's "Vision for the Common Agricultural Policy"	HC 546-I (HC 48 07–08)
Third Report	The Rural Payments Agency and the implementation of the Single Payment Scheme	HC 107-I (HC 956)
Second Report	Defra's Annual Report 2006 and Defra's budget	HC 132 (HC 522)
First Report	The work of the Committee in 2005–06	HC 213

Session 2005–06

Eighth Report	Climate change: the role of bioenergy	HC 965-I (HC 131 06–07)
Seventh Report	The Environment Agency	HC 780-I (HC 1519)
Sixth Report	Bovine TB: badger culling	HC 905-I
Fifth Report	Rural Payments Agency: interim report	HC 840
Fourth Report	The Departmental Annual Report 2005	HC 693-I (HC 966)
Third Report	The Animal Welfare Bill	HC 683
Second Report	Reform of the EU Sugar Regime	HC 585-I (HC 927)
First Report	The future for UK fishing: Government Response	HC 532

Oral evidence

Taken before the Environment, Food and Rural Affairs Committee

Environment, Food and Rural Affairs Sub-Committee on Tuesday 18 March 2008

Members present

Mr Michael Jack, in the Chair

Mr David Drew
Sir Peter Soulsby
David Taylor

Paddy Tipping
Mr Roger Williams

Memorandum submitted by British Waterways

1. INTRODUCTION

1.1 The Efra Select Committee is looking into British Waterways' regeneration and restoration role, with particular reference to British Waterways' decision to withdraw from the Cotswold Canals Partnership.

1.2 This short paper seeks to respond to the Committee's brief which encompasses both the national perspective and the specific issue of the Cotswolds.

1.3 Since the Committee requires initial evidence in short form, British Waterways (BW) will make more evidence available should it be required.

2. THE SCALE OF WATERSIDE REGENERATION AND WATERWAY RESTORATION

2.1 Waterside regeneration has been one of the driving forces behind the success of BW's canal and river network in the last decade. The social, economic and environmental benefits it brings apply to both urban and rural areas. Economic research recently commissioned by the Inland Waterways Advisory Council suggests "that in the first seven years after the public investment, the direct economic benefits amount to about £6 worth of direct economic benefit for every pound of public money invested, and that the social and environmental benefits mean that this total benefit is substantially higher." IWAC goes on to say that "this is good value for the nation and, by now, the contribution of waterways development to both urban and rural regeneration should be widely recognised." This contribution is mostly realised as public benefit rather than direct financial benefit to British Waterways.

2.2 There are currently waterside regeneration schemes in progress on BW's network with a total value of approximately £19 billion. BW is participating in about £7 billion of those schemes. That participation takes a range of different forms depending on the size of the scheme, its relevance to the waterway and BW's own landholdings (if any). Planning permission or work on site is underway on 18 major schemes regenerating more than 33 hectares of waterside land. Most schemes are on urban brownfield land. Appendix A contains an extract from BW's 2006-07 Annual Report & Accounts summarising its direct involvement in waterside regeneration.

2.3 Waterway restoration has contributed to this regeneration success. During the last decade, some 200 miles of restored (or newly built) waterway have been added to the BW network. Currently, despite the difficult decision to withdraw from the Cotswold Canals Partnership (see section 5 below), BW is a partner in five major restoration/new build projects. These are Droitwich Canals, Helix Project (Forth & Clyde Canal), Liverpool Link*, Manchester, Bolton & Bury*, and the Olympic related Bow Back Rivers in London*. Three of these (marked*) are currently being constructed. BW expects these projects to be completed over the next five years and other projects to emerge to take the momentum on beyond that. Appendix B contains summaries explaining the five projects in more detail and Appendix E contains illustration of actual and planned work.¹

2.4 Both BW and the wider waterways movement have worked hard to promote waterside regeneration and waterway restoration. Testimony such as "The revival of the canal network represents both a commercial and a cultural triumph . . ." (from *The Times* 1 June 2007) is now common and is a measure of how far perceptions of the network and its relevance have changed in recent years.

¹ Appendix E not printed.

3. POLICY FRAMEWORK RELATING TO WATERSIDE REGENERATION AND WATERWAY RESTORATION

3.1 *Waterways for Tomorrow*, the Government's policy document for the waterways published in 2000, supports both waterside regeneration and waterway restoration in general terms.

3.2 This policy is given further support by strategic guidance from Defra to BW from time to time. The most recent guidance (see Appendix C) makes it clear that the government recognises the role of the BW Board in deciding how to balance competing priorities. In that context the government's guidance to the Board is that it broadly favours as its first and foremost priority "maintaining the network in satisfactory order." This reflects the wide range of public benefits the existing network delivers including regeneration.

3.3 The second priority in order for the government is "achieving Govt/BW longer term vision of moving towards greater self sufficiency" with its third priority being "delivering a range of additional public benefits." Waterway restoration falls into this third area.

3.4 The improved relationship between Defra officials and ministers and BW, which the Committee recommended in its last enquiry, has come about and the clarity of the Department's guidance is of great assistance to the BW Board and senior management team in reaching decisions on competing priorities.

4. THE LEGAL FRAMEWORK RELATING TO RESTORATION

4.1 The ability of British Waterways to engage in the restoration of derelict waterways has also to be understood in the context of its statutory framework.

4.2 Like any statutory corporation, British Waterways is bound by the terms of its enabling statutes—general or local. The core general Acts dealing with BW powers and duties are the Transport Acts 1962 and 1968 and the British Waterways Act 1995. These Acts both impose mandatory duties and grant discretionary powers. Many of the discretionary powers are subject to limitations.

4.3 The key mandatory duty placed on BW by the 1968 Act—"with a view to securing the general availability of the commercial and cruising waterways for public use"—is to maintain the commercial and cruising waterways in a suitable condition for use by vessels of the relevant type.

4.4 The mandatory duty placed on BW in respect of "remainder" waterways (any waterway owned or managed by BW not classified as a commercial or cruising waterway) is to ensure it "is dealt with in the *most* economical manner possible" (emphasis added) "whether by retaining and managing the waterway, by developing or eliminating it or by disposing of it.

4.5 That requirement was marginally qualified by the 1995 Act which also requires BW "to take into account the desirability of protecting for future use as cruising waterways . . . remainder waterways with potential for such use".

4.6 Notwithstanding these statutory financial constraints BW has been remarkably successful in acting as facilitator and deliverer of waterway restoration through the harnessing of multiple funding sources. The law nevertheless limits the extent to which BW can devote its own resources, financial and logistical, to the restoration of remainder waterways.

4.7 The consequences of BW's statutory framework are:

4.7.1 BW's first priority for its own resources is to ensure that the commercial and cruising waterways are kept in (and in particular, when out of use, are promptly returned to) a condition that secures their general availability for public use.

4.7.2 Restoration of remainder waterways has to be done almost entirely with third party funds—the extent to which BW can devote its own resources (or carry financial risk/contingencies) is limited by the statutory economic test.

4.7.3 Potential for use as a cruising waterway lowers the threshold for the economic test—but such potential will usually require connection to the wider network, or prospect of a connection within a reasonable timescale.

5. BW'S DECISION TO WITHDRAW FROM THE COTSWOLD CANALS PARTNERSHIP

5.1 Defra's strategic guidance to BW recognises that it "has to balance a very wide range of interests and priorities." Quite rightly, the Department "looks to BW Board to strike a balance between the objectives taking account of the costs and benefits in deciding what BW can reasonably achieve." Under this guidance, a decision of this kind is clearly for the BW Board to make.

5.2 On 24 January 2008 the Board decided to withdraw from the Cotswold Canals Partnership (BW Board Minute 08/12/2008). The Board made its decision in the context of BW's statutory duty (section 4), government policy framework (section 3), and the funds it would have available over the next three years. It concluded that its participation in the Cotswold Canal restoration was no longer affordable, primarily because of the cost of reopening the Monmouthshire and Brecon Canal.

5.3 The Board is required to break even year on year. It has no recourse to borrowing so achieving a balanced cash flow is critical. The Board cannot over commit and run out of money. Looking forward the Board, in addition to the Monmouthshire and Brecon Canal costs, was mindful of the extra costs involved following the flooding in 2007 and early 2008, the need to increase expenditure on repairs and maintenance towards achieving steady state, and cost over run risks in all its repair and restoration programmes. On the income side the board noted the concerns of boating customers about recent licence price increases and the opposition to further increases, the state of the wider economy which would be reflected in its earned income going forward and the very tight constraints on public spending.

5.4 The cost of the first phase of work to reopen the Monmouthshire & Brecon Canal will be approximately £7 million. The funding required for the Cotswold Canal restoration was expected to be *at least* £6 million. The Board was concerned that requirements for BW's contribution to the Cotswold Canals project had risen progressively from around £1.5 million to the current figure of at least £6 million.

5.5 In making its decision, the Board also took account of its other restoration commitments (see 2.3). It noted that current commitments averaged approximately £2 million per project and that all these projects would immediately be connected to the existing network, whereas the first phase of the Cotswolds Canals restoration would not be connected until some uncertain time considerably in the future, if at all.

5.6 The Board has done all it reasonably can over a number of years to back this restoration and it was with the greatest reluctance it decided to withdraw, primarily because of the costs involved in reopening the Mon and Brecon Canal.

5.7 Critics have suggested that BW should have campaigned harder to achieve external funding (from Welsh Assembly funds or similar) for the first phase of works required to reopen the Monmouthshire & Brecon Canal. The Board did not believe this to be the right approach for the following reasons:

5.7.1 the works required to reopen the canal were necessary to fulfil BW's statutory duty.

5.7.2 the timescale required to be certain of reopening the Monmouthshire & Brecon Canal for spring 2009 required commissioning of the first phase of engineering works immediately and thus did not allow for any period of uncertainty about BW's ability to fund such work. Certainty was crucial for our customers particularly local businesses dependent on the canal.

5.8 BW began immediate discussions with the Welsh Assembly Government, local authorities and other Welsh agencies about the future funding of the additional £6-7 million of works for the winters of 2009-2011. These works are required to secure the canal for the medium/long term.

5.9 BW's decisive action to give certainty about the reopening of the canal has been widely welcomed and praised by both business and community leaders in South Wales.

5.10 BW understands that some people believe that powers for it to borrow money are about to be significantly enhanced (they are *de minimis* at present) and that therefore the decision to withdraw was precipitate. This is based on misunderstanding. Firstly, there are no firm plans to give BW borrowing powers and at best the introduction of borrowing is 2-3 years away. Secondly, BW would only borrow (as all companies do) in respect of projects that produce the necessary revenue to repay that borrowing. There was no prospect of such revenue from the Cotswold Canals project.

5.11 BW knows that some critics believe its costings for the Cotswold Canals restoration project are too high thus threatening the viability of the project. Whilst respecting the opinion of others, BW has rigorously costed the work using its wide experience of waterway repair and restoration and has involved its partners in two technical and estates reviews in March and November 2007 and SDC led subsequent property workshops from April 2007. It should also be added that because of the complexities of these projects, we have never experienced a restoration that came in under budget and that with current predictions for construction cost inflation, a cautious approach to costing is undoubtedly prudent and correct.

5.12 BW recognises that the unequivocal and swift announcement of its decision to withdraw following the Board decision caused much concern to partners. However, given the time pressures on the Monmouthshire & Brecon Canal repair explained above, it took the view that it was necessary to be clear so that it could move to reallocate funds with absolute certainty. It also believed, that the announcement of a potential problem for funding followed by a slower subsequent withdrawal from the project when additional funding was not forthcoming would have been interpreted as a very hostile act by major funders such as HLF or SWRDA and would also potentially have jeopardised relationships with Defra.

5.13 BW is working hard to ensure its orderly withdrawal from the project and the partners' ability to continue to meet the original aims of the project, although we acknowledge this might now be at a slower pace.

5.14 Over and above the physical works that have been or will be completed to April, the extensive design, technical and community work that has been undertaken, in phase 1a and, with the assistance of the Big Lottery Fund, phase 1b, has laid the foundation for furtherance of those project aims.

5.15 A huge amount has also been achieved in broadening and deepening community participation. Development of the necessary skills has been through the exemplary National Heritage Training Academy (SW) which grew from a Learning and Skills Council funding application inspired by and directly related to the project. 200 volunteer training days have already been provided since April 2006 as part of an 800 volunteer days direct contribution to date.

5.16 The long term protection of the natural, built and social heritage will be assured through implementation of the Conservation Management Plan, which has now been adopted by the Project Board, and the District Council's initiatives including the Brimscombe Area Action Plan and Industrial Heritage Conservation Area Supplementary Planning Document which are requirements of the HLF funding. The completed design work should also allow the whole of phase 1 to be afforded greater protection as the Council's Planning Policies are reviewed.

6. SUMMARY AND CONCLUSIONS

6.1 Waterside regeneration and waterway restoration remain important to the success of the waterway network. BW is committed to delivering more of both. BW asks the Committee to support its commitment to waterside regeneration and waterway restoration and in particular to the five current restorations outlined above.

6.2 BW as recommended by the Committee in its last report, has built a very good relationship with Defra ministers and officials which has helped to clarify strategic guidance from the Department.

6.3 BW took the difficult decision about the Cotswolds in the light of its legal obligations and the strategic guidance it works within and the resources it had available.

6.4 BW is working hard to ensure its orderly withdrawal from the Cotswold Canals Partnership.

7. APPENDICES

7.1 Appendix A—Regeneration info from 2006-07 Annual Report²

7.2 Appendix B—Brief description of five current restorations

7.3 Appendix C—Defra guidance for BW

7.4 Appendix D—Timeline demonstrating British Waterways' commitment and increasing exposure to risk in the Cotswold Canals project during 2007 and 2008

7.5 Appendix E—Images³

British Waterways

March 2008

Appendix B

BRIEF DESCRIPTION OF FIVE CURRENT RESTORATIONS

LIVERPOOL CANAL LINK

Currently being constructed, the 1.4 mile Liverpool Canal Link will once again connect the city's world famous docks with the Leeds & Liverpool Canal. This is a £27.7 million project (including £5.2 million public realm and landscaping works).

The canal and the public realm at Pier Head will be finished in summer 2008 to fit in with the European Capital of Culture events, whilst the Link is targeted to be fully open in time for the 2009 boating season.

The development will provide access to the waters edge at Pier Head and will utilise space for the public to enjoy. It will support the continuing regeneration aims of partner organisations for the Liverpool Waterfront and the Central Docks as well as bringing a wide-range of benefits to the Leeds & Liverpool Canal corridor and the wider Merseyside area.

MANCHESTER, BOLTON & BURY CANAL

The 15 mile long canal is one of the last major waterways in Greater Manchester to require restoration. Work is almost complete on the first and most challenging phase in Salford which will reconnect the canal with the River Irwell in summer 2008. Although only 500 metres long, the first section costing £5.9 million, represents the focal point for a £600 million regeneration scheme and is the key to unlocking the restoration of remainder of the waterway.

² Not printed.

³ Not printed.

BOW BACK RIVERS, LONDON

BW is a funder and lead delivery partner for the £20 million Prescott Lock and water control structures south of the 2012 Olympic Park. The project represents a vital piece of enabling infrastructure for the development of the Olympic Park and its Legacy.

BW contractors have been on site since spring 2007 and the project is due for completion in September 2008, in time to meet the Olympic construction phase.

Some key outputs include: “tidal lock-out”—enabling the ODA to carry out vital works to river walls in the Olympic Park; access for 350-tonne barges that will remove up to 1,400 lorry journeys per week from local roads during the construction phase of the Olympics; protection of the Olympic Park from influx of tide-borne sewage; and, creation of a navigable network of waterways with future opportunities for moorings, water taxis and trip boats.

DROITWICH CANALS

Planning consent for the restoration of the Droitwich Canals was completed at the start of 2008. The project will restore a 21 mile canal loop linking the Worcester & Birmingham Canal in the east to the navigable River Severn in the west, providing extended opportunities for holiday and leisure boating in and around the West Midlands.

Preliminary works are already underway and major construction of the £11.5 million project is scheduled to commence in 2008. Generating £2.75 million p.a. in additional visitor spend and acting as the catalyst for a further “57 million of inward investment along the line of the canal, the restoration is scheduled for completion by the end of 2009.

HELIX PROJECT (FORTH & CLYDE CANAL)

BW is a partner in the HELIX project to transform the landscape between Falkirk and Grangemouth into a thriving environmental community, revitalising and regenerating some 300 hectares.

The regeneration includes waterways as a fundamental part of the project and, following the recipient of a £25 million award from the Big Lottery Fund’s Living Landmarks programme, will improve the connection and navigation between the Forth & Clyde Canal and the Forth Estuary with a new canal beside the River Carron. The waterways element of the regeneration, to include the development of an innovative “Kelpie” boatlift as a landmark destination in Grangemouth, will cost in the order of £24 million.

BW’s budgeted investment in the three restoration projects currently being constructed is in excess of £7.3 million (from a total investment of over £53 million). In addition, construction work on the £11.5 million Droitwich Canals will commence shortly adding a further £2 million to BW’s total investment.

Appendix C**DEFRA GUIDANCE FOR BW**

Defra has set out a strategic steer for BW which recognises

- BW has to balance a very wide range of interests and competing priorities
- Three areas for Government priority in England and Wales—(i) maintaining the network in satisfactory order; (ii) achieving the shared Govt/BW longer term vision of moving towards greater self sufficiency; (iii) delivering a range of additional public benefits
- Government broadly favours (i) as the first and foremost priority, in order to sustain the delivery of many public policy priorities such as regeneration, which are dependent on a thriving canal network
- Looks to BW Board to strike a balance between the objectives, taking account of the costs and benefits in deciding what BW can reasonably achieve.

Appendix D

**TIMELINE DEMONSTRATING BRITISH WATERWAYS’ COMMITMENT AND
INCREASING EXPOSURE TO RISK IN THE COTSWOLD CANALS PROJECT
DURING 2007 AND 2008**

There can be no doubt as to BWs’s strong desire to see this restoration realised. Although BW has made every effort to mitigate increasing risk, it acquired property in advance of any other funding becoming available, it has steadfastly stepped in to increase its financial commitment when no other funding to cover shortfalls was forthcoming and it has funded all the works to date entirely at risk in advance of reclaiming costs from other funders.

From our first involvement right up to the time of the completion of the HLF contract (27th June 2007) and acquisition of the Gloucestershire County Council land (7th December 2007) British Waterways has continued to work on the project in good faith and entirely at risk. British Waterways has now spent and committed £2.9 million of which £1.2 million has been claimed from HLF. All claims submitted to date have been validated by the HLF appointed independent monitor. In this phase of the project SWRDA has contributed £6,013,600 of which £6,000,000 was used to acquire Port Mills. Other funding comprises £73,500 of which £25,000 from sec 106 grants has been applied to Flood Risk Assessments, £10,000 each from SDC and SWRDA has been applied to the Viability Assessment, £35,900 from GCC has been applied to people counters and Ground Investigations. Funding from TWT has been applied to community capacity building (and a further £29,000 has been invoiced).

Because of BW's commitment, a substantial volume of work has been accumulated which, subject to land acquisition, will allow the project to progress. This includes very lengthy and technically detailed documents including the Conservation Management Plan, Environmental Impact Assessment, Flood Risk Assessment and Ground Investigations of a number of site. In addition considerable capacity building has been undertaken in the community.

PROJECT COMMUNICATION AND STAFF

In Gloucester five team members have been working on the project full time and a further seven shared with the Droitwich Canals to varying degrees. This latter group includes one person from The Waterways Trust. Property support was shared with the northern regeneration projects.

Until HLF funding could be drawn down the resource was entirely funded by British Waterways.

The project contained a gap in its funding which was partially closed in July 2007 when British Waterways offered to increase its contribution to £6 million. At this point the project team was able to expand and a project manager joined later in the year.

Partners were kept fully informed and encouraged to be engaged by British Waterways throughout this period through monthly progress meetings with SDC, CCT, GCC, SWRDA and HLF. A detailed monthly report was circulated to all attendees prior to the meeting. The detailed claim form and copy invoices were also sent to HLF, SDC and CCT. From February 2007 SDC, CCT and BW continued discussion after the HLF meeting.

Specialist groups were established early in the project to contribute to project design and delivery. The groups comprise Communications (every 5—6 weeks), Environment (quarterly), Heritage (bi-monthly), Interpretation (bi-monthly), Training (quarterly). The team also attend the Stonehouse Partnership (monthly), the Access Group (bi monthly) and CCT Western Group meetings (monthly) as well as ad hoc attendances at Parish and Town Council meetings. These groups are expected to continue beyond British Waterways' involvement.

Two project risk workshops were facilitated by British Waterways to assist in understanding and resolution of the risks in this complex project. The first of these took place in Stroud on 5th-6th March 2007 led by British Waterways' Technical Director Jim Stirling. The workshop included a broad range of active participants from the partners including CCT, CoPSN, SDC, GCC and the EA.

A second workshop in Hatton in November, also attended by partners, explored the key risks in more detail under the guidance of British Waterways' Head of Engineering on November 5th and 6th. Detailed action plans were developed after each meeting.

Following SDC's agreement to take on Brimscombe, SDC held a property risk workshop on April 23rd 2007, supported by SWRDA and British Waterways' Property and Development Manager and Head of Strategic Planning. On 14th June SDC appointed Savills to carry out a £30,000 Viability Assessment of Brimscombe Port. This work was jointly funded by BW, SWRDA and SDC.

The over arching Project Board and the Western Consultative Group (comprising the parish, town, district and county councils) meet quarterly and both receive a verbal and written project report.

In addition the team input news and updates into www.cotswoldcanalsproject.org on a regular basis

Seventeen press releases have also been issued through the Communications Group.

Risk

In addition to British Waterways offering £6 million it was agreed that SDC would take full responsibility for delivering Brimscombe Port. Within the Heritage Lottery Fund contract there is the risk of clawback should the project not be delivered in whole or in part. British Waterways was responsible for delivering the canal, SDC the Port. BW was in negotiation with SDC about the apportionment of risk given the split of responsibility. These negotiations were not concluded.

In November 2007 HLF confirmed that they were unwilling to divide up clawback between BW and SDC nor were they prepared to concede their ability to clawback (confirmed again in December 2007).

CONSTRUCTION—OIL MILLS BRIDGE

At a meeting with HLF on 5th April they confirmed their view of clawback as regards early work commencing. Once SDC's agreement in principle had been secured to the risk share on 11th April it was agreed that the Oil Mills section of the project could commence.

Orders had been placed with the utility companies and a legal firm instructed in anticipation of an agreement. Immediately on 12th April the first of numerous meetings with the owners of the land required for the works or works access took place. As the delay had meant that protected reptiles and breeding birds now had to be contended with, specialist advice was sought and surveyors were on site by 24th April. Site meetings with the utility companies also took place before the end of April.

Following the surveys, mitigation measures were agreed with Natural England on 18th June. Translocation began on June 26th and ran right through to September 4th in accordance with Natural England guidance. Following 5 clear days destructive searches were undertaken prior to contractors starting on site on 12th September.

CONSTRUCTION—OTHER

The five month, independently facilitated, public consultation at Capel Mill concluded early in 2007. Archaeological, ecological and ground penetrating radar investigations took place during 2007 and negotiations were undertaken with the landowners affected, including Network Rail.

At the Risk Workshop in March 2007 SDC undertook to requisition access under Part IIA of the Contaminated Land Act in order that Ground Investigations preparatory to detailed design, could be undertaken. SDC's Ground investigation contractor started work on 4th February 2008.

A detailed Flood Risk Assessment has been completed for the section affected by main river between Wallbridge and Ryeford to check designs of weirs, structures, freeboard, etc. to ensure that restoration will not have a detrimental affect. The model was calibrated using measurements and photographs taken by British Waterways staff during the July 2007 floods.

Waste represents a key risk and cost. Accordingly Ground Investigations have been undertaken with trial pits dug between Brimscombe Mill and Goughs Orchard and at and around Brimscombe Port. In the Port Archaeological investigations took place simultaneously. Analysis undertaken in the former section has confirmed the presence of asbestos. SDC are analysing the data collected for the Port area.

Identification and negotiation with the many relevant landowners, without whose consent further works cannot commence, has been taking place over many months. Particularly complex and difficult negotiations have been taking place with the landowners who currently use the fixed bridges which will need to become swing bridges for navigation to be restored. British Waterways has discussed with SDC the need and implications of using CPO powers where negotiations are becoming protracted or inconclusive.

A comprehensive Conservation Management Plan has been written, widely consulted upon at local and statutory level, revised and improved. It was formally approved by the Project Board on 17th January with a recommendation that Partner bodies ratify it within their own policy framework. This document will guide the management, maintenance and restoration of the canals to ensure their natural, built and social heritage value is conserved.

Stroud District Council advised that an EIA was required for the works. Accordingly a Scoping Document was completed and consulted upon. Following SDC's formal response in April 2007 a technically detailed EIA has been prepared using intensive and substantial input from a wide range of British Waterways technical experts. The substantial two volume Environmental Statement was passed to Stroud District Council for comment in December 2007.

Water quality modelling where the canal and river Frome interact has been completed in parallel to complement the Environmental Statement.

Design and planning in other areas has been undertaken in parallel throughout this period. A huge quantity of information is being packaged, with explanatory notes, ready for transfer to SDC and for the project to proceed.

COMMUNITY

Working closely with the National Heritage Training Academy (SW), itself inspired by the project, the team has delivered 15 training courses comprising 208 days of training for 151 volunteers working on the project. Volunteers managed by the team, and from an increasingly wide range of organisations, have delivered 838 days of work, valued at over £55,000, which directly contributes to the project in addition to the estimated £30,000 saving in contractor costs. Team members have also spent 42 days manning exhibitions as part of the consultation process inherent in the community participation aims of the project.

WOW based resources aimed at KS2 have been developed comprising lesson plans and activity sheets concentrating on the history, heritage, environment and future of the waterway. These have been trialled in local schools following consultation with local historians, naturalists and education practitioners. They will be published on the WOW website by the end of March and promoted in all schools along the canal corridor.

FUNDING

In addition to the sample works described above, on 30th May 2007 the team brought together a wide range of stakeholders, scoped, prepared and submitted a 10 volume application to the Big Lottery Fund Living Landmarks.

The team undertook all arrangements for the subsequent two day assessment in June, Big Lottery filming, site visit in October and presentations to the Big Lottery Committee.

Unfortunately the application was ultimately unsuccessful having reached the last 9.

OTHER

Throughout this period the team has provided technical input into the Strategic Flood Risk Assessment and has supported and had an input into the Brimscombe Area Action Plan, Industrial Heritage Conservation Area documents and, to a lesser extent, the Urban Design Strategy.

Witnesses: Mr Tony Hales, Chairman, Mr Robin Evans, Chief Executive, Mr Jim Stirling, Technical Director, and Mr Nigel Johnson, Legal Director, British Waterways, gave evidence.

Q1 Chairman: Good afternoon, ladies and gentlemen, and welcome to this short, focused inquiry into British Waterways. By popular demand they have come back before us, and I welcome one or two familiar faces in the public gallery of devotees of our previous inquiry. You are all very welcome to come back and listen to our efforts now and give us the benefit of your views. Can I officially welcome Tony Hales, British Waterways Chairman, Mr Robin Evans, their Chief Executive, Mr Jim Stirling, their technical director, and Mr Nigel Johnson, their Legal Director. Ladies and gentlemen, I have to advise you that we have had a very significant amount of written evidence to the inquiry. There is something rather interesting in this evidence in that lot of it has very much the same sort of characteristic; it is almost as if somebody had prompted a rather large constituency of interest to respond on this occasion. At our last inquiry we did not get very many responses from the local authority area and perhaps, Mr Hales or Mr Evans, you might just possibly be able to throw a bit of light on this sudden resurgence of interest by local authorities and associated bodies to send evidence to us, because one or two of them copied the evidence to you and I just wondered if you might be able to shed any light on this remarkable renaissance of interest and why we have had such a good post bag.

Mr Evans: I am happy to answer that. We were disappointed last time, as the Committee was disappointed, by the almost complete absence of any comment from local authorities who we do amazing work with up and down the country. Almost every local authority that we pass through we have got some sort of working relationship with. We took very much on board what you said last time. You said we should get close to the Local Government Association, which we have, and we have regular meetings with them and we are hoping to do a joint project with them. We have also been going to those local authorities and talking to them, and we have

asked them since why they did not write to us last time. When this Committee came up, our local people used those contacts in those local authorities to point out, again, that there was this committee hearing and that they were able to write in and talk about the work that we did with them.

Q2 Chairman: It clearly worked in terms of your lobbying. The only thing that rather gave away the element of organisation behind it was that of the submissions that were addressed to the Clerk, many spelt the name wrongly. Although we obviously are interested in the fact that people want to send material to us, it is quite interesting when we looked at the similarity of the input, but at least you have been kind enough to give us an explanation. I think we felt last time that you were in front of us that relationships between BW and your sponsor department Defra might have been strained, particularly in the light the then Minister's observations in front of the Committee, but I think in your memorandum, in paragraph 3.4, you indicate that there has now been an improvement in the relationship with Defra and its officials.¹ Perhaps you could tell us what has brought about this sort of metamorphosis of your relationship and how have those improvements manifested themselves?

Mr Hales: First of all, we would concur that there has been a real improvement in the relationship between the department and British Waterways. In no way would I suggest that the fault was ever on one side or, indeed, the virtue is entirely on one side now.

Q3 Chairman: What happens now that did not happen before?

Mr Hales: I think there is a much greater level of real dialogue and trust. We have a very good working relationship with the officials. I do not think there is a dispute over facts in the way that there was in the

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past. There is a trusting of what those facts are and there is now a move to say: what do we do to move things on and actually take the right appropriate action?

Q4 Chairman: Robin, do you want to add anything to that?

Mr Evans: I think we said at the end of our evidence last time we had new officials with whom we were having a very good dialogue, and that has continued and grown. I think the department are interested to understand us and they have spent a considerable time, the officials, working with us, coming to see British Waterways, seeing what we do, having meetings which are not just about our funding but about what we do and what we can deliver, and so I think they understand us a great deal. We have engagement at a higher level. I now see Robin Mortimer regularly at a level I had not got to before in any regular way, so I think the whole relationship is much more positive.

Mr Hales: The Minister has put considerable time in, not just to see the waterways with us but to meet with other stakeholders and, indeed, the Secretary of State has met with us.

Q5 David Taylor: Has there been a change of attitude since the last Minister went his own way?

Mr Hales: I have to say, we have a better relationship certainly, I guess, with having a fresh start. We all had the opportunity to have a fresh start.

Mr Evans: I think it was very clear then that no-one felt that state of the relationship was in anyone's interest and there was a very positive mood on both sides to really work at getting a better understanding of each other's needs.

Q6 Chairman: You have signed a document with Defra, have you not, which details the new agreement with Defra. I suspect you have given us a high-level overview. Are there any specific other parts of the relationship, particularly in terms of, if you like, how much the trust between BW and the Department now goes in terms of them not trying to micro-manage your activities? Perhaps you could explain a little bit more about what is in this deal and what the difference is going to be in terms of the way you operate?

Mr Evans: The deal is a concept that Defra is rolling out to all its sponsored bodies, so we are not unique in having a deal, and it is really just a document which outlines each other's responsibilities and how we hope that the relationship will develop. The deal is, as you know, on one sheet of paper, but what lies behind it is a determination to be open, a determination to share information as widely as we can. Such is the relationship that if I think the department are searching for information which borders on the micro-management, I can have a conversation and ask why, and is it necessary, and often the decision is not to pursue that and not necessary because I have answered it in a different way. Similarly, they may stand and say, yes, we do need this for this reason and it will be delivered. We

have a relationship where we can explore what we are really trying to get at either side and then work at making sure that is delivered.

Q7 Chairman: Do you have any working relationships with any other parts of government? For example, in our last report one of the areas that we talked about was the Department for Transport, particularly taking into account the opportunities for freight, the environmental impact, et cetera. Have those improved at all?

Mr Evans: We have had our first meeting of the Interdepartmental Working Group, which I sit on, Robin Mortimer chairs, and we had at the first one representatives from the Department for Transport, BERR and DCLG, and that is taking place, it is progressing, we have got an agenda and I think those relationships will grow.

Chairman: Paddy Tipping would like to follow that up, so I will hand the questioning to him.

Q8 Paddy Tipping: How often is it going to meet? What is its object?

Mr Evans: I think it is going to meet three or four times a year.

Q9 Paddy Tipping: Do you put things on the agenda?

Mr Evans: Yes, I can put things on the agenda. It is up to any member of the group to put something on the agenda. I suspect that Sarah Nason and I will be the main drivers for putting things on the agenda. The idea is to bring to the attention of these other government departments the work we do and how we can enhance their work and how they should be able to help us, and we have some streams of work like that.

Q10 Paddy Tipping: If we saw you in a year's time and said to you, "How has the Interdepartmental Working Group gone?", what would you expect to have got out of it?

Mr Evans: I would like to see that I had a very good understanding of what the Department for Transport felt the waterways could deliver for their PSAs for what they are driving to achieve. The Department for Transport have a very good understanding of what we could and what we could not do, and from that understanding I would really like to think there were some actions flowing which either directly contributed to the upkeep of the waterways or indirectly contributed to the upkeep of the waterways, and that might be, as an example, that we really understood how we were going to work together to promote freight on the waterways, how that was going to be delivered and how the Department for Transport and BW were going to work together on that, because that is an issue we have, that we do not have a proper understanding with the right government departments for the future of freight on the waterways.

Q11 Paddy Tipping: In five years' time, if things go well, how much more freight is going to be on the waterways?

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Mr Evans: That is a really good question.

Q12 Paddy Tipping: Do we need to set targets?

Mr Evans: We have set targets in the past. We set targets just at the turn of the century to double the amount of freight. Unfortunately, within six months of setting that target, the coal-fired power station at Ferrybridge closed down and we lost 600,000 tonnes per annum, which was almost about a fifth of what we were taking, so I am wary of setting those sorts of targets because it is completely out of our control. I think that we are much more measured in our approach now and what we really want to do is understand what is capable and what is feasible, because we cannot increase the amount of freight by ourselves, we have to have the operators wanting to do it, we have to have the customers wanting to do it and, most of all, we have got to have government wanting to do it. I think that if we understand where inland water freight stands in the government policy of transport in the country, then we can start to get meaningful figures, but at the moment we do not really understand that.

Q13 Chairman: I received an email from a Mr Nick MacWhirter.² I do not know anything about Mr MacWhirter but he seems to have a lot of knowledge about these matters. You may disagree with him. For example, he asks me what you are doing about trying to get into the waste transfer business in London. I do not know whether that is realistic for you to get into, but he says to me that he thinks that, if you could move quite a lot of waste off the roads and on to the canals, this could be worth many millions of pounds. Are you aware of any of these opportunities?

Mr Evans: We worked very extensively with Nick MacWhirter for a number of years.

Q14 Chairman: So he is known to you?

Mr Evans: He is very well known to us. He delivered an interesting concept of moving waste by water, which we trialled in the borough of Hackney to see if we could make it work together. One of the problems, which we could not overcome, was that Hackney would have had to re-fleet its waste disposal efforts because it had to have a new type of vehicle, and the cost of doing that was simply prohibitive. Although the concept was good—we had something of it work—primarily I always remember Nick saying that 40 per cent of the dustcart's time was spent going to and from the depot to empty it, if you could empty it more frequently, it would become incredibly more efficient, but that particular project never got anywhere because Hackney could not take it forward.

Chairman: Mr MacWhirter has had his question asked, so the record will show that we have looked at that. I would like to move on to Peter Soulsby.

Q15 Sir Peter Soulsby: Just before I go on to ask you some things about the finances, can I take you back to the Interdepartmental Working Group. I think you said you have the Department for Transport, BERR and DCLG there. That means you do not have DCMS and DCSF. My point being that you do not seem to have the heritage bit around the table or the education bit around the table, both of which, certainly when you look at museums or the work you do with young people, would strike me might be of benefit to have there.

Mr Evans: The intention is to have them there. They were not able to come to that meeting, my understanding is. I do not chair this, I do not set it up, it is Defra's meeting, and it is all a question of trying to get the right seniority of person attending on the day.

Q16 Chairman: It is a little bit concerning actually if the full cast list is not turning up. If you have got this splendid new relationship with your sponsor minister, what is he doing to make certain that all these departments have an input? Are you having any bilateral discussions on the issues that come out of this interdepartmental committee, for example, with the appropriate minister in transport?

Mr Hales: Our Minister has indicated that he would like to chair the next session.

Q17 Chairman: So they will all turn up when he chairs then?

Mr Hales: You would hope that that will ensure a good turn out.

Chairman: We hope so too. That is something we might put to the Minister tomorrow.

Q18 Sir Peter Soulsby: Indeed it is. When we last had you in front of us you were predicting a settlement which was RPI minus five per cent. What you actually got was, I think, significantly better than that, at least somewhat better than that. Is it sufficiently better than that for some of the clouds that there were over some of the projects that you do to have been lifted?

Mr Evans: No. That is not to say that we did not think that it was a reasonable settlement in all the circumstances, but I think the Committee trawled very deeply and extensively into what the costs of running the waterways were, our steady state analysis and the gap, and I think that we agreed that there was a gap of around 15 to 20 million pounds in running the waterways. A grant increase of around a million pounds a year from last year, 2007-2008, to 2008-2009 is very welcome, but it cannot make a huge impact, especially when you take into account that is probably not much more than the inflation that we have suffered.

Q19 Sir Peter Soulsby: So it was no worse than anticipated but very little better. Is that a fair comment?

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Mr Hales: I think it was quite a bit better.

Mr Evans: It was better than we anticipated. I thought you asked the question: was it filling the hole? It is not filling the hole. Is it better than we expected or had been led to believe it could be, most certainly.

Q20 Sir Peter Soulsby: One of the other things we talked about was the specific bid you were going to put in for five million for capital. What happened to that? Was that accepted? How was it responded to?

Mr Evans: It was responded to favourably, and capital is within that grant, but it did not make a difference to the total amount. So we did raid the Defra capital pot, but it probably softened the blow of having less of what they call “resource grant”.

Q21 Sir Peter Soulsby: What has been said to you about the future levels of funding?

Mr Evans: That we should expect no better than what we have got, and my understanding is that the pressures on government finance are still considerable and that there is still pressure downwards.

Q22 Paddy Tipping: Flooding caused problems for you last summer and increased your costs. I understand that the Government bid for European funding and it has just been announced at £120 million. How much of that are you going to get?

Mr Evans: We put in a bid for eight million. I know that that was only a small part of the total bid. It is very interesting, because I asked the department only three days ago whether they had heard and they had not, so you are up on me on that. Now I know, I will go and fight for eight million. I have no idea quite how much I will get, but we shall certainly get some.

Q23 Paddy Tipping: What will you use that money for?

Mr Evans: The vast majority of the costs that we incurred or the liability that we have are dredging a huge amount of silt on the River Don, the River Rother in and around Sheffield, contaminated material in the river. It is very expensive to get out. If we get that money we will be dredging, because at the moment some of the commercial traffic is having difficulty getting through, it is hitting the propellers and damaging them and they are not happy.

Q24 Chairman: Can we just explore the purchasing power of the settlement that you have received, because in the Committee’s inquiry on flooding it certainly is apparent that construction industry inflation is running at possibly up to eight per cent, depending on the type of works. Obviously you have got some things that are in the pipeline, projects where you have got a fixed price and agreed formula, but moving forward, your purchasing power, by definition, is going to be diminished. Have you now put in train plans to take into account this inflation in terms of both your continuing maintenance

programme and, secondly, the new investment programmes? How are they going to be affected by inflation at that level?

Mr Stirling: I would agree that we see construction inflation as probably around seven per cent for the next little while. That does affect the number of projects you can do for a given amount of money, obviously, and the other thing we are doing is constantly looking at better procurement, longer term relationships with both suppliers and contractors and seeking to get better value through the way we do things. We are a very geographically dispersed organisation. You can find that the procurement costs for buying locally are considerable, and one of the things we have done a lot of over the last few years, and continue to do, is draw procurement into a much more programmed approach so that we get much better value for money.

Q25 Chairman: Mr Stirling, that was a delightful set of words, but you did not actually answer the question. Perhaps I did not put the question as clearly as I should have done, so let me try and restate it. You have got a given sum of money from Defra for each of the next three years and, by virtue of what you have said, in purchasing power terms, successively it is going to be worth less, so I am trying to get some indication from you. Inevitably there is going to be a deficit between what you would like to be able to buy and what you can buy.

Mr Stirling: Yes, we will do less.

Q26 Chairman: You will do less. Could you give us some indication annually as to what “do less” means in money terms?

Mr Stirling: I cannot actually. We would do it in number of project terms, and even that is difficult because each year we have a different mix of projects. There is no doubt we will do less than we would like to do.

Q27 Chairman: When you made your bid as British Waterways to the Department for the money in the first place, you must have had a list of things you wanted to do, both from the maintenance and the new investment stand point, you had some benchmark by which to determine how much to ask for. Is that not the case, or did you just pluck a number out of the ether?

Mr Stirling: No, our own models tell us that we should be spending about £35 million a year on major works.

Q28 Chairman: If you should be spending £35 million, how much, if you like, is the inflationary effect? I suppose the answer is eight per cent less.

Mr Stirling: Yes; and our current plans are to spend around thirty.

Q29 Chairman: So, in terms of all those people who want to know from you about what you are going to spend your money on in the future, if I came along and said, “Give me the pre and post CSR list of

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activity that you were going to spend money on”, would I find some projects missing between the pre list and the post list?

Mr Stirling: Yes, you would.

Q30 Chairman: What kind of things have had to be scratched out? Give us some for instances.

Mr Stirling: I can probably do it a different way round, and I hope it is answering your question. We have been very clear on priorities. Our priorities going forward are works in the interest of safety, that is both customer safety as in improving customer standards—works in the interest of safety which is a legal term arising from reservoir inspections—so we must do those and we must do those within a reasonable period, and, thereafter, to be focused on using our asset management information at the assets in poorest condition with the highest consequence. Therefore, it is a much more focused programme. That comes first. Therefore, projects which we would have done which do not fall into that category have automatically fallen back in the list; so you would notice a difference that only those that fell into that category would remain on the current list.

Mr Evans: I think quite a good example would be dredging. There would be less dredging than we would like to do. It is a very expensive part of maintaining the functionality of the waterways, and it is something that we will not---. We have a national dredging contract, we allocate a certain amount for that contract and, if the inflation element does not match the inflation increase, then we will get less dredged as a consequence.

Q31 David Taylor: If you do X pounds less dredging, in five years' time or two years' time is it going to cost double X? What is the scale of increase of cost if dredging is neglected for too long a period? It is a general question.

Mr Evans: There is danger of getting too complicated. It matters on river navigations where dredging builds up quite quickly and, therefore, there is a bigger amount of silt you have to take away, but on canals the main function is a reduction in functionality, a reduction in how good it is to cruise on them, so there will be more of the network in a poorer state of cruising than there would have been.

Q32 David Taylor: But when it is eventually done, it will cost. A stitch in time saves nine.

Mr Evans: Inevitably, what you do not spend is going to cost more later as an inflation element, and the regulations are getting much tighter.

Q33 David Taylor: It could be more than an inflation element.

Mr Evans: It could be more than inflation because the regulation is getting forever tighter. It is much more difficult to dispose of dredging these days than it was a few years ago, and it is only going to get more difficult. There is a limited number of tips you can take contaminated waste to and there are very

much bigger restrictions on where you can dredge, from canal to farm land, so regulation will be a big factor.

Q34 Mr Drew: Can we look at the issue of the Options Review. This was thrust upon us the last time we had you before us. We were a little bit disappointed that we could not see more than the outline process paper that came from KPMG Merrill Lynch. Can we be clear when this is going to be published, and is this going to be for public consumption or is this a purely internal paper?

Mr Hales: The state of play at the moment is what KPMG have done has certainly validated both the cost and the income models that BW have. They have validated that our forecast expenditure on maintaining the waterways is a reasonable forecast and they have validated that we are not an inefficient organisation and that we are utilising our assets, our property assets in particular, in an effective manner. That has, if you like, given us a bedrock and that has certainly been helpful in discussions and building that trust with the department over the fact-base that we have already presented in the past. I think, with regard to the options, we are quite along way away from that. The Board has not yet seen a full list of options. I think we are probably convinced that there is no magic bullet in here. There are advantages in improving our borrowing powers and giving us certain other powers, but we are quite a long way away from coming up with a recommendation for the Board, let alone for public consultation, and for the department.

Q35 Mr Drew: What has this all cost then? That is the outline figure?

Mr Hales: The cost so far has been £300,000.

Q36 Mr Drew: What is the totality cost: double that?

Mr Hales: It could be. We are taking a rain check at the moment.

Q37 Mr Drew: What about the spectrum of ideas that we were thrusting before you? Are there elements of privatisation, because that was one option that led to the Minister throwing his toys out of the pram?

Mr Hales: I think it is quite clear that neither the department, nor the Board, nor this Committee wants to see privatisation, and that was made very clear to the consultants.

Q38 Mr Drew: Totality: no privatisation at all?

Mr Hales: No privatisation of the waterway assets at all. There are ways of looking at things. For example, I do not want to kind of start floating off down a route, but to give you an idea, a community interest company is in the public ownership but it is not owned by the state. There may be some attraction in having some of the operating parts of the business in a community interest company while the waterway assets themselves remain in full public ownership. That is one concept, which is only a matter of discussion. It is one of a number of concepts.

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Q39 Mr Drew: Do you share this analysis of the options with Defra on an on-going basis or is it your “options” and you will share it with Defra at the end of the process?

Mr Hales: They know how we are getting on, but I think the consultants are being employed by the Board to work for the Board, and it is for the Board to get itself clear as to what its preferred option is and then to present that to the department for them to take a view.

Q40 Mr Drew: Will it be a public document at the end?

Mr Hales: I am sure it will be a public document. There is no reason why it should not be at all.

Q41 Mr Drew: We are talking what: six months?

Mr Hales: Yes, I would think so.

Q42 Mr Drew: Six months.

Mr Hales: Yes.

Q43 David Taylor: The *Waterways for Tomorrow* document in the year 2000 in a sense set the new framework for the relationship between government and British Waterways, and at that time it was focused on waterside regeneration and waterway restoration, I think, but much more recently the Government, last month I think it was, said that they provided (it is a ghastly Civil Service term) a “strategic steer” which envisaged that, in addition to maintaining the network in good order, there would be greater self-sufficiency and the incentive to deliver additional public benefits. There is something of a clash between those three objectives, is there not? It is difficult to deliver on all three.

Mr Hales: I think it was actually the ranking, which, whether we like it or not, is extremely helpful. It was absolutely clear that target number one is to maintain the existing waterways and the delivery of wider public benefits was put as number three.

Q44 David Taylor: In providing that so-called strategic steer it reiterated that it broadly favours maintaining the network in a satisfactory order as the foremost priority, which is what you say it is, but that it allows you to strike a balance between the objectives that it has set for you. How will you do that? Once you have delivered as best you can on that primary objective, how will you strike a balance in terms of resource allocation and prioritisation between the other two areas that were spelt out?

Mr Hales: At the moment we do not have sufficient money to keep the waterways at the level of condition that we would like if that level of money is kept the same going forward over a period of time. So our first objective is that our money is going into safeguarding the existing waterways, and we are working with the department to find ways of filling that gap. Longer term commercial income is, quite clearly, the primary target and raising that level of commercial income in years four, five and six. It is not the greatest of conditions right now—we are facing difficult world economic circumstances—which clearly affects the level of grant that we are

given, but it also affects the level of commercial income we are able to make from our property at the moment.

Q45 David Taylor: What subset of your activities do you believe has the greatest potential to deliver greater commercial income in the immediate term? I acknowledge the short-term.

Mr Hales: Property.

Q46 David Taylor: Property?

Mr Hales: Yes.

Q47 David Taylor: A little bit more specific?

Mr Hales: We have a major development in Gloucester Quays which should go well, we have the Wood Wharf development which, in particular, is one where there will be a question as to how far we stay in. It will require resources to stay in, but the rewards are very considerable in staying in long-term.

Q48 David Taylor: One of the problems with which you continually grapple is linked to the Inland Waterways Advisory Council estimate that we see popping up all the time that for every pound you spend it will deliver six pounds of economic benefits in the general sense, and that is not counting social and environmental benefits, but relatively little of that flows your way.

Mr Hales: Correct.

Q49 David Taylor: That is still a problem. How do you then, bearing that harsh reality in mind, try and take account of the wider public benefits that there are in some highly desirable projects when deciding whether or not to invest some of your shrinking and limited cash in a regeneration project rather than, say, network maintenance on major assets? How do you decide that balance?

Mr Hales: Our overall policy is not to spend money, our capital, on restoration. We end up doing small amounts, which is seed-corn, but it has been our policy, it is our policy. It has to be our policy, given the current constraints that are on us, that our priority is to spend the money on the existing waterways. Typically, we have spent, on any scheme, no more than two million pounds, and that has not been by choice, it is because the scheme originally has been funded with third-party funders, typically the Lottery Fund or the local regional development agency, local council, European money and what have you, and there has been some unidentified risk, and, as the project manager, we end up carrying a level of that risk.

Q50 David Taylor: There can hardly be a large town or certainly any city in this land which does not have some British Waterways feature, or function, or facility within the central area of that town, therefore, possibly, a major catalyst for economic regeneration. That would be broadly true, would it not?

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Mr Hales: Yes.

Q51 David Taylor: You have talked about the regional development agencies, and so on. Do you feel that the local authorities contribute at a sufficiently high level to the work that you are doing, which has an economic regenerative potential?

Mr Hales: We like spending money.

Q52 David Taylor: Of course, but do you believe local authorities are pulling their weight?

Mr Hales: It is really the regional development agencies who are the people who have the biggest budgets, and they have the remit of regeneration. Our primary remit is not regeneration, it is a side benefit of what we do.

Mr Evans: I think it is absolutely true that the greatest beneficiaries of the restoration and regeneration work we do are the local communities around the waterways that we restore. Of the local communities, the local authorities are the biggest beneficiaries through an improved rate income, through improved public space, through improved social cohesion that we bring about, and there are many, many examples of that. There has always been the difficulty of persuading local authorities, local government, that we are not funded for that work. There is a perception that if we restore a canal we are the greatest beneficiary, and that is not true. We may get a few more boat licences, but the amounts of money pale into insignificance compared to the cost of doing the work. That is why our policy is to get others to pay for it. Your question was: do the local authorities pay enough? We would like to see them pay more. We think there could be a win-win because if we worked more closely with the local authorities and we used their resources, got their resources going, we could develop and deliver even more for them, and we have not managed to persuade sufficient numbers of them to do that. There are examples. The canal authorities along the Rochdale all contribute (I think it is a total of about £500,000 a year) to the upkeep of the canal, so it happens, but there are other areas, like in the middle of Birmingham, where we have quite considerable customer service costs. We have a litter boat in there every day, for example, simply to keep the town's litter out of our waterway.

Q53 David Taylor: Do you detect any cooling of enthusiasm from the RDAs in recent times for regenerative projects? Has the chill wind from Whitehall actually reached them in financial terms?

Mr Evans: I think all fund-raising, if that is the right term for it, has become more difficult. I think we have a good track record, I think people can see where our work has delivered real benefit, there are numerous success stories around the country, and so, other than the general paucity of funding, I do not see any change of attitude towards us. They would still like to fund our sorts of scheme if they had the resources.

Q54 Mr Drew: Can I just be clear, because obviously we will come on to the costs in a few minutes time, but of the major projects you have been involved with—Huddersfield Narrow, Rochdale Millennium Link, Falkirk Wheel—were you lead partners in those restorations, each of them?

Mr Evans: Yes.

Q55 Mr Drew: What about the Droitwich, Helix Project, the Liverpool Link, Manchester, Bolton and Bury and obviously the work we saw at the Olympics site. Are you the lead partner in each of those?

Mr Evans: Not in the Helix. We are part of a partnership, and that is still being developed, but it still at a concept stage and we have just got the first big lottery grant. There are many parts of the Helix Project; the canal is just one part of it. We will be the partner who delivers the canal element, but there are many other parts of that huge project up in Falkirk that we will not be involved in, so we will not be the lead partner.

Q56 Mr Drew: Who determines whether you are the lead partner or not? The fact is that there are presumably numerous partners in each of these. There has to be, presumably because of the grant aid involved, a lead partner because of legal definitions. Do you become lead partner with arms up your back because people say, "Sorry, but BW has got to do it", or do you willingly go there as lead partner?

Mr Evans: We willingly go there to enable and facilitate restoration, which we thoroughly believe is a good thing. The unwilling part is us taking all the liability. We like to be the lead partner. We have the expertise, we have the engineering expertise, we have the knowledge, we have the track record to know what to do and how to do it and we have very skilled people who can put funding packages together that attract funding for the projects, so we are very happy to be all of that. What we do not enjoy is being the sole risk-taker, because what happens is that funders give us money, pledge money towards a project, and say, "You can have that amount of money and no more", and as the project develops and as we do the due diligence to understand what the risks are in the project, almost inevitably, the costs start to rise, but we are expected to take that risk, and that is the bit that we are not so willing to do but have traditionally, almost inevitably, ended up doing.

Q57 Mr Drew: I can understand you can have regeneration without restoration, but you cannot have restoration without regeneration because they would not stack up financially as projects, so essentially these must be risk-based initiatives. Who scores the risk and at what stage in each of those have you looked at the risk and said, "These are all go"?

Mr Evans: That is part of how we put the funding package together. What we will do is we will look at a project and estimate what the cost is of delivery, and that will have a risk element in it. We will then go out and try and "sell" that to the regional development agencies, lottery or whoever else, and,

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you are quite right, there has to be a major element of regeneration in the project because that is what those funders want to see, and they will look at it and they will decide what they can afford to put into that project, but none of those funders, in our experience, has ever been prepared to share the risk. We will put a project to them, say, "Here is a project"—

Q58 Mr Drew: That is a real weakness then. You have got other organisations like RDAs that are risk-averse and this is common, is it, to all of those?
Mr Evans: Yes, definitely.

Q59 Chairman: Can we just explore a little bit more closely what you mean by the term "risk", because when you came before us before you made it very clear that you were looking for the capital invested for a particular rate of return and you had had it verified that you had a good market performance in terms of the returns you were able to get in relation to some of your developments, but obviously the nature of financial risk is changing almost by the minute at the moment in terms of what people are prepared to put money into. When you talk about "sharing the risk", perhaps you could define for the Committee, first of all, what are the risks that you wish to share and, secondly, why some of your commercial partners may be reluctant to go to a position of parity which you seek?

Mr Evans: Can I be very clear. There are at least two sides of our business: the commercial part of our business, where we are investing at risk to create something which will deliver value back to us. The joint venture in Gloucester is a great example. We are in partnership with Peel Holdings. We have both put in land, we have both put in money and we are going to get a reward from that investment and we balance the risk and reward. How risky it is and the more risky it is, the more reward we want to see. It is just normal business. We do not find much difference between our partners and our own appetites for risk on those investments because it is quite a commercial relationship and it is in the market. So that is that side of it. The risk I was talking to David Drew about was a construction risk, where we are doing, say, a restoration project on the canal. The risks there are risks of construction overrun because the planning permission has taken longer, so the project takes another six months, with increased costs and a lot of unknown risks, like contamination. We have been hit a number of times when we are restoring and digging out old canals: we have done a sample piling, we have looked at the contamination, we have assessed it at being this amount and then we find a pocket of very nasty material which is very expensive to come out. It is very difficult to get true estimates of the cost of removing and moving utilities, for example. You can make an estimate for them, but actually when you come to do it the gas board or the electricity people say, "We cannot do it now", or "We have got to do it this way", and it becomes more expensive. Those are very, very difficult risks to pin down at the beginning of the project or when you are going for the funding. When we say this is a £50 million

project, we have done a lot of estimating, but it is not until you have got a lot of money, and you can spend up to many millions of pounds really doing the due diligence, that you know what the real risks are, and it is that risk that we are keen to share and it is that risk that the partners like regional development agencies, local authorities and lottery are not willing to share.

Q60 Chairman: What have you got to do to persuade them, because they are interested in these matters because of the regenerative effect, so there are some wider benefits? It almost suggests that they do not value the wider benefits sufficiently well for them to accept the financial risk of actually getting on with the project in the way that you would like them to. For example, the interdepartmental committee touches on some of these things because RDAs are not Defra's responsibility, but how are you going to address that particular issue? Is there any way of rebalancing the risk scenario that you have just outlined to us?

Mr Evans: I think the real way to address it is in our estimating of the cost, and I am not quite sure what the word is—

Q61 Chairman: --- "accurate" probably.

Mr Evans: I do not think you can be accurate with risk. There is a Treasury formula which says when you have got a project in front of you, you should halve the income and double the cost and then you have probably got the project cost right. We are not like that because that would make them all appear hugely expensive and unaffordable. That is the danger of these things because you need to have a lot of enthusiasm and a lot belief to persuade partners to come in and fund them. If you are talking about risk all the time and you are saying, "We think it is 50 but we do not know what we are going to find, it could go up to 70," you scare them off and they do not want to know. Right at the beginning we have got to get the funding of these things and say, "We think it is 50 but we are going to go for £70 million funding and it is £70 million we need." Would it not be great if at the end of the day it only cost us £50 million and we can hand back money to everyone? I do not see any appetite in those organisations to share unknown risk. They want to give the money and say, "We are in it for £5 million. You can use that £5 million but do not come back to us," and, frankly, I have not experienced any appetite for them to say, "Here is £5 million and if the cost rises by £20 million, pop back and so long as it is reasonable costs we will give you another 20 per cent."

Chairman: Roger Williams wants to follow on on that line.

Q62 Mr Williams: It seems to me that when you are making a choice between spending money on maintenance or restoration, maintenance is probably more straightforward and you can estimate the costs more easily and you can understand the benefits whereas when you do restoration it is a much more unknown process in a

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way. How much flexibility and how much independence does BW have in making this decision anyway? We have looked at some guidance from the Government and some supplements have been published from time to time. Does that really constrict you very much as well as all the other aspects that you have been talking about?

Mr Evans: The Strategic Steer is very clear and it matches our own appetite. We are very proud to be running 2,200 miles of existing network and fundamentally the priority for us is to make sure that is open and available. I was thinking very recently that there are 30,000 boats on the network and if each one of those is worth £30,000, that is almost £1 billion worth of investment that people have in the existing network in all those boats. We cannot allow the network to fall away and to become unfunctionable because it is a huge investment by people and so that has to be the priority. We would like to expand the network. We are great believers in waterways and we are great believers in the public benefit they deliver, but the benefit of that is regenerative benefit, as we have already talked about, which goes to the local communities. That is why we want to put someone else's money into the restoration. You ask how much it guides us and restricts us. I do not think it necessarily restricts us; it certainly guides us and we are always looking for value for money. We will do things where we see there is enormous value for money back to British Waterways.

Q63 Mr Williams: When a body such as yours is taking decisions, there is a difference between guidance and statute. Are there any statutory issues that you have got to refer to in taking those decisions?

Mr Evans: As soon as you start talking about statute I will defer to my colleague.

Mr Johnson: There is a framework under the Transport Act 1968 that classifies the waterways and on the classified waterways there is an obligation. Essentially, it is quite a complex structure, the words are "to make them generally available for public use", so the mandatory statutory obligation is that the classified waterways should be maintained in such a condition that they are generally available for public use, so they will have the priority. There is about 20 per cent of the network that is not classified waterways, so the obligations are less there, but for those that are already navigable where it is our aim to keep them navigable and in the long term make them classified.

Q64 Chairman: I love the term "classified", it sounds as if you have got a secret canal network that none of us has known about and suddenly you have revealed to us that there is a secret network, but we will not probe you on that! I would however just like to explore a little more, you made very clear the risks as far as restoration projects are concerned and the attitude of your partners, but just for the record if we look at the coming first year of the current comprehensive spending round, how much of your income is currently predicated on commercial

ventures where you are going to partner with others to bring in income for the benefit of your waterways expenditure?

Mr Johnson: If we are talking specifically about the joint ventures, which is really the development side and the riskier side of our property, going forward I think I am right in saying that it is probably about £40 to £45 million over the three years.

Q65 Chairman: We are presently in unprecedented financial times and a lot of people will be very uncertain at the present time as to what they are prepared to invest in. It may be very difficult to answer the question but, for example, looking at the Walsall Regeneration Company, it is quite interesting as you go through their evidence there are obviously projects in train which have a certainty that they are going to take place, but as we move on a number of the projects are aspirational, they are things that they would like to do. Do you anticipate that potential partners like those listed here will be re-evaluating what they are now prepared to come into and that potential funders will be re-examining this. In other words, at what point do you anticipate that that sum of money may start to have to be reduced?

Mr Evans: The Chairman chairs a property sub-committee of the board, and we are very lucky to have some eminent property people on the board, and about six months ago, right from the very start when the credit crunch started to come in after the summer, we began talking about the risks and we began to look at our positions, we began to look at what we were going to put our capital into and what we were not. We reassess our position monthly and we reassess what the likely returns are going to be. We are very fortunate, we have some cracking projects on some cracking sites, and there is no question that they will be developed and they will be built and there will be profits coming back to BW; the issue is when? In a really fast-moving, go-ahead market, if you can get planning permission, you can build a building and you can find someone to occupy it in a relatively short time. In the current market getting planning permission is difficult, as always, but then putting the funding package together is very, very difficult, so what we are doing constantly is pushing out those returns over a long period.

Mr Hales: I think in the short term most of our commercial income is pretty predictable. Most of our commercial income today is coming from boaters, marinas, utilities, standard income from property.

Q66 Chairman: When you say short term what do you mean?

Mr Hales: I am talking about the next three years, so we are fairly predictable for most of our commercial income over the next three years. We then have a chunk of it, which is the piece that Robin was talking about, which is our joint ventures which is property development as opposed to commercial income, coming in from our existing investments, and that is the bit that is more uncertain. We are pretty confident with Gloucester Quays. We are close to

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getting 15 per cent let and that is a very key figure for us down there. It is being built. We have blocks of flats in Manchester and Leeds which are certainly speculative at the moment and that will depend on the housing market in 12 months' time. We have a major scheme down in Brentford where again an underlying amount of that is predictable. The cream on the top is unpredictable, it is not just commercial housing.

Q67 Chairman: So in terms of impact, it is the regeneration projects which may start to slow down simply because the deal rate cannot be done?

Mr Hales: Yes. Specifically it is regeneration, property development.

Q68 Chairman: Do you think that one of the issues that will come out is a reappraisal of the rate of return which will have to be earned on your projects simply because capital is going to be available but for less risky projects, and one way to de-risk it is to be able to offer an enhanced return to an investor?

Mr Hales: Sorry, push it again please.

Q69 Chairman: I suppose it is trying to get some feel that as capital becomes more scarce, as investors in property projects become more risk averse, they are only going to go to the things which give them the best rate of return, and bearing in mind investment in property is a competitive activity, what I am not an expert in is to know how attractive investing in some of these canal side developments is. I remember when you took us around, you said, by and large, prices were 20 per cent higher for comparative properties located alongside your canals but you also made the point that the things you are really interested in are the things you can have a stake in where you have got the land. Inevitably, outwith the canal network there may be even better opportunities but there are a number of those opportunities that people under the current circumstances may not even have the money to contemplate.

Mr Hales: What we are looking for is to get a 15 per cent return on our development capital. Given the current more difficult circumstances we may be more inclined to stay with some of our steady eight per cent returning income for another year or two rather than to risk it to get that 15 per cent because clearly the higher return is there because there is a much higher risk.

Q70 Chairman: And in terms of going forward, I presume that one of the jobs you are going to do is to re-evaluate the list of possibilities, going back to what the Walsall Regeneration Company for example have on their list of projects. I do not want you at this stage to comment because we have not the time nor the detail but I presume some of those things become less likely to happen given the scenario you have just outlined?

Mr Hales: Yes.

Chairman: Let us move on then to Mr Drew.

Q71 Mr Drew: We have heard quite a lot about partnership and you can imagine the name BW is not high up the list of most loved organisations in the Stroud area at the moment. How can you defend not sharing what was a major decision with the partners in the Cotswold Canals project? I know you could not get hold of the MPs, who are notably elusive, but there were other partners who had ten minutes' notice (the press already knew) of being told that their project that some of them had worked on for 20 years was effectively in tatters?

Mr Evans: I am not sure I agree with the last point but I do understand the concern that people had at the relatively short notice of our decision. It was a very difficult decision to take as to how to notify everyone. Each and every one of our partners considers themselves to be an important partner and entitled to have early warning of something like this. I found it impossible to distinguish between the partners as to who should be told early and who should not be told early. I also had a project team of ten or 12 people whose jobs were going to be under threat as a result of this decision.

Q72 Mr Drew: One of whom you had only just brought in, Jason Leach, he was there a week.

Mr Evans: But he is going to manage our Droitwich project and I saw him only a couple of days ago and he is very content managing the Droitwich project. We could not allow something to seep out which would be entirely unfair to our people, so I took the difficult decision that we would make a very clean and crisp and clear announcement that it was our decision, that it was the board's decision. I was very conscious that we had been accused in the past of dilly-dallying, being wishy-washy, and almost ransoming other people by saying we could not afford it unless they came up with the money. The board had made a very difficult decision but it was a very clear decision and so I decided the best way was to make that decision at the same time to everyone but in advance trying to get people on the phone to let them know it was coming.

Q73 Mr Drew: I brought the Select Committee down to have a look at this canal. They might feel that I personally have led them up the garden path but they will have their own views in a minute. What changed fundamentally from the visit that we had, where it was possible to see some of the problems, because obviously even at that stage the project was somewhat behind, but what fundamentally changed from our visit where the view was given to us, I am not just saying this, my colleagues will say if this was an unfair impression, that this was the number one restoration project that you were involved with because it certainly went from number one to number zero in the hierarchy of where BW looks at things? What drove that change? It cannot have been an overnight thing surely?

Mr Hales: This project has been quite a struggle all the way through and the funding issue has been there for a long time. I just pick one or two of the dates. In July 2005, British Waterways agreed to put £1 million in, which was our first £1 million plug

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because the addition of all the other funders was short and to keep going it needed £1 million, but the board did that knowing that there were further risks of contamination and uncertain land values. In November 2006, the board agreed to increase the £1 million to £3 million because we were struggling again with the funding. In June 2007, it was mooted that we may have to move from £3 million to £6 million and that was a considerable debate. Indeed before that we had had both Messrs Hall and Hagg invited to address the board in March, the board at that stage knowing that we were struggling and would need to put some more money in.

Q74 Chairman: Could you just for the record identify whose organisation those two gentlemen were from?

Mr Hales: David Hagg is the Chief Executive of Stroud Council and Bruce Hall is the Chairman of the Canals Trust. I would say they were engaged with the board and made a very spirited plea for the board to put up more money, so in July 2007 the board agreed to increase the investment and this was really quite against our normal policy to £6 million. The chief executive in November then advised that we had further difficulties with land values in particular and part of the contribution of the parties was land which would subsequently be sold. The value of that land depended on the planning permission that it was going to get. The planning permission was going to be affected by the fact that the land was in the flood plain. The Environment Agency would clearly be taking a more heightened attitude to the risk of flooding. There were issues over social housing and also Stroud Council was ahead of its commitment and requirement to build housing, so we therefore felt that we were carrying a risk that needed to be transferred. Stroud were prepared to take that risk on and take over the part of the restoration concerned with Brimscombe Port. What they were not prepared to do—

Q75 Mr Drew: Can you say that again? Stroud took on Brimscombe Port.

Mr Hales: They were going to take it on.

Q76 Mr Drew: They agreed to take it on.

Mr Hales: But they were not able to indemnify us if they did not carry through the restoration, and if they did not carry through the restoration then we were liable for a clawback of £11 million from the Lottery. There was a risk of that. It may not have happened—

Q77 Mr Drew: Was that in writing from the Heritage Lottery Fund?

Mr Hales: Yes it was, so there was a risk.

Q78 Mr Drew: But you are a partner with these other organisations?

Mr Hales: It might have been a low risk but it was a risk. There was a risk that Stroud were not going to complete and there was a risk that HLF would claw back and we did not feel with the combination of the £6 million going in, the £11 million of risk, and then

the Mon & Brec breaching, which it did on 16 October, we just did not have the funds to be able to do everything we wanted to do. We had to take a difficult choice and so the board took that choice which was very much in line with both our legal guidance and the guidance that we had had that we must preserve the Mon & Brec. There were already 400 boats and a number of businesses that were dependent on the Mon & Brec and that had to have priority over the Cotswolds. It was a very, very sad decision. We still want to see the Cotswold restoration progress and we will do whatever we can in moral terms rather than cash terms to support that restoration.

Q79 Mr Drew: You said earlier that the regional development agencies are key to this because they have got more money than you and have got the ability to churn that money. How do you think SWRDA feel about the way in which you have behaved over this particular canal. The fact that they were not terribly willing partners to start with but they have stuck with it.

Mr Hales: I am sure they are disappointed but they put up £6 million in January 2005. They knew that more money was needed and every other partner has known that there is more money that has been needed to complete this. Only a small amount of additional money was committed from the voluntary sector and we are talking about hundreds of thousands of pounds. The only people who increased their commitment were British Waterways from £1 million to £6 million and we were not prepared to go beyond that.

Q80 Mr Drew: If we can move on to the issue of the lease and the evidence that came to us from the company proprietors.³ It is probably Mr Johnson who is best to answer this. They are absolutely clear that you signed a lease with the company proprietors and you have broken your agreement over that lease and they feel that that is, at least legally, questionable, and I have to say this is of prime concern to me because that canal was overtopped again on Sunday night so I was along there watching people potentially flooding, which does cause me some alarm. As a constituency MP, I need to get some clarification. Do you intend to actually honour the lease that you signed?

Mr Johnson: When the lease was drawn up, it was anticipated, or it was covered, that there may be a problem with the project not going ahead, so the lease does contain within it the ability of BW to surrender that lease when it came to the view that the project could not be completed, so we do have the option to surrender that lease and that option was there at the outset, and the parties negotiated and entered into that lease knowing that, in effect, there was a break clause within it that if the restoration was not going to go ahead, BW could surrender the lease back to the company proprietors.

³ Ev 103

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Q81 Mr Drew: I am not going to go into the details of that but I have read the lease and there is certainly some questioning of whether the actual break point that you have engaged in is appropriate in terms of what we are with this project, because in a sense the assumption was that there would be a project that started and there would be some extraneous situation that would have arisen. That is not the case; you have chosen effectively before the project has got underway to pull out of that?

Mr Evans: Can I just say we have not broken the lease. We have not talked to anyone about breaking the lease.

Q82 Mr Drew: So the canal is still yours?

Mr Evans: Today the canal is still ours; we still hold that lease.

Q83 Mr Drew: So if there is a liability it is your liability?

Mr Evans: That lease is current today and any liabilities under that lease are our liabilities. We are not doing anything precipitate in advance of understanding how the remaining partners want to take forward the partnership. It would be wrong of us and we have made it very clear that we are not rushing into any decisions. We want to be very clear about what rights we have under the lease and what we can do but, so far as I am concerned, we are waiting to hear how the partners want to take forward the project. The Chairman has just said we will do all we morally can to assist them, and if that is around the way the lease continues or does not continue and is handed over to somebody else, we are here to talk about it.

Q84 Mr Drew: That is quite a strange situation where you own a canal that you want somebody else to develop? Is that a normal state of affairs? It may well be that you should not have owned the canal in the first place and you get somebody else to develop it and then you take it over but you are the other way round; you own a canal that you are effectively asking other agents to go on and develop with at least the partnership money that was there and that you were a party to.

Mr Johnson: If I could explain discussions on the lease, the company proprietors up to that date had been getting income from some car parking that they had in the Ebley Mill area that was paying their cost of doing the caretaking of the canal. When that stretch was dug out, they lost that income, so they were very keen that we took on, in a sense, the caretaking of the canal pending development by taking on the lease. We knew at the time that the full funding arrangements were not in place but to enable us to temporarily take over that caretaking, with the company proprietors losing the income that they had been paying for that caretaking, we said we will take on the lease early before all the funding is in place but we have to have within it a break clause if this funding package and if the project actually does not come together.

Q85 Mr Drew: I probably know enough about this but I am a little bit confused in the sense that either it is your canal or it is not your canal. There may be arguments over whether there is a break clause that you may wish to exercise but at the moment, Robin, you are saying it is your canal?

Mr Evans: We have the lease of it. We are the occupiers and we have the lease. So the company proprietors own the freehold and we have the lease. I do not think it is wrong or strange that we own a canal that someone else may restore. I have always said what we are into is seeing the network expanded, growing and encouraging restoration. There are local groups, near where I live, they are restoring the Wendover Arm, a property that we own, and they are restoring it on a purely voluntary basis.

Q86 Mr Drew: You have got the liability then? You have got the liability on that and you are happy if somebody else restores the Cotswold Canals you keep the liability?

Mr Evans: What we do is we work very closely with the Wendover Arm Trust. They use our engineering expertise to check what they are doing and we ensure that what they are doing would meet our specifications, so when in some glorious day in the future it is completed, we can take it over. I think that is wonderful, otherwise we will become a bottleneck for restoration. If we say only we can do restoration then that is not good. I want the restoration to flourish and in many different forms. I see no problem whatsoever in principle of other people restoring canals for us and us taking them over in the future.

Q87 Sir Peter Soulsby: There are some restoration schemes or even new development schemes that can only be possible if BW does not just facilitate them in the way that you are doing there but if BW is actively involved and takes a leading role in them. I do not know how things stand now with Lichfield-Hatherton or with the Bedford-Milton Keynes that some aspire to build but I would have thought on schemes like that BW needs to be right in the lead. Have you taken a view as to whether what you have decided with regards to the Cotswolds is a general approach to being involved in large schemes like those?

Mr Evans: I would correct you. We are not the lead of Bedford-Milton Keynes and they are taking that forward and they have had a lot of success and they got into the last nine of the Big Lottery funding and they were unfortunate not to be selected in the last three. They did that with us as a partner in the background; we were not the lead. The Lichfield-Hatherton is very much a canal trust-led restoration. We are not involved in that at all other than trying to help them technically. To come back to your question, withdrawing from the Cotswolds is not signalling a change of policy or a change of approach. Where we can help deliver and ensure delivery of a restoration project within reasonable bounds of risks, we are desperately keen to do so and will continue to do that, but, as the Chairman says,

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our policy is to put seed corn money in only and not take money away from the care of the network to expand the network.

Q88 Sir Peter Soulsby: So you are saying, and I think it is what you are saying, that the decision with regards to the Cotswolds does not signal a significant change of attitude or involvement of British Waterways more generally?

Mr Evans: Not at all. It was a particular difficult funding circumstance the board found itself in with huge cost liabilities on the Mon & Brec and it simply could not afford to do everything that it had planned to do.

Q89 Chairman: Does that mean that if the Mon & Brec Canal had not got a problem you would have done it?

Mr Evans: Yes.

Mr Williams: That was the essence of my question. I feel a little bit responsible for all this—not that I am responsible for the breach, but—

Chairman: --- one night he sneaked out and sabotaged this project, I see!

Q90 Mr Williams: What efforts did British Waterways make to try to fulfil its responsibilities for the breach and really upgrading the Mon & Brecon Canal and being involved in the Cotswold restoration? Was there any way in which it could have been handled over the period of time so both could have been accomplished?

Mr Hales: It is the pressure particularly on time that here is a canal (you say your canal but it is our canal) where there are a number of businesses on it. There is a significant number of hire boat operators. There are 400 boats already operating and there are 30 miles of canals which are there and connected up. If we were going to open for next season there was only one way that we could do it and that was to commit the £7 million immediately, which we have done. There is still another £6 million to £8 million which needs to be found to secure the future of the Mon & Brec given the risks that have now been identified. We have got Rhodri Morgan out on the canal with our directors next week. We would like to try and get the Welsh Assembly to put up some money. We want the local community to engage in this but we could not get the money in time to re-open it except from our own resources.

Mr Williams: Just to say I was reading the history of the building of the canal over the weekend, not the whole of the Mon & Brec Canal but when it was just the Abergavenny Brec part of it, before it was extended, and this is not first time that there have been financial problems associated with the canal.

Q91 Chairman: When did you first become aware that there was this degree of a problem with this canal?

Mr Hales: The Mon & Brec? It suddenly went. This was totally unexpected—and Jim should answer this—the inspection regime was absolutely up-to-date and it was a land slip, it was extraordinary, an unusual canal and the side of the mountain slipped away.

Mr Stirling: It was a completely unexpected failure. We had carried out our normal inspection on the Friday. I think it was Tuesday at 7 o'clock in the morning the canal breached and we had no warning of it. That is incredibly unusual.

Q92 Mr Williams: Can I just follow that a little bit. Such a massive breach as that might have been quite exceptional but there had been reports all along from residents living along the canal about leakages and seepages that they felt were detrimental to their properties and their quality of life.

Mr Stirling: It is very true that the Mon & Brec leaks. There was a very large failure in the mid-1970s on the Mon & Brec so a considerable amount of work was done investigating the rest of it, getting external reports and various other things, and considerable money has been spent in the 1970s and in the 1980s on lining sections of the canal. Some of those sections which are lined still leak but although the leak is causing aggravation to neighbours we do not consider there is an enormous immediate risk to the neighbours. Interestingly, where the canal actually failed there was no indication in any of the work that British Waterways had done or in the external reports which we have checked, that indicated that that particular location was a particular risk and therefore it was never lined. So looking forward what we are doing on the Mon & Brec, because of the suddenness of the failure which was so unusual—it just does not happen like that, you get warning, you get a leak, you monitor the leak and you get a fair indication that the canal is deteriorating. Going forward, one of the reasons the expenditure on the Mon & Brec is so considerable is we do not deem that we can take that risk. What we have done is used very clever mathematics to say if it were to breach, what is the impact so we have only looked at the consequences rather than the likelihood. We would normally take likelihood and consequence and weigh them up together. Because the Mon & Brec failed like that with no warning we have said we cannot measure likelihood on the Mon & Brec so we have got to consider only consequence. That is why we are spending the amounts of money we are spending on the Mon & Brec.

Q93 Mr Drew: Presumably you have seen the report by Dudley Jones into the Mon & Brec; is that something that has come to you? It is certainly going round the waterways world because I have got at least three copies of it.

Mr Stirling: I am not familiar with it.

Chairman: Could you tell us who Mr Jones is?

Q94 Mr Drew: He is a civil engineer and he has carried out his own investigations into it and, to put it in a nutshell, he is very critical at the lack of maintenance and believes that this was an entirely

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preventable slippage. If you have not seen it I will happily send you a copy, but if you go on to any of the waterways email sites or websites I am sure you will get a copy of it. You have not seen that so you cannot make a judgment on whether he is making justifiable criticisms. Can I take you back to Cotswolds again. The reason I was asking you earlier about what canals you were lead partner in and what locations they were in is that the biggest problem the Cotswolds face now is the fact that the Heritage Lottery Fund continuation of funding is dependent on them having a new lead partner and they are clearly within their rights to say that BW are the lead partner and if BW walks we do not have to be forthcoming with the money. What is your take on that? Have you talked to the Heritage Lottery Fund about whether they should carry on with their funding of the remaining partners, and presumably either the RDA or Stroud District Council have got to become the new lead partner? To what extent are you prepared to help the new lead partner so it gets you out of this spot?

Mr Evans: I have met with the HLF and I have encouraged them to hang on in there. I absolutely and truly believe there is a very exciting project to be delivered on the Cotswolds in a new way, largely led and delivered by the voluntary sector. The Cotswold Canals Trust is a remarkable organisation. It is by far and away the strongest and most professional and most able of the canal trusts in the country. They have a quite extraordinary capability for raising funds and they have engendered a massive amount of community following. Stroud District Council are very close to them and share their passion for delivery. In my experience, that is a very really good recipe for doing something and I told the HLF they should not and must not rush into making hasty decisions about how their funding should be spent. They should give Stroud and the Cotswold Canals Trust time to reconsider and find a way in which this could be delivered in a different way, and I do believe that is possible. It will be different from the way we delivered it. It will probably take longer than the way we would have delivered it but from a community engagement perspective and from leading the way in how such restoration programmes could go forward in the future, that is really possible. I have said that to HLF. We have said consistently to the partners we will withdraw and we will stop doing what we are doing but then we will facilitate an orderly and proper handover of all the intellectual property we have, all the skills, all the understandings we have. We are not holding out anything. We want to do what we can to enable others to take this project forward. The reason we are not doing it is simply because we cannot afford it. It is not because we do not think it is a good project. We would love to see it being done but we cannot afford it.

Q95 Mr Drew: How do you respond to the criticism of certainly the Cotswold Canals Trust that you have been delaying things unduly, that they could have got on with some of the work if they had had some of the money up-front? They have a track

record of replacing bridges and dealing with some of the difficult features along some of the earlier stretches of the canal, not so much this one. Is that a criticism that you accept or do you think it was just an accident of fate that things went wrong and there was a delay and then the Mon & Brec took over?

Mr Evans: First of all I would say I think British Waterways are the only people with money at risk on this canal. We have spent something like £2.5, almost £3 million.

Q96 Mr Drew: The District Council have got money in and the RDA have got money in.

Mr Evans: You are absolutely right the RDA have bought property. They have got money in and they have property which they could sell and get the money back.

Q97 Mr Drew: They have got the risk.

Mr Evans: They have got the risk of whether they will sell that for the same amount as if they sold it today, but British Waterways have gone ahead with the project and we have funded a whole team of people to do all the investigative work for about 18 months to two years ahead of claiming the money back from HLF. We have started on the Oil Mills site, got contractors working on that and will finish that. That is our money doing that we will obviously try and reclaim it from the grant providers like HLF and INTERREG on Europe. BW have been constantly the only ones to significantly put money at risk on the project, so we have been trying to keep this project alive for a good 18 months/two years. As far as delay goes, it is this whole issue of due diligence. There was great euphoria and quite understandable euphoria when we put the funding package together and the HLF came up with the money and SWRDA came up with the money. To those people it was job done, there was the funding, but all that did was enable us to have the confidence to go and understand and do the due diligence of what the issues were and the challenges were of delivering it. As we did more due diligence we came up with more challenges which threatened the viability. I said last time in front of this Committee that we are not going to push the button and start to restore canals when we did not know what the end cost was. We did that on the Rochdale, we did that on Huddersfield Narrow, we did that on the Ribble Link, and we did that on the Millennium Link, and on each and every one of those restorations we ended up paying substantially more money than we planned to do. In the climate we are in we just do not have the capability to absorb those on costs.

Q98 Mr Drew: So when you rang Jonathan Shaw on 28 January and you told him this, did you ask him for any money for potential gap finance between what you think you have extended yourself to and what the other partners would expect from BW? Was there a Defra solution to this or did you not get many options?

Mr Evans: I did not actually speak to Jonathan Shaw, I spoke to Sarah Nason, my contact, and told her of the board decision.

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Q99 Mr Drew: Can you remember the last time you had daily contact with the Defra office even though there seemed to be some difficulties in messages getting through to the then Minister. This Minister is much more on the ball and much more willing to listen but you left a message on 28 January, “Sorry Jonathan, no go on the Cotswold period?”

Mr Evans: That was the board decision. It was the board’s decision that they took because they have to manage the resources they have and take those decisions.

Q100 Mr Drew: So the parent minister has got no particular blocking or acquiescent role in this? He just has to say, “Okay, that is you out, not my problem,” given that he joyfully told me—and it was the first thing he did as the new Waterways Minister—that we have got the money? I said, “We have already got the money, Jonathan,” but he assured me that we had got the money again. He did not tell me quite that we had lost the money because you told me we had lost the money but where are we with ministers? What do they do, do they have any views on this?

Mr Evans: As far as I am concerned, the Minister and the civil servants knew all the history to this project and we had been to them throughout the CSR negotiations, and the Cotswolds was an issue which we had brought up constantly with them, so there was no lack of understanding of the need for more money to give the security and confidence to go ahead. Defra were unable to do any better than they had done with the CSR settlement. I did not ask for money because as far as I was concerned there was a 99.999 per cent chance, in fact there was no chance of them coming up with it, but had the Minister wanted to say something that is why we telephoned them. Under the deal, it is a “no surprises” relationship, and that was what I did, I phoned the civil servants and said the board has made this decision, you should know this, you should tell the Minister and he knows in advance of anyone else.

Chairman: Okay. Thank you very much indeed. That was very useful. We will have a chance to talk to the Minister tomorrow to hear his side of the story but thank you, as always, for your contributions both orally and in writing, and to the other 120 people who were prompted, we also say thank you for the very similar messages that we received.

Supplementary memorandum submitted by British Waterways

	<i>Millennium Link</i>	<i>Kennet & Avon Canal</i>	<i>Rochdale Canal¹</i>	<i>Huddersfield Narrow Canal</i>	<i>Cotswolds Canals Canal²</i>
Date of report	2007	2006	2004	2004	
Baseline year for assessment	1999	1995	1990	1990	
Year of assessment	2007	2005	2003	2003	
Additional capital investment generated	£178m	£375m–£435m	£260m	£100m	£83m
Waterside development-related employment	2,653 FTEs	2,700 FTEs	3,000 FTEs	800 FTEs	600 FTEs
Visitor/tourist-related employment generated/safeguarded	1,477 FTEs	1,085 FTEs	150 FTEs	160 FTEs	21 FTEs
Residential units created	1,052	n/a	1,400	650	360-600
Cost of restoration	£84.5m	£29.24m	£23.8m	£32m	£37m
Lottery, RDA, local authority or voluntary sector funding	81%	close to 100%	close to 100%	close to 100%	84%
BW funding ³	19%				16%

Notes: ¹ Includes developments on Rochdale Canal in Central Manchester

² Forecast outputs in the five to ten years following restoration. Costs based on BW’s commitment to the CCP prior to the 4 Feb ’08 decision

³ In most instances BW funding has been small and almost entirely in the form of staff time—with the exception of the Millennium Link, where BW had statutory liabilities, and the Cotswold Canals

Wednesday 19 March 2008

Members present

Mr Michael Jack, in the Chair

Mr David Drew
Patrick Hall
Lynne Jones
David Lepper

Miss Anne McIntosh
Sir Peter Soulsby
David Taylor
Paddy Tipping

Memorandum submitted by the Department for Environment, Food and Rural Affairs

1. This memorandum updates the Committee on Defra's work to follow up agreed recommendations to the 2007 Inquiry into British Waterways ahead of its one-off evidence session to examine British Waterways' regeneration and restoration role.

FUTURE FUNDING/CSR SETTLEMENT

2. Grant funding for British Waterways of £56.624 million (plus £1.024 million towards the repayment of the capital of a National Fund Loan) in 2008–09 has been confirmed. We have maintained investment in the canal network at broadly flat cash which reflects Defra's commitment to the waterways and recognises the value of maintaining the integrity of the existing BW canal network for delivery of a wide range of public benefits including regeneration. This is the best that could be realistically achieved for the waterways within a tight spending review and competing priorities. We shall be finalising the position for 2009–10 and 2010–11 over the coming weeks.

DEFRA STRATEGIC STEER ON GOVERNMENT PRIORITIES FOR CSR PERIOD

3. Defra understands the importance of its role in sponsoring British Waterways as the custodian of the waterways network on behalf of Government, which delivers a wide range of public benefits including regeneration. Government acknowledges the good work British Waterways does in maintaining and improving the historic network for current use and future generations as well as its involvement in regenerating communities through both maintaining a vibrant canal network and developing its property adjacent to the waterside. We also recognise that British Waterways has to balance many different and competing priorities within finite resources. For this reason Defra has set out a Strategic Steer for British Waterways provides more detailed guidance on government priorities and in association with this has agreed a Deal to help strengthen our positive partnership with British Waterways (both attached) and these documents were developed in the last quarter of 2007, provisionally agreed in January 2008 and formally confirmed in February 2008.

4. The Steer advises that the three areas for Government priority in England and Wales are:

- (i) maintaining the network in satisfactory order to deliver a wide range of associated public benefits;
- (ii) achieving the shared Government/BW longer term vision of moving towards greater self sufficiency;
- (iii) delivering a range of additional public benefits.

5. Government broadly favours (i) as the first and foremost priority. We have agreed with British Waterways that their main priority for the CSR period is to maintain a vibrant existing network to enable public benefits dependent on it, such as regeneration, to be delivered. Nevertheless we look to the British Waterways Board to strike a balance between the objectives, taking account of the costs and benefits, in deciding what British Waterways can reasonably achieve against all three.

6. Apart from the regenerative impact of a vibrant waterway network, Government fully recognises the potential of specific regeneration projects to contribute to government regional and urban economic development programmes as well as sometimes delivering commercial income to help support the network. Regeneration projects are mainly funded by external sources such as grants from RDAs and local authorities, lottery funds etc and involve many other partners. However, these grants are generally only towards the capital investment required and do not help meet the ongoing costs of maintaining any restored canals or new waterways which need to be met by British Waterways.

7. Given maintaining the existing network is our agreed main priority, Government supports British Waterways restoration activities, only where there are overriding benefits and where new cost streams do not compromise its ability to maintain the existing network in good order. Although restoration projects may bring regeneration benefits, there are ongoing costs to British Waterways which need to be carefully assessed for affordability. In addition, British Waterways often carries the risk of the project when it acts

as project manager (in the case of the Cotswolds Canal Project, this had doubled to £6 million and could be more). Whether or not to engage in restoration projects is clearly a matter for the British Waterways Board in the light of the need for it to carefully assess the wide range of costs and benefits and alternatives together with existing pressures. Central government is not well placed to decide between restoration projects across the country or fund them through the grant to British Waterways which is to maintain the canal network. These projects benefit local communities and it is for regional and local funding providers to decide on priorities and what should be supported. Whilst some modest seedcorn funding might be appropriate, Government does not believe it is for British Waterways to carry the risk and responsibility for restoration projects—beneficiaries should share the burden.

INTERDEPARTMENTAL GROUP

8. Defra has met its commitment to set up an Interdepartmental Group to formalise and strengthen contact with other Government departments and make sure that the potential benefits of waterways are understood. The Group met for the first time last December and agreed its Terms of Reference [attached] and will meet again in the Spring. The Group also considered the Strategic Steer before it was agreed.

9. Going forward the Group will be involved in a new research project on the economic and social benefits of the waterways to help form a cohesive view of the ways in which the inland waterways contribute more widely to our objectives. Defra is in the process of commissioning the research with advice from experts—IWAC, AINA and British Waterways. The identification of the benefits and beneficiaries should help focus attention on most appropriate sources of funding for further support of inland waterways.

10. Further to a DfT study on which waterways are best suited to freight use (due to be published in late March), the Group will consider whether there is a need to set up an Industry/Government group to take forward how Government and industry might further encourage more businesses to move onto the waterways.

11. We are also intending to review Waterways for Tomorrow with other Government Departments over the next year. The Government's policies for inland waterways, as set out in Waterways for Tomorrow published in June 2000, encourage a modern, integrated and sustainable approach to their use. However, it needs updating to reflect new cross Government Public Service Agreements for the CSR period, including climate change and protection of the environment on which Defra leads.

DEFRA'S RELATIONSHIP WITH STAKEHOLDERS

12. Jonathan Shaw has made a number of visits to the waterways including to key regeneration projects in the Midlands, the Olympics, and Wood Wharf, the latter with the potential to generate significant commercial funding for the network in the future. He met a wide range of stakeholders last December in a constructive and useful meeting and another such forum is planned for the summer.

RELATIONSHIPS BETWEEN DEFRA AND BW

13. British Waterways has a good relationship with Jonathan Shaw with regular contact every few months (in July, September, October, November and this month). His next BW visit planned is when he goes to see the Monmouthshire and Brecon Canal. He will meet the British Waterways Board on 19th March.

14. Defra has been working closely with British Waterways to agree the Strategic Steer and Deal and on its strategy for the longer term. Both Defra and British Waterways are now working to apply the Deal. In this, inter alia, Defra agrees not to seek to micromanage British Waterways and the British Waterways Board agrees to manage risk and be accountable for its decisions. The Chief Executive and Chair regularly meet Defra officials and the Shareholder Executive, including at Quarterly Shareholder Meetings, to go through British Waterways' business performance, plans, projects and risk so that Defra can have an effective engagement in British Waterways' business planning process.

BRITISH WATERWAYS STATUS REVIEW

15. We will consider carefully the outcome of British Waterways' Status Review into whether there are other structural models which might enable British Waterways to increase its commercial income for spending on the waterways.

DEFRA

March 2008

British Waterways: DEFRA Strategic Steer for Business Planning

INTRODUCTION

1. Since the EFRA Committee enquiry Defra and British Waterways have been considering the form and content of an agreed strategy for BW in England and Wales which will give Defra Ministers an assurance that the Government's priorities will be taken into account in decision making by the BW Board. In the immediate future there is a need to agree delivery priorities to be attached to the allocation Defra will provide to BW for the CSR period 2008–9 to 2010–11. This needs to be framed within a shared longer term strategic direction the pace and extent of which will be influenced by the outcome of the current BW review into its organisational status.

2. The allocation for the CSR period will reflect an increased injection of capital reflecting the importance of maintaining the network to us and to help secure immediate and longer term reduction in taxpayer support for ongoing operations. It will also seek a BW commitment to help fund the Government's priorities from its commercial capital pot over the 3 years of the CSR period whilst plans are developed to increase BW's self sufficiency in the longer term.

DEFRA'S STRATEGIC PRIORITIES

3. Defra recognises that its sponsorship of British Waterways enables BW to discharge its duties in England and Wales as the custodian of the canal network for posterity on behalf of the Government and reflecting statutory obligations. For Defra this is one of our "Licence To Operate" areas (LTO) which needs to be got right in the public interest and for the reputation of the Department. Realistically, BW will not be central to the delivery of the two key outcomes for the Department captured in its PSAs on climate change and the natural environment; but Ministers are committed to recognising the importance of the LTO areas (egs of others are flood risk management and animal health) in their decision making on allocations in what is a very tough CSR period.

4. Government's priorities for BW in England and Wales can be divided into three areas—(i) maintaining the network in satisfactory order; (ii) achieving the shared Govt/BW longer term vision of moving towards greater self sufficiency through the growth of commercial business and other funding sources (these are to some extent inter-dependent—as growth of income can allow more investment in the network, and therefore prioritisation between them is not easy); and (iii) delivering a range of additional public benefits that are not indivisible from maintaining the network, eg developing opportunities for sustainable transport/freight, affordable housing, biodiversity enhancement, small scale renewable energy projects etc. The Government broadly favours (i) as the first and foremost priority, especially as this has a strong linkage with the delivery of many public policy priorities such as regeneration, sustainable landscapes and communities and public health. But a balance must be struck with the other two as all are clearly important. Further detail on each priority is as follows:

(i) *Maintaining the network in satisfactory order.*

The canal network is an important and treasured national heritage asset that when in good order delivers strong public benefits; but it has to be used and valued by the public. It fits within the Defra Intermediate Outcomes of achieving sustainable living landscapes and promotion of recreation within the environment (walking, canoeing, boating, angling etc)—but also contributes significantly towards a wide range of other Defra and OGD objectives such as regeneration, regional economic performance, local environment quality, conservation of heritage, sustainable communities, public health etc. BW can contribute to a wide range of PSAs; but the primary contribution is almost certainly towards economic prosperity and regeneration as maintaining the network in good condition enables it to give uplift in waterside property values and stimulate business growth. It is worth mentioning that maintaining navigation, apart from being a statutory function, is important as boats add to the public draw and uplift in waterside values as well as bringing to life the heritage landscape. A suite of indicators to reflect progress will be needed and we support the development of an overall stewardship score which reflects both the condition of the assets and how well used they are, both on and alongside the waterways. Such an indicator will be central to our measurement of progress under this priority.

(ii) *Supporting the current BW vision to be largely self sufficient.*

Whilst the term "largely self sufficient" has imprecise meaning and BW is working on a possible revision, we do want BW to grow its commercial business and alternative sources of funding so it can both invest more in the network and reduce central government's commitment over time. There is a critical balance here between the short and longer term—prioritising self sufficiency for the future might not deliver as many benefits as improved investment in the network in the shorter term; maximising the quantifiable best economic return from investment might therefore not always be the Government's priority if eg it resulted in a loss of confidence in the waterways because of a shortage of immediate investment. Furthermore the

Status Review might deliver some opportunities for increased income in the future and the network needs protecting until these are achieved. It is worth noting that BW's investment in waterside property development/joint ventures with partners is supported not just because it might reduce Defra's financial commitment by growing the commercial business but because it can transform local economies and communities and is a strong contributor to regeneration and regional economic performance at the same time as enabling BW to invest more in the waterways over time.

(iii) *Delivering a range of additional public policy benefits from BW operations.*

BW contributes to a wide range of policy objectives. Whilst most BW waterways' public benefits are delivered through (i) and (ii) above they also deliver a range of other benefits which are not incidental but are additional and need to be consciously planned, eg sustainable transport including freight; affordable housing; biodiversity enhancement and carbon reduction through micro energy generation. In many of these areas there are opportunities for BW to run innovative projects that can provide national exemplars. However, the Government recognises that such work has a cost attached and would need the injection of additional resource if (i) and (ii) were not to be adversely affected.

5. The overall Defra steer is that (i) is our top priority because it is the platform for delivering so many public benefits both now and for the future, but Government remains keen for BW also to do what it can to deliver (ii) and (iii) ie to become more self sufficient and to deliver additional public policy benefits where there is a good case for so doing and this will not have a damaging effect on delivering (i) and (ii).

6. Defra does not intend to be prescriptive in telling the BW Board how to discharge its statutory responsibilities or set detailed priorities between the additional public benefits identified above; indeed we look to the Board to strike a balance between the objectives, taking account of the costs and benefits and considering the Government's priorities as set out in its PSAs in deciding what they can reasonably achieve. In implementing these priorities we will expect of course BW to continue to consider its reputation and the perception of stakeholders, especially given Government is the shareholder. Our intention is to assist such prioritisation through working with the new Inter Departmental Group on Inland Waterways (IDG) in developing this strategic steer and inputting into BW's Corporate Plan so it can be formally endorsed by Defra as reflecting the Government's priorities for the period it covers.

EXPANSION OF THE NETWORK

7. BW's current vision is to expand the network and the Government remains supportive of this ambition in principle given the possible public benefits described. However the Government is not in favour of expansion if this compromises BW's ability to maintain the existing network through creating additional ongoing financial liabilities. Provided BW is satisfied that any such ongoing maintenance costs can be contained without such a risk, including without putting pressure on Government grant, we recognise that there will be particular circumstances where the multiple public benefits, including those to BW customers, of say connecting two separate stretches of canal can be significant. Restoration of unused canals can also capture the imagination of the public and produce tremendous volunteer resource but clearly—given the financial constraints—we would expect the capital funding to come from other sources than BW and Defra, eg RDAs or Lottery funds, and, as noted, that BW would seek to make sure its ongoing additional maintenance costs were covered by future return in some way. This also applies where restoration is to deliver wider regeneration benefits rather than waterways/BW business benefits ie where wider public benefits greatly outweigh future returns to BW. However Defra acknowledges that in exceptional circumstances BW might have to invest some of its capital on a *de minimis* seedcorn funding basis to get worthwhile projects off the ground.

BW CORPORATE PLANNING

8. As noted, the BW Board's decision making in relation to the balance to be struck between the objectives and priorities above will be reflected in the Corporate Plan for each rolling three year period. We would like the rationale behind the Plan to be sufficiently articulated for Defra to have clarity on what is being planned and why, including the trade offs that have been considered. This should set out the link to the Government's strategic objectives as reflected in its PSAs, which would be helpful to Ministers in endorsing the Plan. It should also have good indicators of projected achievement which can be monitored. Every time the Corporate Plan is signed off by Ministers they can then consider if they agree with the balance that has been struck by the Board or if they would prefer some adjustment. We can also then consider if there are additional benefits which Government might wish to buy, engaging OGDs in the IDG. It will probably be necessary to see some updated longer term projections, eg of commercial income, to give context to the Plan period and to help the assessment of risk.

“THE DEAL”

9. Defra is keen to work with its delivery partners on articulating an agreed “Deal” which will guide the way in which we work together and what can be expected of each other. It must be of mutual benefit to be satisfactory and is likely to involve some cultural change by both parties. The Deal will help to consolidate the progress Defra and BW have been making on the relationship issues identified by the EFRA Committee earlier this year. The draft Deal is attached at Annex A.

Department for Environment, Food and Rural Affairs

March 2008

DEFRA/BW DEAL**Defra and BW will:**

- promote greater understanding between Defra and BW (both Executive and Board)
- work together on customer focus and effective engagement with stakeholders
- adopt a “No Surprises” policy, giving advance notice of intent, sharing press notices in advance and problems arising
- notwithstanding the need for appropriate accountability, both parties should seek to develop a “No Blame” culture, taking responsibility for their own decisions
- provide sufficient quality and staff resource to enable effective engagement with each other

Defra will:

- give clarity on our strategic priorities
- give as much certainty of funding over three year periods as we can
- not seek to micromanage BW
- support the search for greater freedoms to enable BW to increase income
- work harder across Whitehall to promote the benefits of Inland Waterways to inform policy and encourage additional support
- support BW in the decisions it has to take in operating commercially
- encourage access to Ministers and senior officials and work to build trust

BW will:

- manage risk with the BW Board being accountable for its decisions
- work to achieve clarity for Defra in BW decision making, investment and outputs given the complexity of the BW business, with appropriate suite of indicators, so Defra can monitor delivery and Ministers can have effective engagement in the business planning process
- keep Defra informed as agreed under the Financial Memorandum and as monitored by the Quarterly Shareholder Meeting
- seek to adopt a positive position on wider Government objectives including sustainable development and diversity
- work in partnership with the wider Defra network to achieve Defra’s objectives efficiently

Sarah Nason, Deputy Director, Defra

13 February 2008

Robin Evans, BW Chief Executive

28 February 2008

Terms of reference for Interdepartmental Group

To provide a focal point for

- more effective cross government coordination on inland waterways matters.
- a fuller understanding and recognition of the contribution that the inland waterways can make to government policies for climate change, environmental improvement, public health, recreation, regeneration, heritage, planning, transport and community cohesion.

- Discussion on proposed research into the social and economic value of the waterways and undertake a refresh of government policy for the waterways.
- Discussion on key strategic issues

Witnesses: **Jonathan Shaw MP**, Parliamentary Under-Secretary of State (Marine, Landscape and Rural Affairs), **Mr Robin Mortimer**, Director, Natural Environment Group, and **Ms Sarah Nason**, Deputy Director, Environment Agency Sponsorship and Waterways Division, gave evidence.

Q101 Chairman: Ladies and gentlemen, welcome to the second and final evidence session of our short inquiry into current issues affecting British Waterways. I am delighted that these occasions are proving an irresistible draw. If nothing else, I notice that representatives of British Waterways back here for the second time in 24 hours. We are delighted to see you but we are even more delighted to welcome formally before the Committee Jonathan Shaw, the Parliamentary Under-Secretary at Defra. Jonathan, this is your first time before the Committee and I know colleagues would want to extend their welcome to you, and we hope you will be very happy during your stay with us and indeed your stay in the Department. We also welcome Robin Mortimer, the Director of the Natural Environment Group at Defra, and Sarah Nason, Deputy Director, Environment Agency Sponsorship and Waterways Division, which I think ranks as one of the longest titles that we have had for some time. Minister, when we had your predecessor before us we got the impression that things were not quite as they ought to be in terms of those warm, cosy and friendly relationships that ministers always have with bodies which in Defra's case report to it. I think it might be helpful to us, in the light of the signing on 13 February of this year of the Defra/British Waterways deal, if you could tell us what you have done to bring harmony back into the relationship between your Department and British Waterways as witnessed by this document.

Jonathan Shaw: Thank you, Chairman, and thank you for that warm welcome. I am delighted to be here and I am grateful to have the opportunity to talk about the waterways. Coming to your question, my answer is that in politics you have different relationships with the same people and so sometimes those relationships are difficult and sometimes those relationships are good, and I think that is the experience of people who hold ministerial office. I think that what we have seen in recent months is an acknowledgement by all sides following the very helpful and critical report that this Committee published saying that we could not carry on as we were. It was obviously a period of conflict but I think that we have moved on from that and hence the deal, the new arrangements, and again that is something that the Committee recommended. We have put those in place and I am satisfied that they are working well.

Q102 Chairman: Do you feel you are achieving the right degree of transparency in terms particularly of the information flows between your Department and British Waterways, in other words that you as the minister responsible know what is going on?

Jonathan Shaw: I have no reason to believe that I do not and I make that judgment on the relationship and the advice that I receive from officials and the relationships between officials and those of British Waterways, and I compare that to other delivery bodies that I am responsible for in my portfolio.

Q103 Chairman: What role did you take in helping to draft and input the deal document? I notice that it is signed in fact by Sarah Nason on behalf of the Department, but were you involved in the discussions about agreeing the text?

Jonathan Shaw: Yes I would have received a submission to outline the type of arrangements that officials and British Waterways felt were appropriate to move forward.

Q104 Chairman: Let me just move to the strategy. I think you as a Department have given BW what you term as a "Strategic Steer", and one of the elements of that is to help secure "an immediate and long-term reduction in taxpayer support for on-going operations." Could you flesh out a little bit more what you mean by that because there are two parts—immediate and long term—and yesterday we learned from British Waterways that they felt that they had come to a stable position as far as their funding arrangements were concerned with Defra, so I would be interested to know what you actually mean by immediate and long-term reduction in taxpayer support?

Jonathan Shaw: In the immediate term we want to see that British Waterways maximise the potential for partnership funding. We want to ensure that in the future as part of the review that they are able to borrow whereas at the moment there are constraints upon that. They have also got their investment portfolio and in the long term we hope that that is able to provide investment into the network.

Q105 Chairman: You have given me a general statement the content of which does not surprise me but, in writing those words, there must be some numbers that sit underneath them. In other words, what do you hope will be the result from the immediate and long-term reduction? Is that an aspiration or have you done some work to indicate to BW how the shift of financial responsibility will go during the period of the current CSR?

Jonathan Shaw: They have got their settlement and we have provided them with flat cash and I expect that to remain the same throughout the CSR because I do not anticipate a change on that. In the third year, things are tight for the Department but I am reasonably sure that we will be able to ensure that there is flat cash across that period. During this time and looking to the future, you will be aware that

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we have the review as to their future funding, realising their investments as I said, and also to see what their status is, and obviously we anticipate receiving their status report as to what type of future organisation the BW might be, different from that which it is at the moment, to allow it to borrow and receive funds elsewhere. I cannot give you figures in the CSR period saying, "We are reducing this much and this much has got to come from elsewhere," no, I do not have that for you, Chairman.

Q106 Chairman: I can understand that if you are publicly going to say that you have agreed over the period what the funding position is but what this implies is a direction of financial travel?

Jonathan Shaw: The direction of travel is known as to what we are hoping to achieve, but obviously that is work between ourselves and the organisation at this stage. I am not able to give you the detailed numbers because we are working together on that.

Q107 Chairman: All right. In your Strategic Steer document you also have the terminology "achieving the shared Government/BW longer term vision of moving toward greater self sufficiency through the growth of commercial business." What is longer term, what time-frame are we talking about?

Jonathan Shaw: I have not got a date, I have not got a time-frame that I am able to provide you with.

Q108 Chairman: You have said a longer term vision. Are we talking about the next five years or ten years?

Jonathan Shaw: That all rather depends, does it not, for example on some of the investments that BW have. For example, take Wood Wharf, which is a massive investment, in terms of when they realise that investment will be a judgment for them and the market and what they are able to yield from that, so what it might be like in five or ten years' time the market will determine when they perhaps realise those assets and use those for other means within the waterways.

Q109 Chairman: I would have thought you would have had some idea of the overall time-frame you are looking at here because one of the things again that we discussed yesterday is the state of the property market. Commercial property is not exactly selling like hot cakes at the present time and the ability of BW in the future, notwithstanding the deal flow that they have currently got, to generate more of their own resources could be constrained by virtue of what happens in the market, so I am merely asking what you actually mean. When one talks about "longer term vision" you could have said it is the period of the next CSR after this one or it is somewhere within the next five years or ten years, but all you have told me is you do not have a number.

Jonathan Shaw: No, I do not have a number.

Q110 Chairman: What does "longer term" mean?

Jonathan Shaw: I do not know. As you say, with regard to the volatility of the property market, it would be a matter for BW, with advice from their

representatives and their investors, as to when to realise those assets, but, importantly, BW have not got all their eggs in one basket, and so they have spread their investments and again they have done that, I am advised, wisely to ensure that if there is a significant downturn in their portfolio that it does not go one way, so that is very important for them going forward to ensure that there is confidence, there is a level of funding, but I cannot provide you with a date, Chairman, as to when that should happen because I think there are so many variables.

Q111 Chairman: I did not ask you for a date.

Jonathan Shaw: You are asking me for a time-frame.

Q112 Chairman: I am trying to understand what this term "longer term vision" means because it must mean something; you approved it.

Jonathan Shaw: I approved it.

Q113 Chairman: So what did you think you had agreed to?

Jonathan Shaw: What I knew I had agreed to is within the context of BW's investment and within the context of the status review, it has been our intention, and I think that this was my predecessor's policy as well, that we want to see BW get to a point where they are able to be less reliant on the public purse than they are today. That is the longer term vision. I have not got a time-frame for you, Chairman, I have not got a date for you; that is something that we work on with the organisation and as things progress we will obviously be keeping yourselves and the House and other interested parties advised.

Q114 Chairman: All this is a bit aspirational, is it not?

Jonathan Shaw: There is nothing wrong with aspiration, is there Chairman? Our document *Waterways for Tomorrow* was aspirational. We did not put fixed dates on that but it realised huge investment, more investment than the waterways have ever seen. I think the track record for aspiration is a good one.

Q115 Chairman: Let me probe you on another aspect of this document. First of all, let me just ask you a specific question, BW are preparing their Corporate Plan; when do you think you are going to see it?

Jonathan Shaw: I do not know.

Q116 Chairman: I just want to hear what you have to say because I see that the first part of the deal is that it will promote greater understanding between Defra and BW.

Jonathan Shaw: "I do not know" does not mean to say that I have not been advised, I cannot remember, but in terms of the information flow from BW and my relationship with BW and that of officials, I am satisfied with that, and I am sure I will receive it at an appropriate time.

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Q117 Chairman: I thought this Corporate Plan was supposed to be on a three-year rolling basis. Perhaps Ms Nason can help us?

Ms Nason: We are in discussion at the moment with BW on their Corporate Plan. BW are putting their preliminary ideas, having discussed it preliminarily with us, to their board, and when their board has thought a bit further and produced a more fulsome document they will be putting it to us for agreement. We have been in on-going dialogue with them for some months on it. Normally we would hope to agree it at the start of the CSR period but clearly they have not yet got their allocations from us for years two and three for example, and there are a lot of things to think about, so we are under discussion with them and we hope that the BW board will finally agree it in May, after which Jonathan will agree it, but in the run-up to that May time we will be putting a submission up to the Minister about what it says, issues around a few things, and what we think about them.

Q118 Chairman: So May-ish/June time?

Ms Nason: We hope that we will finalise it. Yes, it is a rolling plan so it will be reviewed again for the next year.

Q119 Chairman: Coming back to my original line of questioning on the balance of funding, whereas the Minister quite rightly said they know what they have got and we have confirmed it for the first year, there is potential flexibility as to how much money they are going to get in years two and three of the CSR.

Jonathan Shaw: We are working towards flat cash. I said that in advance of this year's settlement and we are working towards that for years two and three.

Q120 Chairman: Therefore it would not be an unreasonable assumption to think that as part of the Corporate Plan you might flesh out this question of the balance of funding between public monies and own resources. There may be something more specific in the plan that would elicit a little more clarity on that; would that be an unreasonable suggestion?

Jonathan Shaw: I am sure we will be looking at that.

Q121 Chairman: I know you might be looking at it but you have not answered my question.

Jonathan Shaw: You always make reasonable suggestions, Chairman.

Q122 Chairman: I do not make any suggestions at all about what should be in the Corporate Plan. All I want to know is whether that is something which is going to be considered. If you get a plan for a three-year period, I am sure BW would want to say something about their prospects about how much money they are going to raise taking into account the future development income which they undoubtedly have.

Jonathan Shaw: I am sure we will.

Q123 Chairman: They will; you are not writing the Corporate Plan.

Jonathan Shaw: No, I am not writing the Corporate Plan but I am sure we will have a discussion about their assets, about their investments and what they hope to realise, and that relationship with the grant.

Q124 Chairman: Before I pass the questioning over to one of my colleagues, I would just like to probe a little bit more about how your Department sees the benefits that arise from what BW does. Let us distinguish between the maintenance and sustenance of the existing canal network and some of the regeneration projects which they have. Again, one of the parts of the document that I have quoted from talks about maximising the quantifiable best economic return from investment and that might therefore not always be the Government's priority. I was a bit confused by that. I do not want to read out a great long paragraph, but I just wondered if you might be able to help us a bit on how your Department views from your end of the telescope the purposes of the BW investment strategy, particularly taking into account the wider benefits which a regeneration project can generate from BW using its expertise both in terms of refurbishment of a canal and the adjoining property opportunities that are with it. What is your guidance to them about how they should approach these matters?

Jonathan Shaw: You are right to highlight the investment and what that has brought to many areas, and I think that some of the examples that BW would have presented to the Committee yesterday many people are familiar with. Indeed, I have seen those myself. In terms of our priority, we need to see the network maintained, that is the first priority. Following from that, we need to see them using their investments for regeneration and restoration. The two can go together, they do not necessarily need to be apart, and we have seen examples of that as well, ones that have currently just finished their planning application process and others which are currently under construction. Our priority is, as I say, the maintenance of the network, but flowing from that we want to see them use their investment to ensure that they can maximise restoration and regeneration so the two can go hand-in-hand.

Q125 Chairman: I am going to ignore my own advice and I will have to read out the paragraph in the light of what you have just said because that intrigues me. As I say quoting again from the document that you have delivered, under "Defra Strategic Steer for Business Planning", you say: "There is a critical balance here between the short and longer term—prioritising self sufficiency for the future might not deliver as many benefits as improved investment in the network in the shorter term; maximising the quantifiable best economic return from investment might therefore not always be the Government's priority if eg it resulted in a loss of confidence in the waterways because of a shortage of immediate investment."¹ Can you just interpret what that means?

¹ Ev 21, Strategic Steer para 4(ii)

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Jonathan Shaw: They are not an entirely public body, are they Chairman, and they do have their own joint venture organisation as well, so it may well be that the joint venture part of the organisation may not be what a Government priority is in terms of maintaining the network. Can I bring Sarah Nason in.

Ms Nason: I am the author of this sentence so I think I had better try and explain it.

Q126 Chairman: It is always nice to speak to the author.

Ms Nason: I had better try and explain what it says.

Q127 Chairman: Jolly good!

Ms Nason: Essentially this is in the paragraph about supporting BW's vision to be largely self-sufficient, and what we are trying to say there is that there is a balance between the short-term interests and the longer term, so if for example—

Q128 Chairman: Could you just define what you mean by “shorter term” and “longer term”?

Ms Nason: What I meant by shorter term might be over the Comprehensive Spending Review period; longer term would be more like ten to 15 years, which is the kind of projection they are looking at for their commercial investments. So if BW wanted to use the fact that we support them growing their commercial business to put all the money they could find into growing their commercial business, that might have short-term impacts on the network that we did not particularly want, so what we are saying there is we are not urging them always to go for the quantifiable best economic return from how they spend their money, because if that is over the longer term it might create short-term problems for the network. In some circumstances, we might want them to put some of their commercial capital pot into works in the network whereas obviously if they had invested that in a joint venture, they would get a better economic return in the long term, so it is asking them to balance these two things.

Chairman: That is quite a helpful statement because I think that will assist particularly when Mr Drew comes to talk about matters connected with the Cotswold Canals and the alternative draw of funds to the Brecon and Monmouthshire Canal which seems to have put a spanner in the works of that particular project because I think that makes a very interesting juxtaposition between the maintenance of the network and the longer term investment issue. It is very helpful to know where we are coming from and I am going to hand the questioning to David Lepper.

Q129 David Lepper: I want to stick with this idea of balancing the various priorities that have been given to BW by Defra. The first item of the statement from Defra is that you will give clarity on Defra's strategic priorities to British Waterways, and I think Defra have said, maybe you yourself Minister have said, that the Government “broadly favours” maintaining the network in a satisfactory order as the foremost priority for BW whilst allowing BW to

“strike a balance” between that and other priorities. Does BW need you as Minister or the Department to explicitly approve any decisions it makes about prioritising its work? If it decides there is another priority which ought to come first, does it need government approval to do that? Another item on the deal says that Defra will not seek to micromanage BW of course.

Jonathan Shaw: We agree the Corporate Plan that the Chairman referred to in his opening remarks and the priority is, as you have rightly pointed out, to maintain the network for the public benefit. Part of the agreement is that there should not be any surprises, but I do not sign off particular projects, and in terms of assessing the risk of particular projects and where they should invest, that is a matter for BW.

Q130 David Lepper: On the Strategic Steer that has been referred to, published last month as a part of the deal or supporting the deal or arising from the deal, could you just sketch out for us how in terms of guidance to BW the Strategic Steer document differs—or maybe it does not—from what has gone before?

Jonathan Shaw: Again arising from the Select Committee inquiry, we clearly needed to review our relationship with British Waterways and we wanted to set out a new approach, a new deal, a refresh to the relationship (and we have not had this steer before) in order for there to be clarity. We want them to act in the way of making the decisions about which parts of the network they invest in, where they seek partners for regeneration, and they have done that very successfully, but we want to ensure that the relationships are very clear and hence we have set this document out. What is the priority? Is it regeneration or is it the public? We have said very clearly what it is and what order it is, but in terms of the day-to-day decisions, that is for BW and I am not going to micromanage that organisation. I think Mr Mortimer wants to come in.

Mr Mortimer: I just want to add one thing to that which is that at the very start of the document it makes quite an important statement which is that one of the things we are trying to do through the steer is to acknowledge that, although Defra obviously has the sponsorship relationship with British Waterways, we do that on behalf of the whole of government and in effect we hold the relationship in trust for government. In a way that is a fairly obvious statement on one level, but it is an important statement because it reflects the approach which we are trying to adopt which is not to force BW into delivering Defra's particular priorities but to look more broadly, and obviously the establishment of the new interdepartmental group reflects that. I think that is another purpose of the steer to put it in that larger context.

Q131 David Lepper: I am not sure whether anyone else is going to ask about the work of the interdepartmental group but presumably that is seen as the forum should there be issues that arise between British Waterways and Defra?

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Jonathan Shaw: What we want to ensure with the interdepartmental group is that the policy development across government takes account of the benefits of the waterways, and so that body has had its first meeting and it is my intention to chair a number of those meetings.

Q132 Sir Peter Soulsby: Could I follow that up because we heard evidence last time, and indeed in our report there was a lot of discussion about the way in which BW's work and its output relate to the responsibilities of other departments. In response to that, I think we were very pleased to see the establishment of this interdepartmental group, but it became clear when we were asking questions of BW yesterday that although there has now been one meeting of it, not all departments were in attendance, which obviously causes some concern as to whether other departments really were signed up to working within that group to actually provide a focal point of the relationship between government and BW to join up across the departments. I wonder if you would like to say whether it is going to be made to work and whether departments are going to be made to participate.

Jonathan Shaw: There are six departments that have signed up and it is my intention to invite the Children's Department as well, as there is a whole agenda there, particularly for communities which have waterway networks and particularly where there is regeneration happening, because we want to ensure that children are involved in those consultation projects that are going to determine the future shape of some of the development that is going to take place within their communities. The next committee meeting will look at planning which is important for a whole range of issues in terms of the waterways and so rather than having general discussions there will be themed discussions, and obviously that will involve CLG and, as I say, I will be chairing some of those meetings.

Q133 Sir Peter Soulsby: I think the other department that was not represented at the first meeting, as we understood from the answers yesterday, was DCMS, and clearly given the heritage that the waterway network represents, it would seem to be a fairly significant absence.

Jonathan Shaw: They were invited and I do not know the reason for the official not attending that particular meeting—they are a small department—but I have written to all of my ministerial colleagues in those departments and they have given the assurance that they are enthusiastic and they will ensure that their officials attend. As I say, I will be chairing a number of those and I will be advising my colleagues that I will be chairing a number of those. I think this interdepartmental working group is absolutely vital. I want to relook and refresh *Waterways for Tomorrow* and to ensure that that is a meaningful exercise it is important that it is a government document, so all of the relevant government departments have got to be involved, and anything that we conclude on the refresh of that document will obviously ensure sign up.

Q134 Chairman: Minister, before the Summer Recess commences you might care to write to us a little report about how progress is being made on the interdepartmental committee because, if nothing else, we would like to know if everybody is going to turn up, and we agree with you that it is a very important thing, but we would also like to know what you have been up to.

Jonathan Shaw: I would be delighted to write to you. Everyone has a lot of pressure on their time but I see it as an important priority of my work as the Waterways Minister to ensure that this wonderful asset that we have is not just within one government department but all of the government departments, as they involve planning policy, and not just the departments of course but their delivery bodies—

Q135 Chairman: Perhaps you could invite them to have a meeting on the Regent's Park Canal on a boat and then they could not escape!

Jonathan Shaw: Perhaps you would like to drive the boat, Chairman!

Q136 Chairman: We will come along and join in the meeting.

Jonathan Shaw: I know some of you would.

Q137 Sir Peter Soulsby: I know it is early days yet but I think we might also hope that at some stage some of those other departments might feel they want to put some resources in as well because clearly when it comes to educational activities there are things that the relevant department could well be asked to fund or indeed DCMS, either to do with museums and the heritage or the boat collection and things of that sort.

Jonathan Shaw: There are certain constraints on departmental budgets at the moment, but it is a reasonable point to say if we can maximise some of our assets then we can get more bangs for our buck from the public purse. That is a key priority for me and one of the tests will be as to whether not just for departments but also for their delivery bodies at a local level, it is on the radar, that is the crucial thing. That is the test for me as to whether I can get it properly on the radar, and the refresh document, which will require sign up, will be the test of that radar signal.

Q138 David Lepper: Just to return to priorities again, one of the priorities is developing a range of additional public policy benefits from BW's operations and those public policy benefits often arise from the regeneration work that British Waterways is doing. What BW tells us in its memorandum to the Committee this time around is that the contribution it receives is usually in public benefit rather than direct financial benefit to British Waterways. Is that so, that delivering public benefit, particularly for regeneration, does not necessarily produce much financial benefit for the company itself? Are they right in claiming that?

Jonathan Shaw: Yes, they make an investment into a particular part of the waterway network; they bring together a whole range of different partners; and

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what that then does is produce some fantastic regeneration for public benefit. In terms of the organisation, no, there are not huge returns on that but there are huge returns, as I say, for the public benefit in case examples which you are familiar with, Mr Lepper.

Q139 David Lepper: Defra does say that a part of the impetus for, for instance, BW's investment in its waterside properties should be that it might reduce Defra's financial commitment by growing the commercial business, so is there a tension there that you want it to do both things at once?

Jonathan Shaw: I think they can do both things at once.

Q140 David Lepper: I just wonder what Defra might be doing to ensure that BW does perhaps get more in terms of financial reward from the regeneration work and the development work that it is involved in.

Jonathan Shaw: In terms of a return on their assets—and I am confident that they maximise every area of income, whether that is from revenue sources, whether that is from their capital investment—what that has allowed them to do is to ensure that we have seen large-scale regeneration across the network, so why would they be in conflict? I do not see that they are.

David Lepper: What I am putting to you is BW's own claim that so far they seem not to realise much in the way of financial benefit, yet the Department seems to feel they should be.

Q141 Chairman: Let me assist my colleague by refreshing our collective memories by what the Government said in its reply to our original report. You responded to our recommendation number 8 when we discussed this, because in our original conclusions we had asked whether there was a waterways equivalent of a section 106 agreement, and BW told us that for example properties built next to the canal often command a 20 per cent premium because of their waterside location and BW do not get any of that because it is not on their land, but they are expected to spend the public's money on keeping the waterway in pristine condition. You said: "The Government recognises the regeneration benefits of waterways and that BW has a case under section 106 or PGS. Depending on the decisions made by local authorities about having to use section 106, Defra will ask the new interdepartmental working group to keep this matter under review."² Have you done that and, if so, what was the outcome?

Jonathan Shaw: As I referred to earlier, the next meeting (which I am going to chair) will be to talk about planning, so I will provide a note in my report to you on that issue.

Q142 Chairman: Excellent, so you are going to pursue your response?

Jonathan Shaw: It is in our response that we will pursue it and I will provide you with a note.

Chairman: Forthcoming attractions! Let us move on to your budget and Anne McIntosh.

Q143 Miss McIntosh: Minister, you gave BW flat cash for the next financial year, which is probably more than they were led to expect, but does it take any account of inflation because I understand that inflation in the construction industry is rising at seven per cent, and does it take any account of the flooding last summer?

Jonathan Shaw: The expectation was hyped in the press about what the Defra settlement would or would not be. I think that a number of our delivery bodies have responded positively to the settlements that they have received, and that includes BW. I think that you were responding for the Opposition at the adjournment debate when I signalled prior to the final announcement that we were working towards flat cash and that is what we ultimately were able to deliver. In terms of construction costs, one of the highest costs for organisations such as BW is in procurement, and I know that within procurement they are looking at effective and efficient processes to drive down costs. In terms of flooding, there was a huge cost, I think some £8 million, to BW last July. We expect our delivery bodies to manage, to have some contingency and to manage these events. I know that it has cost them a great deal of money but, as I say, within the settlements we expect them to be able to manage this and I have every confidence that they will be able to do so.

Q144 Miss McIntosh: But of the £120 million of the European Union emergency fund that I think you have successfully applied for, presumably it will be a legitimate claim for this £8 million to be drawn down from that? Have you made representations to your opposite number in that department?

Jonathan Shaw: Is it about 3.4 per cent of the total cost of what it cost the country for floods, so it would be about £280,000 if it was on the basis of what BW spent. There is a long queue, is there not, of people wanting money out of the total sum? There will be people perhaps who have had their homes flooded who did not have any insurance or businesses that perhaps could not get any insurance, and on it goes. I cannot say to you that BW will be the recipient of that money at this stage, that is something that the Government and the Department are looking at.

Q145 Miss McIntosh: You are aware of the fact that one of the strongest charges that was laid at the Government's door last year—and I have been personally to see the damage in Sheffield and in Toll Bar and on the farmland round Toll Bar—was that what caused the flooding was the lack of dredging. I understand that in Sheffield in particular there is a large amount of contaminated silt which is both expensive to remove and has to be disposed of very sensitively. There is only a small number of depots that can handle that particular waste and whereas

² Environment, Food and Rural Affairs Committee, Fifth Special Report of Session 2006-07, *British Waterways: Government Response to the Committee's Seventh Report of Session 2006-07*, HC 1059, p5

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farmers used to be able to use the stuff that was pulled out either of the canals or farm drains that can no longer be used on the land because of the Nitrate Vulnerable Zones Directive. I think that there is a very strong case to be considered that does not seem to have been factored into the flat cash settlement that should strengthen your hand to argue this case for British Waterways?

Jonathan Shaw: The dredging arrangements and the priorities for dredging—and you right to point out the increased costs because of various pieces of EU legislation which obviously we have to comply with—is an additional cost, but the organisation have to prioritise what dredging they undertook. I am advised the company is spending £6 million a year and they may need to spend more. On the one hand you said to me you were surprised they got flat cash and then the next minute you are giving a list to me of the things that—

Q146 Miss McIntosh: I did not say I was surprised.

Jonathan Shaw: There were reports—

Q147 Miss McIntosh: There was an assumption.

Jonathan Shaw: There were reports that there would be less money and then you are reporting areas where we could make extra investment. We have to consider that across the piece, whether that is climate change, biodiversity, all of the areas of responsibility that Defra have got. As I say, the response from BW to the settlement has been pretty positive.

Q148 Miss McIntosh: Do you believe that the settlement will allow BW to avoid any underspend on major works under the Comprehensive Spending Review settlement? Will the settlement lead to further underspend or will it avoid underspend in terms of the Comprehensive Spending Review?

Jonathan Shaw: We will see.

Q149 Miss McIntosh: Looking forward, can British Waterways expect flat cash for the next two years under the Comprehensive Spending Review?

Jonathan Shaw: That is what we are working towards.

Q150 Miss McIntosh: In terms of increasing self-sufficiency, what timescale would you put on it and how confident are you that you will achieve self-sufficiency within that timescale?

Jonathan Shaw: We have got the status review, which is an important part of that process, and that will be being delivered to us soon. We need to look at those options in terms of whether we feel that it will provide the first priority in terms of maintaining the network and also to be able to ensure that we can get the type of investment that we want to see going forward.

Q151 Mr Drew: I want to just talk about the latest options or status report that BW commissioned from KPMG and Merrill Lynch. I do not know how much of it you have seen, and we have only seen the process behind what BW are doing, but just an

observation: this has cost £300,000 already and it is likely to cost at least twice that. Is there not a surfeit of strategies going on within BW at the moment? We have got the Deal, which is fairly straightforward and then we have had previous strategies from BW. How do you respond to yet another strategy document coming forward, even if it is a more definitive one and gives more indication about how BW should spend their money?

Jonathan Shaw: The deal is, as you say, pretty straightforward. You would expect them to publish the Corporate Plan and work with us on that. This status review, as I say, is necessary if we are going to be clear about what the possibilities are for the future of the organisation. If they are going to have more independence, that needs to be properly looked at. We have got important public assets here that we want to be maintained. We want to continue to see the regeneration of our waterways and what that provides for a whole range of different communities up and down the country, so I think that it is right that we have this review. We have made this commitment, BW have made this commitment and this piece of works need to be completed.

Q152 Mr Drew: Is more flexibility on borrowing rights dependent on this options review?

Jonathan Shaw: Yes it is.

Q153 Mr Drew: So if this review were to say they do not need more borrowing flexibility then you would go along with that?

Jonathan Shaw: It depends on what the implications of that borrowing are and whether that lending is sustainable. We will have to see what comes out. As I say, we have not received that report yet. We will want to consider the options and it will not require us to say yes or no, it will be advice, and, as I say, I am sure the Committee will be interested to know how we respond to that advice.

Q154 Mr Drew: Will both your response and the original documentation become public documents?

Jonathan Shaw: I have no reason to believe that they will not be. There will not be any commercial issues here in terms of arrangements with any clients that BW have. It will be about how they are going to raise money and what the options are. Obviously we will be wanting to make some public announcement around that and give the reasons why.

Q155 Mr Drew: You are clear there is not an agenda now for privatisation?

Jonathan Shaw: No, no privatisation.

Q156 Mr Drew: I am just giving you the opportunity to say that.

Jonathan Shaw: I will put a banner outside my office if you like, David!

Q157 Mr Drew: At least BW said exactly the same thing on the issue.

Jonathan Shaw: I have every confidence that they would do.

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Q158 Chairman: Minister, just to follow up on that, clearly you cannot anticipate the outcome of a major and important piece of work, but it might have some important things to say about the way in the future British Waterways arrange their finances, so have you given them any suggestion (I will not say instruction) that they should perhaps put on hold committing themselves to significant new investment projects until you know what the outcome of this document is?

Jonathan Shaw: No, I have not said to them that they should put on hold their investment and regeneration projects.

Q159 Chairman: So it is business as usual until otherwise instructed?

Jonathan Shaw: Absolutely.

Q160 Paddy Tipping: The extension of the restoration of the network is really very popular and if more could be done people would be happy, but people who have been in touch with us are unhappy because they are saying that up to two years ago BW were keen and focused on extension but now the emphasis is on property development. Is that a fair comment?

Jonathan Shaw: No, I do not think that is a fair comment. If we look at Manchester-Bolton-Bury and the regeneration that is going to come there and Liverpool, Stourport, there are examples of where we are going to see the network extended, so I do not think that it is a fair charge to say that they are only interested in property. Obviously the property investment brings with it huge regeneration and I have visited myself those sites in Loughborough and Birmingham. A whole range of different people enjoy the waterways. I have met the various representatives of the stakeholder groups and whether it is in the non-rural areas or in the countryside, the extension of the network continues and continues at a pace.

Q161 Paddy Tipping: I think I will get you to come and have a look at the Grantham Canal because you are clearly an enthusiast on this, but could I just ask you what the Strategic Steer says about the extension of the network and the balance in that?

Jonathan Shaw: Our first priority is maintaining the network. It follows, does it not, if we increase the network then that is further pressure on the grant that we give BW. It is always about the balance that needs to be struck. More people are using the waterways these days and there is a whole raft of different organisations and voluntary groups wanting to see extensions to parts of the network, and those have to be weighed up. During the recent adjournment debate a number of colleagues pressed examples from their own constituencies of where they wanted to see investment. In terms of the amount of money that BW have, they have to look at the best opportunities that are going to maximise benefit across the piece, whether that is to people using the waterways, whether that is boaters,

whether that is walkers, whether that is regeneration, so those are the decisions that BW has to take.

Q162 Paddy Tipping: Surely it is right to acknowledge that measuring public goods, such as walking along the waterways or restoration of a habitat, is harder to quantify than is a straight property development scheme?

Jonathan Shaw: We have important PSA targets in terms of the natural environment. We need to measure that and we do measure that. It is not as straightforward as seeing properties being put up, as you say, but this has to be part of the equation.

Q163 Mr Drew: If we can move on then to the Cotswold Canal. I have said in all my articles that I was shocked but not surprised. Given we are now led to believe there are these very good communications between BW and the Department, how much knowledge did you have before the infamous announcement at the end of January that they were pulling out of the Cotswold Canal?

Jonathan Shaw: In the conversations I had had some months previously with BW they were enthusiastic and wanted to see the Cotswold Canal go forward, but clearly following the breach of the Monmouth & Brec they had to consider their priorities, and obviously their priority is maintaining the network, of which the Cotswold is not part. The effect upon businesses and folk living in that part of Wales required them to re-look at their priorities. I knew that when that happened that it was going to be enormously costly, and we did have some discussions about that, but the board met and they took their decision and then they informed the Department. I think that was the right thing. It did not come as a huge surprise given that I knew what the financial situation was and the costs and the immediate imperative of getting Monmouth Brec sorted out. It is very disappointing and I know that BW are disappointed and if it had not been for Monmouth & Brec, we would not be having this discussion.

Q164 Mr Drew: But does it not at least worry you that effectively you have an organisation that potentially has left an English responsibility to go off into Wales, no matter how direct the repercussions of not bringing their work up-to-date? We know that BW are receiving money from the Scottish Executive. There is a bit of a game going on in terms of the relationship between other territorial administrations and Defra. Defra is hard-pushed for money at the moment and so we have got alternative sources being sought by organisations such as BW. I am not saying that is the reason the breach happened, although we did get some interesting evidence from a civil engineer that I mentioned in yesterday's session alleging that this was down to poor maintenance on the part of BW. It is not a happy scene if you have really got to look for alternative sources of money given again that we have now got a partnership which is in jeopardy which puts at risk £30-odd million. How do you treat

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this as an English minister, you are a regional minister in the south east, and we have got the potential of some conflict of how you raise sources of money?

Jonathan Shaw: There is no conflict: I am the Waterways Minister for England and for Wales. Waterways is not devolved to Wales whereas it is in Scotland. Scotland appoint onto the British Waterways board; the Welsh Assembly does not.

Q165 Mr Drew: So if they get money off the Welsh Assembly that is double funding?

Jonathan Shaw: They do not get money off the Welsh Assembly.

Q166 Mr Drew: But what happens if they seek money from the Welsh Assembly?

Jonathan Shaw: That is a matter for the Welsh Assembly in the same way as Stroud Council will put in money, it is the same for anyone. I do not think that there is any conflict there. I do not think there is a devolution tension there at all. As I say, I am the Waterways Minister for England and for Wales and that has worked well and I do not see that it is about an England/Wales matter, it is about a priorities matter. The Member for Brecon and Radnorshire is not here but he would obviously agree with the priorities here.

Q167 Mr Drew: It is mainly in Lembit's area by the way.

Jonathan Shaw: Well, okay, I still think he would agree.

Q168 Mr Drew: I am not sure about that.

Jonathan Shaw: I think he would agree that that is the priority in the set of circumstances, but of course whereas they have been pleased with the response of BW, for your constituency, David, I know that is a huge disappointment and I know that that is one that BW shares. You have asked them would they have continued if it had not been for Mon & Brec and they would have done. That is where we are.

Q169 Mr Drew: Yesterday we had quite a lot of information around the issue of BW's relationship to partnership in terms of a number of canals which have, in previous times, been successfully delivered. Does it worry you at all about the reputation of BW because BW put itself in the position in terms of the Cotswolds Canals as a lead partner, and that certainly has a knock-on effect in terms of Heritage Lottery funding because of course Heritage Lottery funding is dependent upon a lead partner being clearly identified, and if the lead partner leaves that partnership then of course there are some difficulties as to whether that money will still stay in place. What is your advice to BW in terms of other restorations, existing restorations, and whether they should put themselves in the frame as a lead partner?

Jonathan Shaw: I suppose what is fair to say is look at the track record. This situation with the Cotswolds is not a fair reflection of the record, it is a set of circumstances which an organisation found themselves in, they needed to make a decision and

they have done that, but if you look across the piece at some of the examples that I have referred to where they are establishing very, very good partnership working, it has delivered and it will continue to deliver. Certainly when I have visited a number of regeneration projects on the network, there to tell me how well things have worked have been Loughborough Council, Birmingham Council and the RDAs, so the only impression that I have been left with in terms of the visits that I have made and the people I have spoken to is that where BW have gone into a partnership it has been a strong one and, importantly, it has delivered, but not in this case. There is a unique set of circumstances here, one of which is, I repeat, hugely disappointing, but one that had to be taken in light of the priority that they faced, given what happened last summer in Wales.

Chairman: Could I just bring Patrick Hall in because he has a question he wants to ask.

Patrick Hall: It is not on the Cotswolds Canals project.

Chairman: I thought we were going to have the benefit of your view on that.

Patrick Hall: No.

Q170 Chairman: Just before we bring you in, Minister I just want to probe you a little bit. One of the reasons why I was looking at your Strategic Steer earlier on was to try and get a feel for the relationship between the wider benefits of BW investment projects and the narrower requirement in the first instance to maintain the canal network and then to do development. When I look at British Waterways' website information, the Liverpool Canal Link according to what is stated here—and Robin Evans will no doubt correct me if I am misquoting here—the Liverpool Canal Link is a £20 million project, and then it lists an impressive number of gains. For example, it says an estimated 200,000 visitors annually to the Liverpool waterfront, spending an extra £1.9 million a year—part of that is going to be in somebody else's pocket but that is quite a lot of spending—and an estimated £2.2 million extra expenditure annually on boating-related activities. It talks about 173 net additional jobs and an extra £3.3 million per annum in net additional gross value added to the local economy; very impressive figures for a regeneration project. When I then went on to the Cotswolds Canals Partnership website, I find that the project that Mr Drew has just been quizzing you about is stated by them at around £24 million, so £2 million difference, and it cites for example redevelopment, two key sites expected to create 600 new permanent jobs, it talks about £83 million worth of private sector investment and it talks from the visitor's standpoint of spending in excess of £500,000. Again, equally impressive. What I am not clear about is how, when it comes to determining the investment decisions, do you value the wider gains? Here we have two projects, one that has happened—the Liverpool Canal Link—and the other, the Cotswolds project, which has been pulled. How do you deal with the valuation of these externalities and what influence do they have in determining which projects get the tick in the box and which do not?

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Jonathan Shaw: The projects do vary in terms of the amount of money that BW are able to put in and obviously the amount that they put in in terms of their exposure to the risk. The Cotswolds Canals project is not part of the network whereas, obviously, Mon & Brec is.

Q171 Chairman: I appreciate there is an opportunity cost, but the question I asked you was about how you actually value these external gains before we get into the question of the amount of money that happens, because in your Strategic Steer you talk about things like regeneration and regional economic performance as factors which have got to be taken into account, so there must be a method of determining, if you like, the returns. When you look at the returns there is a set of returns for the property development, the things that BW do, and the reason I read out in some detail what the two projects were supposed to contribute to the wider economy, there is a public benefit, they do not come back to BW in the form of receipts, but in terms of the Strategic Steer that talks about regeneration and regional economic performance; quite clearly both projects have a plus point on that. What I am not certain about is in the use of these scarce public funds how, if you like in cost-benefit terms, we rank the projects that are in and the ones that are out, because what I do not know obviously in terms of the Brecon & Monmouth canal is that there may be an even better rate of return than either of these two, but I am not quite seeing from the information in front of me how these rate of return calculations are determined.

Jonathan Shaw: The amount of money varies from how much BW put in. You have mentioned Liverpool, and I am advised that in the Liverpool venture BW put in £2 million, so that is considerably less than some of the other projects, in particular the Cotswolds. They need to consider and it is for BW to determine how much they are able to put in and how much they are going to get out in terms of the public benefits.

Q172 Chairman: That is not quite the question I was asking; forgive me if I did not put it correctly. It is how the external gain is valued. For example, if we look at the funders for the Cotswolds Canals, it is quite clear that the South West Regional Development Agency think it is a good deal because, according to the document here, they are putting in £6 million.

Jonathan Shaw: Yes.

Q173 Chairman: According to Stroud District Council they think it is obviously a jolly good idea because they are putting in nearly £1.4 million. Sadly I do not have the breakdown of the funding for the Liverpool project, but I suppose it is like everything else if you come down in straightforward cost-benefit terms. I agree with you that BW have limited capital to dispose of and they must therefore look from the narrow BW point of view at what kind of returns they as a business are going to get out of their investment, but these investments and their returns are inter-dependent on what other partners put in, so

when you are looking at the project as a whole there is, if you like, both a commercial and a wider economic rate of return, and those must by definition have some influence on the rankings of projects and the willingness of partners to make investments in them. I suppose what I was looking at was you have got this Liverpool one at £20 million, you have the Cotswolds £24 million, similar-sized projects, one is in and one is out: how do we deal with the wider rates of return to the local economy and others?

Jonathan Shaw: Chairman, can I drop you a note on that? I am getting lots of conversations behind me but I will drop you a note. Finish it off and then I will drop you a note to provide you with the detail as to how BW score it when they make the investment.

Chairman: That is going to enable us to have a look at these wider gains to the wider economy. Peter.

Sir Peter Soulsby: Can I just put it in a rather different way?

Chairman: That is better, that is polite for better.

Q174 Sir Peter Soulsby: We shall see. You described BW as having to make a judgment about how much they put in and how much they get out in terms of the public benefit. Is it not a problem that often what they get out is a liability as far as BW is concerned?

Jonathan Shaw: Yes.

Q175 Sir Peter Soulsby: Is that not really the heart of the problem with this?

Jonathan Shaw: They need to consider how much risk they are exposed to, that is right, and the liability in terms of the maintenance and so on.

Sir Peter Soulsby: Actually, there can be enormous public benefits but what BW gets is a liability, and the circle really is not completed so that they get some reward for having taken the risk.

Chairman: Peter makes an extremely good point and in fact we are very much appraised of the fact that BW cannot go on taking on endless liabilities when they have not got the income to sustain it, that is very clear. Bearing in mind that the Government's overall economic objectives in these kinds of projects is about regeneration and the wider benefits, you could argue that the wider community might want to say "Okay, these wider benefits are worth having so within the great public mix of funding we ought to put a bit more in to make these things happen, a little bit more financial oil to make some of these projects occur because of the greater benefit". Part of that you might say is already happening because other public sector partners quite clearly are investing already, but it is how do you value these externalities, which is the thing that really interests me. If a note on the scoring, as my more elegant and better-informed colleague says, helps us to understand that, please we would like to receive it.

Lynne Jones: Could I just add to that and could we consider how the private sector that benefits from that investment might be enabled to contribute more?

Patrick Hall: I said that my point was not about the Cotswolds project, but neither was yours, Chairman.

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Chairman: I have just painstakingly read out from the website and my question was in order.

Q176 Patrick Hall: The illustration was the wider issue and that is all I was going to deliver, so probably I do not need to go into that detail. I was going to use the example of the Bedford and Milton Keynes Canal which is enthusiastically supported by many people in that area and that would link the Grand Union with the River Great Ouse, so it has got all sorts of wider implications as well as regeneration in one of the Government's growth areas. I suppose it is the same point really, how does one weigh up the costs and the benefits, especially the wider benefits to the economy, in this case probably local and regional. When it comes to making decisions about priorities, do events always have the ability to disrupt like the Monmouth example which has undermined a very good project in the Cotswolds? You made some comments, Minister, about growing the network, but I thought you had cast some doubt on the efficacy of growing the network and the cost-effectiveness of growing the network, but at the same time you acknowledge that there is a growing use of the waterways. If there is growing use of the waterways and there are projects around which can grow the waterways even more and have wider social and economic benefits, then we come back to the point that maybe it is worth growing the network, but we cannot grow the network because we have to maintain the existing one and deal with events. We have to think of a way through to break out of that, otherwise we end up being continually frustrated and wasting energy and not really getting things done. I leave that in the air because, Chairman—and I was not criticising your point by the way about Liverpool—it is the same point. You are going to respond in writing.

Jonathan Shaw: Do you want me to respond?

Q177 Patrick Hall: You do not have to. You said you were going to respond in writing and I am just using another example.

Jonathan Shaw: I will not respond to every question in writing otherwise there is no point in me coming along. We have grown the network—it is about 200 kilometres that we have grown the network—and there are a number of projects that will link up the network and grow the network further. It is a matter for BW to look at as to how they manage that, how they can afford that, because obviously further growth means additional maintenance work. At the moment we do not have the levels of investment that we had a few years ago, that is clear, but we did take full advantage of that and we hope that we will see further growth of the network in the years to come,

and part of the process of the status review, talking about borrowing et cetera, will hopefully enable that to happen. That is certainly our aspiration.

Q178 Patrick Hall: The follow-up that occurs to me on that is that I do not think anyone would sensibly expect British Waterways to fund everything, and in the examples you have given it is a part contribution, but even if there has to be a withdrawal of some of the funding, maybe the leadership role of British Waterways should remain, and yet that has been withdrawn from the Cotswolds project, which undermines confidence from all sorts of other partners. Maybe the leadership role should remain even when sometimes the money or the programme for the money has to be changed. If we had a more positive role of British Waterways supporting the Bedford and Milton Keynes project, even though it is not going to pay for all of it and certainly should not pay for all of it, there is no question of that, then certain other things might follow.

Jonathan Shaw: They do lead on some projects where they are not necessarily the funders or the key funders, but obviously the organisation has resource issues in terms of the number of people that it is able to deploy around the various areas of the network that it has and the jobs that need to be done.

Q179 Chairman: We have had the Bedford and Milton Keynes bid, the Cotswolds Canals.

Jonathan Shaw: This is a surgery.

Chairman: This is true, but I do not want to leave my colleagues frustrated, so if anybody else wants to talk about their own favourite project I could, Minister, entertain you.

Lynne Jones: Dudley No 2.

Q180 Patrick Hall: Hatherton.

Jonathan Shaw: We will look into them.

Chairman: I am looking to the Lancaster Canal, northern extension. Minister, you will gather that we recognise the advances that have been made both in terms of the improvement in the condition of the network and some quite remarkable regeneration projects which, to their credit, British Waterways have very successfully carried out, and part of our inquiry perhaps represents a frustration, for understandable reasons, that progress in certain areas cannot be as colleagues would wish it, but can I thank you and your colleagues for sharing your thoughts with us. Thank you for agreeing to write to us with some further information and, in the near future, updating us about how the inter-departmental committee is going to move forward. Thank you very much indeed for your contribution and thank you again to British Waterways for theirs; we will now deliberate on how we will present the evidence and any conclusions we reach to the wider public. Thank you very much.

**Supplementary memorandum submitted by the Department for Environment, Food and Rural Affairs
(BW2008 121a)**

The Committee asked me to provide a note on how British Waterways prioritises its investment in restoration projects, with particular reference to the external benefits arising from regeneration.

I attach a note produced by British Waterways on their process, including the considerations they take into account in seeking approval for investment from the BW Board. I believe this should answer the Committee's questions.

I will update the Committee on the work of the Inter-Departmental Group on the inland waterways in the summer—its next meeting is planned for June.

Jonathan Shaw MP

Parliamentary Under-Secretary of State (Marine, Landscape & Rural Affairs)
Department for Environment, Food and Rural Affairs

April 2008

PRIORITISING BRITISH WATERWAYS RESTORATION PROJECTS

British Waterways' overall strategy seeks to expand the waterways network, although not at the expense of the existing waterways in its care.

Therefore British Waterways uses its revenue resources to maintain the existing canal network using its "Steady State Model" as the basis for prioritisation/allocation of expenditure. Its commercial capital is used to generate commercial revenue that feeds into the overall BW resource mentioned above. Commercial returns are made from a variety of different sources but regeneration involving property development of brown field sites adjacent to the water is an important one.

Canal restoration may sometimes create opportunities for British Waterways to invest commercial capital on adjacent land to create commercial returns. However, the actual canal restoration is never commercially viable and has to be supported almost entirely by public or volunteer funding. In many cases canal restoration creates increased, albeit marginal, future maintenance costs for BW.

British Waterways' policy is that it does not in principle contribute capital or revenue to restoration projects. That is because the main benefits, both financial and non-financial, accrue to local organisations and people in the private, public and voluntary sectors. It is therefore right that projects should be driven by local enthusiasm and local priorities.

In practice, regional development agencies, local authorities and other potential funders including canal societies and lottery funders decide on prioritisation through their willingness (or unwillingness) to provide funds.

In reality, it is rarely possible for major projects to proceed without any funding input from British Waterways, particularly as more detailed due diligence of schemes tends to realise greater risks than were originally identified in outline proposals. Most funders fix their contribution up front before the full risk assessment is complete.

Consequently, British Waterways tends to act as funder of "last resort" deciding how much to put in on a practical assessment of a scheme's benefits to British Waterways and to the wider community, its deliverability and the likely risk (of cost overruns etc) involved. There is a three stage formal approval process for making decisions to participate in waterway restoration projects. This process was agreed by the British Waterways Board in June 2005 and is attached as Appendix A.

Currently British Waterways is having to contribute funding to every restoration project in progress. These contributions are not planned to exceed £2m for any project although the risks involved may eventually require more input than this. This £2 million figure is seen as an upper limit on expenditure and reflects the Board's priorities and current appetite for risk. The Board's appetite for risk will change from time to time reflecting its assessment of external conditions. In this context, the Board's willingness to commit up to £6 million to the Cotswold Canals project reflected a strong commitment on British Waterways' part to help the project go ahead if at all possible.

BW is currently involved in five waterway restoration schemes, the Olympic-related Bow Back rivers, the Droitwich Canals, the Manchester, Bolton & Bury, the Liverpool Link and the Helix project in Scotland. As already stated in British Waterways' submission to the Committee (in Appendix B),³ BW's potential contribution in the three restoration projects currently being constructed is in excess of £7.3m (from a total partnership investment of over £53m). In addition, construction work on the £11.5m Droitwich Canals will commence shortly adding a further £2m to BW's total investment.

³ Ev 4.

This contribution to restoration projects over a three to four year period is in the Board's judgement affordable and justifiable, given the public benefits delivered through canal restoration. This will be kept under review but further commitments would be difficult to justify given current pressures on network spend.

Appendix A

PRIORITISING BRITISH WATERWAYS RESTORATION PROJECTS

1. INTRODUCTION

This process is to be introduced so that:

- (i) Our commitment to expanding the network is better understood.
- (ii) To provide clarity, consistency, openness and rigor so that we are seen to be effective and efficient.
- (iii) British Waterways' commitments are clearly understood internally and externally, and they are proportionate to the scope and deliverability of the project.

1.1 This paper outlines the proposed process.

2. SCOPE

This process relates to long term, major canal restoration and new build projects. It is not intended to cover projects such as towpath improvement schemes funded by Local Authorities and Regional Development Agencies.

It is particularly intended to cover projects where BW could be required to accept new liabilities as it expands the network.

3. LOCAL SUPPORT

3.1 General Managers (GMs) may contribute a maximum of £50k (total—not per annum) to support local initiatives to restore the canal network. There will be no separate funding for this and the GM will need to justify this cost against all other demands.

3.2 Operating Directors may approve a further £50k expenditure at BU level (total £100k per restoration project—not per annum). Again, no separate funding available.

3.3 All the above is BWs net contribution, to be on a minimum basis of 25% BW, 75% other parties. For avoidance of doubt, if BW contributes £25k, total project expenditure would be £100k or more. These amounts to include staff time as well as cash contribution.

4. STAGE 1 APPROVAL

4.1 For expenditure in excess of the above or where BWs proportion is greater than 25%, Stage 1 approval is needed.

4.2 This approval is from the Chief Executive and Finance Director and one other Director, in accordance with delegated authorities.

4.3 A detailed proposal will be required setting out the proposal and reasons for BW support, a timetable and budget funding.

4.4 Maximum authorisation under this procedure is BWs expenditure of £250k in total over 5 years (including funds already authorised under section 1 above).

5. STAGE 2 APPROVAL

5.1 If BW is to participate in a restoration programme as partner or contractor, it will need Stage 2 approval before any formal funding applications are made.

5.2 Stage 2 approval is from the Board. The proposal will require:

1. Justification for BW involvement.
2. Benefits to BW and network—quantified and quality.
3. Wider public benefits.
4. Anticipated project cost—construction and work up costs.
5. Potential funding and contributions for capital.
6. Analysis of potential self sufficiency and alignment with BW ventures and growth.
7. Economic appraisal.

8. BW contribution in cash and staff time, both capital and future maintenance.
9. Project timetable.
10. Risk analysis.
11. Letters of support in principle from partners and funders.
12. Provisional list of conditions BW would set for achieving Stage 3 approval.

5.3 Stage 2 approval only allows BW expenditure to develop in detail the feasibility of the project both technically and financially. It demonstrates in principle support but no commitment to undertaking the project.

5.4 BW will set out clearly its requirements for Stage 3 approval.

6. STAGE 3 APPROVAL

6.1 When the project team has 95% certainty on the cost of delivery and commitments from all funders, as set out in Stage 2, the project can be submitted for Stage 3 approval.

6.2 This will be from the Board.

6.3 Partners and the project team will need to demonstrate that they have met the criteria set out at Stage 2 or give explanation as to why they have not or will not be met.

6.4 The report will be of similar content to the Stage 2 report, but with committed figures, evidence of funding, etc.

6.5 Stage 3 approval enables BW to participate in the project to completion.

Written evidence

Memorandum submitted by Smith Brothers (Leicester) Ltd

I would like the following comments to be brought to the attention of the EFRA select committee:

1. We are a commercial organisation that worked with British Waterways to try to achieve the aims of the Cotswold Canal Partnership.
2. We put a lot of time and effort into this project on the published understanding that BW were fully committed.
3. The fact that BW have suddenly decided to withdraw has cost both the taxpayer/lottery funding and ourselves a lot of money and has certainly ruined BW's credibility in our eyes.
4. In our opinion BW should not be allowed to get involved in projects of this kind again purely on commercial grounds as they should not be allowed to waste their funding and other peoples by committing to projects and then withdrawing after utilising a lot of third party resources.

Thank you for your assistance.

Jim Wilkinson
Director
Smith Brothers (Leicester) Ltd

February 2008

Memorandum submitted by Alan D Crowhurst

BRITISH WATERWAYS—REGENERATION AND RESTORATION

I understand that the Committee is calling for representations from all interested parties and I would therefore like to submit my views.

SUMMARY

England and Wales have very valuable recreational assets in the canal system which needs to be rationed and restored. Funding once committed should never be withdrawn.

1. The canals in this country form a vital link in our history as well as providing very worthwhile opportunities for enjoyment by boaters, anglers, walkers and all those who enjoy their peace and quiet even within cities.. With increasing popularity there is a need for more extensive facilities that would be provided by the maintenance of all available existing canals and the restoration of those that have been closed over the years.

2. In my view British Waterways should not be subject to funding cuts but should have a budget that is increased in line with costs year on year and that additional funds should be voted to take care of major emergency works such as those on the Brecon and Abergavenny. For funding to be withdrawn after being committed to the Cotswold Canals Restoration is totally unacceptable and for the government to sanction such a withdrawal a matter for severe criticism.

3. So many people and organisations have devoted so much effort to the Cotswolds canal that this action by British Waterways is a very severe blow for which blame must be attributed to Defra and the Treasury.

4. It would be better by far if the necessary moneys for the works on the Brecon be taken from another budget such as that allocated to the Olympics which, after all, represents events that will merely last three weeks concentrated in East London whereas our canals offer recreational facilities nationwide that will last for decades.

5. For any agency of government to renege on commitments firmly made does not conform to the standards that we are entitled to expect and the decision on the Cotswolds should be reversed. The Government should also rescind the reductions in British Waterways' overall budgets and restore them in full.

I am not active in waterways restoration nor do I own a boat but I do have a high regard for the engineering achievements of British engineers over the centuries hence this note.

Alan D Crowhurst

February 2008

Memorandum submitted by ABC Leisure Group Limited**EXECUTIVE SUMMARY**

ABC Leisure Group is probably the largest operator on British Waterways canals. We have heavily invested in the business growing it from one location to 11 and to over 200 hire boats providing holidays for a wide range of people. We have had a very long relationship with British Waterways who have been very supportive to the growth of our business.

Within what I am sure is the constraints of their funding British Waterways have made some significant improvements to the canals, most particularly in the supply of water during drought periods and in the overall condition of the canal environment. It is important to our business that the canals continually improve as customers' expectations grow and that new cruising areas become available through restoration to provide new experiences for returning guests. We in fact have invested in the Worcester area on the strength of British Waterways' involvement in the restoration of the Droitwich canals which will provide a new and unique cruising ring for our customers.

We would therefore appreciate your Committee's continued support for both British Waterways and also increase in funding to enable them to build on their achievements to date.

SUBMISSION

1. I am the Managing Director and Shareholder of ABC Leisure Group Limited. We are probably one of British Waterways biggest operators on the canal network. We operate over 200 hire boats from 11 UK locations and eight marinas providing moorings and all marina services, all of which are based on British Waterways navigations. In addition to this we have two boat building operations specialising in canal boats, manufacturing around 24 boats per year. A second hand brokerage business and a chandlery and boat spares business with internet sales.

2. ABC Leisure Group Limited, formerly Alvechurch Boat Centres Limited, has been in business for over 35 years and we therefore have had a very long business relationship with British Waterways. During this time we have grown with British Waterways support and improvement of the canal environment from a single boat yard at Alvechurch, to a company with 11 locations employing over 150 people.

3. During the history of our company we have seen the navigations improve, particularly in their reliability of water supply so we no longer see canal restrictions during long dry weather periods, which of course is when your customers are going to most enjoy their boating holidays and make them more likely to return. I also believe that the maintenance and reliability of the canal network has improved, although possibly not as significantly as the water supply issue, and which is almost certainly directly related to the lack of funding and resources rather than the will to do it. We as a business would not be investing heavily if we did not believe that British Waterways were capable, and have the funding, to maintain the network we already have, and able to improve and increase through restorations the navigations that are available for boating and other users.

4. We have found British Waterways very supportive in our business growth by enabling us to sort out various historic property issues, and providing advice and support with planning applications to develop boating facilities on our existing sites.

5. We invested two years ago in a base and hire fleet on the Monmouth and Brecon canal which due to a major breach we can't operate this year. As you will understand this is of significant financial concern to us and our staff in that location. We have been very pleased with the professional approach British Waterways has taken, the excellent communication, and with their decision to undertake a program of repair over a number of years to ensure such a situation does not occur again, which gives us the confidence to remain in that location ready for the re-opening in 2009.

6. As an operator of hire boats we recognise the importance of our customers enjoying their boating holiday and returning to cruise another area of the canal network in subsequent years. We invested in a business a few years ago in the Worcester area on the strength of the Droitwich canals being restored which will provide our customers with a new cruising area, and a unique weekend cruising ring which we are now in the best position to capitalise on once completed.

7. We see these restorations as a loose partnership. British Waterways lead the development and take over the ongoing ownership and maintenance, and we, as an operator invest so we can provide the boats and users of that canal which help return the economic benefits and regeneration it needs to justify it.

8. Our continued investment and development of our business depends entirely on British Waterways having the funding and resources to maintain and grow the canal and river network. I would therefore appreciate your committee's continued support for both British Waterways, and also increased funding to enable them to build on their achievements to date.

ABC Leisure Group Limited

February 2008

Memorandum submitted by the Lancaster Canal Restoration Partnership

1.1 I refer to your email dated 22nd February 2008 inviting interested parties to submit a brief memorandum setting out their views on the above matter, which has been forwarded to me.

1.2 I am Chairman of the Lancaster Canal Restoration Partnership, which aims to restore the Lancaster Canal from its present terminus at Tewitfield, North of Carnforth, Lancashire—to Kendal, Cumbria, some 14.5 miles. Our project has been in existence for many years and is now at the planning and consultation stage for Phase 1 of three stages. The partners are South Lakeland District Council, Kendal Town Council, Cumbria County Council, Lancashire County Council, Lancaster City Council, Inland Waterways Association, Lancaster Canal Trust, The Waterways Trust—and, as lead partner, British Waterways.

1.3 For many years, British Waterways has given staff time, funding, and considerable expertise to this project, which has been and continues to be invaluable.

1.4 I have noted with great concern and dismay the situation with British Waterways and the Cotswold Canals project, and their withdrawal of funding to a well advanced restoration scheme, thus putting it in jeopardy.

1.5 British Waterways' contribution to complex restoration projects is irreplaceable. The chief concern of such withdrawal to bodies like ours is that British Waterways, having led such projects over some years, will now due to their own constraints, have to pull out of other schemes, of which ours might be one. Given the large amounts of inward investment generated by such schemes—ours will be over £100 million—withdrawal by any of the partners, but especially British Waterways with its unique contribution, would be catastrophic. Thus, many restoration schemes all over the country are now at risk due to British Waterways' move over the Cotswold Canals project.

1.6 British Waterways have stated that the reason for the withdrawal is that they require the funds to deal with the breach on the Brecon and Abergavenny Canal. I consider that this unforeseen breach is something which ought properly to be funded from Central Government, and that BW should make a much stronger case for such funding such breach repair, which if successful would then allow their funding for the Cotswold Canal project to be reinstated.

1.7 I trust that this unfortunate withdrawal and the adverse publicity caused will ensure that something similar does not happen to other restoration schemes over the country—but especially of course, I hope that our scheme is never affected in such a way.

1.8 I would be grateful if you would acknowledge receipt of this email, and ensure that these views are taken into account by the Select Committee at its one-off evidence session.

C. H. Bagot, Chairman
Lancaster Canal Restoration Partnership

February 2008

Memorandum submitted by Argent Estates Ltd

Argent is one of the best respected and best funded property development businesses in the UK. Our projects over the past 2 decades have included:

- The much acclaimed Brindley place development in Birmingham, which comprises 1.6 million square feet of mixed use development, including 2 new civic squares for Birmingham surrounded by British Waterways canals on two sides. Our work with British waterways involved the installation and upgrading of a number of bridges, major tow path improvements and legal agreements enabling access to the canal. This relationship was professional collaborative and successful . . . and still is as we own and manage the estate.
- Nine major corporate head quarter buildings in the Thames Valley.
- Major developments in the city centre of Manchester, 2 in joint venture with the City council, including offices, hotel, residential and retail space.

In 2000 Argent was selected as the developer for the 67 acres of railway lands between and to the north of King's Cross and St Pancras stations, which following the completion of "High Speed One" in November 2007, is now ready for development. This land is bisected by British Waterway's Regent's Canal.

The railway lands at King's Cross present one of the UK's most important regeneration opportunities and as the surrounding hinterland contains some of the most socially challenging communities within London, the major stakeholders have a huge responsibility to work together to help improve the whole area.

British Waterways has been very active in progressing the regeneration and sustainability agenda for this corridor and have entered into a commercial arrangement with us which will now enable significant investments to be made to the canal environment and surrounding hinterland both by them, others and ourselves.

We found their agenda to be clear, focused and justified. We found their thinking precise when required but lateral when useful.

We are now gearing up to commence construction works in a few months and are looking forward to a long and productive relationship.

Roger Madelin, Joint Chief Executive
Argent Estates Ltd

February 2008

Memorandum submitted by Lincolnshire Waterways Partnership

Lincolnshire County Council first started working with British Waterways on the possibility of developing a waterways regeneration strategy for Lincolnshire in 2000–01. At this time our county's waterways had become quite run down and were seriously under utilised and under invested in. A series of workshops followed and with the Environment Agency joining the group, we developed a Lincolnshire Waterways Development Framework 2002–2012. I believe that this is still the only countywide waterways regeneration strategy in the UK and we have now commissioned a refresh 2008–2018 which should complete in April 2008. Lincolnshire County Council, British Waterways and Environment Agency formed the Lincolnshire Waterways Partnership (LWP) and signed a Memorandum of Understanding in 2003.

Since then the LWP have submitted 14 successful funding bids and are delivering (or have completed) some £16 million of works, including bridges, moorings, locks, nature reserves, slipways, visitor facilities and shared use paths.

The tasks are divided up amongst the 3 partners and we meet every month to discuss progress. This makes for a very effective and efficient delivery model, which we believe, is an example of best practice. The work of the LWP was recognised in the Waterway Renaissance Awards 2006 Partnership Category. They described LWP as "a mature and well managed partnership achieving some excellent results" and "It has shown what can result from close partnership, commitment and determination."

Five years of working with BW on a variety of regeneration projects has only confirmed to me that our model is a better way of working and one which delivers excellent results. It is hard to describe how the LWP actually works in detail, but I would describe our approach as consensual. When we originally started we put great store by understanding and respecting how each of the three organisations worked and made decisions and the firm foundations that we set up then have stood us in good stead ever since.

The LWP has strong officer and political support from Lincolnshire County Council and because we promote our way of working through a three times a year newsletter we receive very strong support from the people of Lincolnshire and the boating community nationally.

The LWP has work in delivery to 2010 and I would happily recommend British Waterways as an effective partner organisation and to our approach to partner working here in Lincolnshire, in particular.

Lincolnshire Waterways Partnership

February 2008

Memorandum submitted by Ashby Canal Trust

1. The Trust is concerned that British Waterways withdrawal from the Cotswolds Canal Partnership will have wider implications. The loss of support for the Thames and Severn and Stroudwater Canals affected by this partnership will have no direct impact on the restoration of the northern Ashby Canal (authorised by SI 2005/2786). However it will influence the perception of canal restoration among the public, and importantly, potential funders and development partners, which may result in a lack of confidence in such schemes.

2. It is important that the Government or its agencies are consistent in the approach to maintenance and improvement of the existing waterways and in encouraging and enabling restoration of abandoned or derelict canals where there is a case for economic, environmental and social benefit. Government documents including “Unlocking the Potential”, and “Waterways for Tomorrow”, and positive reports by IWAAC, (now IWAC), AINA and the EA, seem to be being ignored and BW is now struggling to fulfil its statutory obligations, let alone promote restoration projects. It is clear that Defra, British Waterways and central Government must make up their minds on the role and future of Inland Waterways in this country.

3. Waterways restoration has a high level of public support, and well designed schemes will benefit this country for many years, unlike some other, current very short term schemes absorbing disproportionate amounts of available funding.

4. We cannot comment on BWs current management of its waterways, but it must be given adequate resources to work with. If restoration projects such as the Cotswolds scheme and, indeed our own Ashby Canal project are to succeed, resources, directly or indirectly, must be made available. Canals cannot be restored on voluntary effort alone.

Ashby Canal Trust

February 2008

Memorandum submitted by Thrupp Parish Council Canal Working Group

We deplore BW’s withdrawal from the project, with the consequent removal of public money—we do not believe public bodies should be allowed to act in this fashion.

The Thrupp and Brimscombe Community has supported the restoration of the canal from the start and our enthusiasm played a major part in winning HLF funding. However we have found BW a difficult partner to work with throughout. There has always been mixed priorities of restoring the canal and Brimscombe Port in a way that meets community and environmental needs and the property development aims of BW. It seems inappropriate that a public body should have these mixed objectives and also be so unaccountable to local communities.

The key points I would like to make are:

1. The restoration of the Cotswold Canal and Brimscombe Port are worthwhile and need Government support;
2. The restoration needs to meet community and environmental needs, which must not be made subservient to property development profits;
3. The project needs to be brought under democratic control with formal involvement of community representatives in decision making.

Cllr Martin Whiteside

District Councillor and chair of Thrupp Parish Council Canal Working Group

February 2008

Memorandum submitted by Miller Developments

We are the commercial property development arm of The Miller Group Limited, one of the UK’s largest privately owned home building, property development, and construction services organisations.

We have enjoyed an excellent relationship with British Waterways for over 10 years and have three current joint ventures at Edinburgh Quay, in Edinburgh, and two at City Road Basin in Islington, London. Others are currently under discussion.

At Edinburgh Quay, we have jointly transformed a former, derelict and run down part of Scotland’s capital into a thriving, vibrant office, leisure, and residential quarter centred around the Union Canal. The development has won numerous awards throughout the UK, and has acted as a catalyst for a far broader regeneration of an extended area and is now setting the trend for prime office rents in the city. A key element in this whole process has been the refurbishment and enlivening of the Union Canal which has its terminal junction at Edinburgh Quay. Life has been breathed back into the canal and considerable work was carried out to refurbish the 200 year old Historic Monument. Numerous boats now enjoy access right into the heart of the city and therefore not only has the development been a resounding commercial success, but the whole perception of this part of Edinburgh and its visual amenity has been drastically changed for all to enjoy.

City Road Basin in Islington, is one of London’s last great, undeveloped waterways, and in 2001 we formed a joint venture with British Waterways to try and unlock its potential. Although freeholders of much of the land around the basin, including the waterway, British Waterways had found it impossible to carry out any development due to long leasehold interests held by a variety of occupiers.

An opportunity arose to take the first step in the unlocking process when the London Electricity plc lease became available. Accordingly, the joint venture stepped in—at very short notice—and acquired the land for in excess of £21 million.

Working hand in hand with the Council, we jointly promoted a major masterplan to act as a conduit for regeneration of the basin which was approved in 2005. Since then, we and British Waterways, have formed a further joint venture with a local residential developer Groveworld, and have obtained detailed planning consent for a 330,000 sq ft, 28 storey tower which, when combined with significant hard and soft landscaping (currently under construction) will create a dramatic gateway entrance to the head of the basin.

All three joint ventures mentioned have created commercially successful projects valued at in excess of £200 million and considerable local community benefits in terms of amenity.

We have thoroughly enjoyed working with the British Waterways team—at all levels of their organisation—and have always found them to be pragmatic, commercially astute, and passionately committed to the maintenance and enhancement of the waterways. We are very keen to maintain our relationship with the organisation and are actually seeking new opportunities to work together.

The waterways are an extremely important component of many of our developments, and it is essential that they are maintained for the benefit of local and broader communities. People love water, and as well as creating fantastic visual amenity, a well-maintained environment in and around a canal will add significantly to the commercial success (value) of any project.

As you will hopefully have gathered from the above, we deem our relationship with our partners at British Waterways to be extremely important, and believe them to be a first-class, well respected organisation who are doing a fine job in their key role as guardians of our waterways. We consider it vital that British Waterways is backed at the highest levels in Government, and we greatly appreciate the continued support demonstrated by the Committee. We hope this support will remain steadfast and resolute enabling British Waterways to respond rapidly to opportunities to work with the private sector throughout the UK.

I would be happy to answer any questions that may arise regarding my comments and can be contacted at the above address.

Andrew Sutherland
Miller Developments

March 2008

Memorandum submitted by the Trent River Park Project

I am writing in my capacity as Chairman of the Trent River Park Project. The Trent River Park Group was first established in 2000 and aims to create a linear urban park and recreational amenity along the course of the River Trent as it flows through the Greater Nottingham conurbation. Details of the TRP Partnership, its objectives and membership are included as an appendix to this letter.

British Waterways were one of the founding members of the TRP Partnership and I would like to pay tribute to their ongoing contribution and commitment to the work of the TRP Group.

Projects such as TRP are by their very nature long term commitments and require the ongoing support of a number of key partners over a protracted time period. The Officers of British Waterways have freely given up their time and provided invaluable advice to help us develop the TRP Strategy and deliver projects on the ground. A recent example of this was the flexibility and co-operation we received from British Waterways when, at short notice, a major funding opportunity arose for a range of projects including a cycle/footpath improvement scheme in the vicinity of Meadow Lane along the River Trent. To capitalise on this opportunity a fast co-ordinated response was required. British Waterways invested a considerable amount of their time in the development of this project which ultimately enabled the Trent River Partnership to secure a £600,000 funding contribution from EMDA towards a £1.6 million programme.

We have found British Waterways' involvement and support for the Trent River Partnership project to be invaluable. We would like to request that the Committee encourage British Waterways to continue its support for the Trent River Park project in the future.

Neil Horsley, Chief Executive
Trent River Park Project

March 2008

TRENT RIVER PARK

BACKGROUND

The Trent is one of the great rivers of England. It flows through the Nottingham conurbation, a “core city” with an urban population of some 630,000. Other major cities such as Newcastle and Liverpool have fine urban riverscapes, but Nottingham is unique in the extent of its green corridor of parkland and open space along the river, running right through the built up area and providing superb access to the country. This represents a huge and not fully realised asset for Nottingham.

The River Trent and riparian open space already provides a big range of leisure opportunities for Nottingham and the region. Some of the most important regional sporting facilities are here including Trent Bridge Cricket Ground, Nottingham Forest’s City Ground, Holme Pierrepont Water Sports Centre and Nottingham Racecourse. The Attenborough Nature Reserve, Victoria Embankment and Colwick Country Park are important visitor attractions.

However despite this range of attractions and activities and the near, continuous open space, access to the river is often limited and disconnected. Although there are footpaths and cyclepaths along much of the river, they are not continuous, access is often difficult and the quality of the paths and signing is uneven. There are significant stretches of open space along the river without formal access, whilst the Meadow Lane and Colwick industrial areas turn their back to the river. There are relatively few bridge links, which limits the value of the open space to either side.

The potential to create a “Trent River Park” as a regional asset, with an overall identity and critical mass of open space, sporting and leisure attractions and informal recreation opportunities was identified in the EDAW study in 2000. This was commissioned by Nottingham Regeneration Limited. A Trent River Park partnership of authorities and agencies was established in 2000 and has been led by Nottingham Development Enterprise. An Action Plan has been developed to promote and co-ordinate improvements and the TRP partners are currently working collaborating on the implementation of over 50 projects.

Trent River Park Mission

- Ensure that the Trent River Park becomes an economically healthy, vibrant and successful place which offers high quality of life to both visitors and residents, together with providing an attractive setting for business.
- Ensure that the heritage and environment of the Trent River Park will be conserved, improved and made to work well for future generations.
- Establish sustainable management plans to provide a safe and attractive environment which is accessible to all.

OBJECTIVES

The Partnership primarily focuses upon the Trent River Corridor within and adjacent to the Nottingham conurbation.

The Trent River Park Partnership aims to:

- Promote the role of the river as a regeneration corridor in Greater Nottingham by creating an area that is attractive to investors and by linking local residents to job and training opportunities created by the Park.
- Develop the potential and raise the profile of the area for informal recreation, while ensuring that the environment is accessible to all.
- Develop the tourist, cultural and educational potential of the area.
- Establish the Trent River Park as a focus of outdoor sporting and leisure activity to ensure the area is nationally recognised as a leisure destination.
- Promote the river corridor as an exemplar for aquatic and riparian nature conservation by proactively protecting and enhancing the environment.
- Promote the river for freight and water transport.

ROLE OF GROUP

The role of the Trent River Park partnership is to bring together the key agencies with a role in delivering the TRP in order to:

- Share information on the future work programmes of the respective agencies, co-ordinate activities and foster joint working.

-
- Develop an overall vision for the Trent River Park area and promote this via joint publicity and promotional materials.
 - Collectively champion the Trent River Park concept in order to generate the support of key funding agencies.
 - Support Trent River Park partner organisations in developing project proposals for the area
 - Integrate and co-ordinate the policy objectives and spending strategies of the partner organisations and agree the best approach to the delivery of projects
 - Work together to link projects to secure funding
 - Work co-operatively with the statutory legal and regulatory requirements of the individual partner organisations of the Group
 - Agree a common approach to signage, design and interpretation to achieve a recognisable brand

MEMBERSHIP OF TRP

- Nottinghamshire County Council
- Severn Trent Water
- Nottingham Regeneration Company
- Nottingham City Council
- British Waterways
- Gedling BC
- Nottingham Development Enterprise
- Rushcliffe BC
- Environment Agency
- On Trent
- Broxtowe BC
- Greater Nottingham Partnership
- Groundwork Greater Nottingham

The Group has successfully raised the profile of the Trent River Park, and the principles are now embedded in the relevant regional, sub regional and local plans. For example The Trent River Park has been recognised by emda as a strategic area of green infrastructure of sub-regional significance in its Urban Action Plan 2006 (pages 56 and 67).

A number of important access improvements are already underway funded by the GNP and LTP. However, the impact has been limited by the scale of resources available and the lack of a clear overarching identity and a dedicated Project Manager for the Trent River Park.

The importance of the Trent River Park to the future development of Nottingham is further emphasised by recent developments:

- The Nottingham Growth Point and the new for x more houses in the conurbation over the next 20 years, and the potential for “Sustainable Urban Extensions” south of Nottingham
- The potential for Neighbourhood Transformation identified in the Meadows, and the opportunities for sustainable development identified in the O Zone project
- The regeneration potential of Waterside area east of Trent Bridge on both sides of the river
- The need for improvements to the major regional sporting opportunities in the river corridor, including the Nottingham Forest stadium, Trent Bridge test cricket ground and Holme Pierrepont Water Sports Centre.
- The potential for a major high quality environment employment campus at Boots in the Trent Valley, including an important Science City component.
- The opportunities opened up by the NET extensions, which will improve access the Trent River Park.
- The “Big Track” initiative, which is improving access, legibility and appreciation of the Trent and Nottingham Canal and can be extended to link into Holme Pierrepont and to Attenborough, Trent Lock and beyond.
- The success of the Attenborough Visitor Centre and the potential for better access to and interpretation of the natural environment elsewhere along the river.

A VISION FOR THE TRENT RIVER PARK

The vision for the Trent River Park is to fully realise the potential of this enormous asset as:

- an amenity of regional significance for residents, visitors and tourists
- an exemplar for conservation and sustainability of the natural environment
- a marketing and inward investment tool for Greater Nottingham.

The realisation of this vision requires a shared agenda and action plan amongst the local authorities and agencies with responsibilities for the river.

In order to achieve this, EMDA Waterways funding is sought for:

A. An updated and refreshed master plan to take forward the 2000 EDAW study and provide:

- an holistic and practical vision for the development of the Trent River Park as part of the “2030” visioning for Nottingham as a core city
- a coherent framework for the regeneration, sporting, leisure, environmental, ecological and sustainability initiatives currently underway or planned
- a marketing, interpretation, signing and information strategy to raise the profile and awareness of the Trent River Park, its extent, variety and coherence.

The revised master plan should:

- set out a strategic plan for the Trent River Park showing the relationship of existing and proposed attractions, facilities, open space and regeneration areas, and how this creates a critical mass of regional significance
- put forward proposals to create an overall Trent River Park visual identity for marketing, interpretation and signage
- provide comprehensive proposals for public access and footpath/cycle routes, as far as possible, along the whole length of the river banks
- propose improved bridge links for pedestrians and cyclists and initial designs for new bridges at Holme Pierrepont/Colwick and Beeston Rylands/Clifton
- produce a strategy landscape strategy which can be implemented in phases
- provide a strategic nature conservation strategy
- incorporate the public arts strategy for the TRP which is being produced with the Arts Council
- incorporate existing plans for flood defences
- propose green transport links through the Trent River Park to provide attractive pedestrian and cycle routes from residential areas particularly south of the river to the city centre and employment zones
- put forward proposals for consistent design and treatment of footpaths and cycleways
- propose and cost standards for high quality consistent and co-ordinated maintenance, litter collection and response to vandalism etc. including visible warden presence based on best practice.

Trent River Park Project

March 2008

Memorandum submitted by Weaver Valley Regeneration Board

REVIEW OF BRITISH WATERWAYS REGENERATION AND RESTORATION ROLE

1. The Weaver Valley Regional Park is a unique opportunity to create a major recreational resource of regional significance. The project seeks to create a regional park that will provide a focal point for regeneration activities in central Cheshire. The development of the Weaver Valley has been identified as a key economic driver with the potential to deliver enormous economic, social and environmental benefits to the region. The Weaver Valley Board has been working with British Waterways as a Board member and a key partner for the achievement of this vision.

2. The vision for the Weaver Valley is: “To connect, transform and energise the Weaver Valley, capturing the area’s unique spaces and places to drive forward an economic, environmental and social transformation of regional significance.”

3. The primary aim of the Weaver Valley is to act as an effective strategic umbrella, bringing together a wide range of partners in new and existing projects and helping to amalgamate a number of assets, products, and experiences. It will be the catalyst for growth, an engine of innovation and entrepreneurialism. It will also create a true sense of place and raise the pride of local communities in their neighbourhoods and their

environment and to the people of Cheshire in the form of improved environment and public spaces for access and enjoyment. British Waterways has been a committed and capable partner in the achievement of this vision with a track record of delivery and with clear expertise and professionalism in their field.

4. As a Board that values our relationship with British Waterways we would ask the committee to recognise the positive work being undertaken within the Weaver Valley relating to the regeneration of canals for tourism and the local economy.

5. Understanding the pressures on all public sector organisations at this time we can understand the difficult funding decisions that have been taken however in our view this in no way undermines British Waterways as a valuable partner in regeneration within Cheshire.

Mike Cooksley, Chairman
Weaver Valley Regeneration Board

March 2008

Memorandum submitted by Walsall Regeneration Company

BRITISH WATERWAYS

REGENERATION AND RESTORATION ROLE

1. EXECUTIVE SUMMARY

Using the canal as an artery for regeneration is a major strategic objective for Walsall Regeneration Company. A number of our major transformational projects are located along or adjacent to the canals within the area. Developing an effective partnership with British Waterways has been a key aim of WRC.

2. The practical outcome of working in a proactive way with British Waterways, alongside developers, the Local Authority and Advantage West Midlands among others has accelerated progress on a number of these schemes, particularly Walsall Waterfront. The quality of that partnership working was recognised by the achievement of “highly commended team” in the Annual RegenWM Awards.

3. Walsall Regeneration Company are very keen to develop further their positive relationship with British Waterways, not only in terms of the conservation and enhancement of the waterways, but also through the development process. In our experience the early involvement of British Waterways has resulted in added value for the community, environment, economy, as well as the developer. We would urge the Committee to encourage British Waterways to continue its good work and look forward to the benefits for all of the diverse communities of Walsall.

4. BACKGROUND

Established in March 2004, Walsall Regeneration Company was formed to champion and facilitate the physical regeneration of 780 hectares of Walsall. Our designated area includes the town centre and neighbouring areas, canalside communities to the north and the nationally significant Darlaston Strategic Development Area, straddling the M6 to the south west.

5. We have the strong support of a powerful partnership, driven by our founding partners, Advantage West Midlands, English Partnerships and Walsall Council, and are working successfully with the private sector, other public sector organisations and community stakeholders to deliver a co-ordinated programme of transformational regeneration. British Waterways are a key and active partner in a number of our projects.

6. WRC is focused on attracting a total of more than £750 million of private and public sector investment over the next decade, creating more than 5,500 jobs, over 1,500 new homes and reclaiming in excess of 70 hectares of land. One of our strategic aims is to utilise the canal as an artery for regeneration. In that context we have included a number of transformational projects within our “Prospectus for Growth” where the active involvement of British Waterways is critical to effect delivery. Details of these are set out below:

7. WATERFRONT

The inspirational Waterfront project will as a whole transform 17 acres of derelict land around Town Wharf and the canal arm into an exciting “waterside quarter” as part of a revitalised town centre. When complete it is expected that around 700 new jobs will have been created.

8. With the iconic New Art Gallery as its anchor, Waterfront will be a vibrant mixed-use development, featuring more than 650 sustainable designer homes, offices, café-bars and restaurants, alongside cultural facilities, public artworks, and new bridges and basins.

9. A key feature will be 10,000 square meters of 21st century office space housed within two buildings.

10. *Waterfront North*

Planning approval for the ambitious £65 million Phase One proposals by Urban Splash was granted in November 2006 and construction will start on site in March 2008.

11. With support from regional development agency Advantage West Midlands, the proposals are for seven new buildings, designed by celebrated architects Shedkm, SMC Alsop and Querkraft, and include the iconic “Oyster” buildings.

12. In total 154 new homes will be created, along with new offices, ground floor retail and leisure space, parking for 630 cars, two new public spaces and, potentially, a hotel. The attractive Wharfingers Cottage will be developed into a canalside bar or restaurant as part of the scheme.

13. *Waterfront South*

Occupying two parcels of land to the north of Charles Street, Waterfront South forms an integral part of the regeneration and transformation of Walsall town centre.

14. The £65 million Jessup scheme, for which planning permission was given in June 2007, consists of 360 apartments and houses, a 4,800 sq metre office block plus twin-deck parking and other commercial spaces for offices, restaurants and café bars. The design utilises the canalside location with the incorporation of “wave form” buildings and ripple paving.

15. Environmental features include “green roofs” and the use of natural solar gain to reduce carbon emissions.

16. Along with a new pedestrian bridge over the canal, improvements to the towpath will provide a safe and attractive pedestrian link between the town centre and the Manor Hospital.

17. *Waterfront Lex*

The appropriate redevelopment of the 2.1 acre Lex site, which lies at the western end of the northern section of Waterfront, will be a key element in the successful delivery of the regeneration of the Waterfront as a whole.

18. With the potential to complement the emerging Office Corridor and wider town centre initiatives, it can be seen as the “final piece in the jigsaw” in the comprehensive regeneration of the Waterfront and also as the gateway to Walsall town centre, when arriving from Junction 10 of the M6 less than a mile to the west.

19. The Lex site offers the opportunity for a different kind of mixed-use development, potentially with three “anchor” uses—a high quality business hotel including 21st century conferencing facilities, the creation of a world class research or education facility, such as an Institute for Photonics Research, and a multi-purpose performance venue with the flexibility for theatre or arena-based productions.

20. CANALSIDE COMMUNITIES

Significant progress has been made on shaping proposals that will link new and existing neighbourhoods alongside Walsall Canal, a historic asset that through sustainable physical regeneration will provide an attractive environment for the creation of new homes that will attract individuals and families to live in the borough.

21. Sites from the town centre, through Reedswood and beyond to Leamore have the capacity to create more than 1,100 new homes along the canal corridor and will contribute towards the goal of building, on average, 200 new homes each year during WRC’s lifetime.

22. Creating canalside communities that will breathe new life into under-utilised land is one of the key aims of WRC to revitalise the town and demonstrate early delivery of the transformation set out in the Black Country Study.

23. *Caparo Site, Birchills*

A major residential regeneration opportunity across a 16-acre site previously used by Caparo Industries. The full planning application for this 300 unit scheme was due for submission in Jan 2008.

24. *Birch Street*

SMC Corstorphine & Wright (Architects), Walsall Council, WRC and the developer's agent have prepared a series of proposals for this 12-acre site. Working closely with local community representatives has resulted in the development of an innovative mix of "linked" public open spaces and housing styles. Consultants have now been appointed to develop a detailed remediation strategy.

25. *Darlaston Strategic Development Area*

A major strategic site of some 54 developable acres, Darlaston SDA represents one of the West Midlands' prime regeneration opportunities.

26. Falling both sides of the M6, its central location and direct link to the very heart of the national motorway network makes it a favourable proposition for major national and international companies looking to establish a regional base.

27. With substantial investment required to remediate the land, WRC's strategy is built around a clear focus on delivering solutions, including establishing a close working relationship with the Environment Agency an approach that is becoming recognised as an innovative model of best practice.

28. WRC is seeking to create a high quality environment, emphasising the area's heritage and canal, which will form an early feature of the Black Country Urban Park.

29. Darlaston SDA has the potential to create between 2,500 and 4,500 jobs over two phases.

Dr. Peter Cromar, Chief Executive
Walsall Regeneration Company

February 2008

Memorandum submitted by Graham Fisher MBE

EXECUTIVE SUMMARY

The contributor is heavily involved in various aspects of the voluntary sector of the inland waterways movement and is also engaged in various aspects on a professional or commercial basis. He therefore enjoys regular contact with British Waterways up to the highest levels in both voluntary and commercial sectors.

Graham Fisher is currently Chairman of the Staffordshire & Worcestershire Canal Society, in which capacity this submission is offered. Here he outlines his direct involvement with BW and puts the case for a realistic appraisal of their attributes under current commercial restraints.

In addition to various other accolades over the past two decades or more Graham Fisher was awarded the MBE for services to inland waterways in the 2001 New Year's Honours list and was voted by his peers as Inland Waterways Personality of the Year 2005.

SUBMISSION

1. I am Chairman of the Staffordshire & Worcestershire Canal Society (SWCS). I am also actively involved in the voluntary sector with various other Societies including Cotswold Canals Trust. My business focuses largely on inland waterways. I therefore have regular dealings, both in a voluntary and professional capacity, with British Waterways (BW) up to and including the highest levels of the Organisation and have a broad experience of working with them. However, I wish to focus these particular observations from my perspective of Chairman of SWCS.

2. SWCS has for many years enjoyed cordial working relationships with our local BW. One of my first duties when taking over SWCS in 2005 was to meet with our BW General Manager to continue fostering our relationship. Not only have I done so but I am delighted with the further productivity and genuine mutual respect this has since generated. We have since met or spoken regularly. This is not to say that BW and SWCS are in constant agreement but it does mean we can engage in constructive dialogue to move forwards rather than revert to the 'stand-offs' that appear endemic in certain quarters. It is noteworthy that on occasions when it is anticipated that problems may arise that I am often the first point of call. Nowhere was this better exemplified than in the flooding of July 2007 when I was kept fully informed by the BW

General Manager who was appraising me from the scene by telephone at 2300hrs on a Saturday night. This by any yardstick is good service. I will be encouraging my successor to build yet further on this relationship and I am personally aware of many beyond our bounds who are frankly deeply envious of it.

3. Apart from the warmth of relationships enjoyed with BW (which, though intangible, are highly prized per se) there are numerous more tangible areas in which I can find nothing but praise for the support given to us by BW in our efforts to promote the Staffordshire & Worcestershire Canal (SWC) for the benefit of all. It will be helpful if I briefly relate some of these . . .

4. SWC is a fully functioning waterway and as such does not strictly fall within the 'restoration' gambit. However we still need to maintain the waterway (which enjoys Conservation Area status) and also seek to improve or indeed regenerate certain sectors. The most notable example of this is the major improvements to the Stouport Basins which SWCS has fully supported, in return for which BW have kept SWCS fully informed and involved.

5. Since 2005 we have seen SWC subjected to dredging works at Whittington, various towpath initiatives and a host of improvements that are already well-documented elsewhere. But the most impressive example of BW's support for our work—impressive essentially because it didn't even fall entirely within BW's mandate—was the visit in May 2007 of Lord Morris of Aberavon to our celebrations of the 40th Anniversary of the reopening of Stourbridge Canal. Site clearance, staff support, BW VIP attendees, even the renovation of our directional fingerposts are just some of the ways in which BW assisted us in staging what will eventually prove to be a historic event.

6. On a smaller but equally significant scale we continue to enjoy BW's respect for some of our more revered members and, following negotiations between BW and SWCS, a memorial bench to our late former Chairman is being made for us by BW at this very moment. Jointly funded and implemented by SWCS and BW, it will be sited shortly at a popular towpath venue and will be looked after in perpetuity by us both. There is much more, but I suspect this is sufficient to have made the point.

7. As a member of Cotswold Canals Trust (CCT) I am aware of recent developments regarding BW's financial situation and am of course deeply saddened by them. I am not convinced that BW are happy with this either and believe that they have been placed in an invidious situation by events and financial considerations beyond their control. This is as unfortunate as it is debilitating, the consequences of which are evidently becoming increasingly self-fulfilling as unexpected contingencies such as the Mon & Brec breach are expected to take precedence over pre-existing arrangements such as those with CCT.

8. Perhaps indeed such a committee as this ought on another occasion be looking beyond BW as to the fundamental cause of these difficulties; regrettable as the situation with CCT may be it is clear that the fault cannot be laid squarely at BW's door. Indeed it saddens me somewhat that there are many good people that comprise the Body Corporate who find themselves responding to criticism that should more properly be addressed by others. Furthermore, it is my considered belief that BW themselves will be saddened by the necessity to withdraw from CCT since, based on my experiences, they have an innate ethos to be supportive yet are frequently prevented from doing so by external constraints.

9. Notwithstanding such difficulties, in requesting that the Committee encourage BW in the continuance of its excellent work, especially in supporting the likes of the Society that I represent, I am happy to commend the experiences of the BW and SWCS partnership as a model as to how this may, in appropriate circumstances, be achieved.

10. I trust this information is of assistance and would be willing to attend in person to give oral evidence if required.

Graham Fisher MBE

March 2008

Memorandum submitted by The Yacht Harbour Association

BRITISH WATERWAYS AND ITS ROLE IN RESTORATION AND REGENERATION

The Yacht Harbour Association (TYHA) is the Association for the Development of Coastal and Inland Boating Facilities, and is dedicated to the constant improvement of yachting and boating facilities. The Membership of the Association embraces Marina and Mooring Operators, Professionals and Consultants and Suppliers of Equipment and Services to the Marina Industry, both in the UK and Overseas.

The Association is a Group Association within the British Marine Federation (BMF) who embrace over 1500 UK Members in the Marine Industry. Membership of the Association runs hand in hand with Membership of the BMF.

We have a strong representation on the inland waterway systems representing both marinas, contractors and professionals. Hire fleets moored within marinas are generally represented by another British Marine Federation Association but you may take it that I shall represent their interests on this occasion.

Growth in the past ten years in the use of the inland navigations has been very considerable and research has indicated that the demand for new narrowboats alone has been between 800 and 1,000 boats per annum for the last five years. A British Waterways (BW) study has identified the need for 11,500 new moorings within marinas over a 10 year period and our industry is meeting this demand on a sustainable basis by building new marinas often assisted by the British Waterways New Marinas Unit.

This success story has been enabled because BW embarked on a programme of waterways regeneration with partner organisations which was coupled with an extensive programme covering both safety and maintenance matters. This created a safe and extensive network for the public to enjoy.

WHAT ARE THE BENEFITS OF THE INLAND WATERWAYS LEISURE INDUSTRY?

Tourism

Cruising the canals brings tourism benefits to many canal-side businesses; pubs, restaurants and shops together with many visitor attractions are obvious beneficiaries.

It should be understood that hire fleets attract many customers from abroad and some private boats are foreign owned. Many local authorities understand and welcome this vital element within their tourism strategies.

Economic Benefit

The economic benefit of marinas is very considerable and a study is currently in progress; it is being undertaken by the British Marine Federation following completion of a similar study of Coastal Marinas which was undertaken last year and which demonstrates economic benefits above expectations! Obviously the value added within a marina is dependent on the services and facilities on offer and these may include servicing and repair, boat sales and brokerage, chandlery and grocery outlets and bar, restaurant or club type facilities. Basic facilities include toilets, showers, launderettes and sewage pump-outs together with refuelling pumps.

Marinas and their customers bring benefit to their communities in terms of employment, consumer demand and taxes.

Regeneration

The extensive programmes of regeneration undertaken by BW have been vital in enabling the growth of the boating industry but they have also brought value to derelict or delapidated sites. Of course, the regeneration of the canal infrastructure has been vital for the boater to travel safely and quietly to enjoy many of the remoter areas of the United Kingdom but regeneration within towns and cities has brought tremendous social benefits on top of the economic ones. These projects have created a solid capital base for BW.

Our industry and customers feel that we are threatened by the reduction in funding of BW and concerned when we hear of projects like the Cotswold Canal Partnership not being moved forward. We understand that BW had a really difficult choice between restoring the Cotswold Canal or dealing with the Monmouth and Brecon repair, but it is a difficult choice and we support the need to repair and restore what we have. Having said that though and taking into account the considerable economic benefits already discussed, I firmly believe that BW should be funded for both projects. The continued growth of demand is dependant on the maintenance and expansion of the network and there is concern that safety may be compromised which could lead to closures and a reduction in network availability.

We believe that cuts in the BW grant have been caused by financial problems within other departments beset by foot and mouth costs or late payment of farmer's subsidies. Such problems have nothing to do with BW which has performed well and has the support of our industry in the majority of what it does. Why not build upon success rather than penalise it?

I would like to take this opportunity to thank the Committee for its support of BW and urge that this support continues to enable funding to revert to its pre "cuts" level.

Sam Bourne, Chairman and Chief Executive
The Yacht Harbour Association

March 2008

Memorandum submitted by Scottish & Newcastle Pub Enterprises Ltd

1. This submission is provided by Willie Crawshay, Managing Director of Scottish & Newcastle Pub Enterprises Ltd (S&NPE). S&NPE is a wholly owned subsidiary of Scottish & Newcastle plc. S&NPE's core business is the management of leasehold pubs on behalf of contract partners.

2. British Waterways is one of several contract partners with whom S&NPE operate. British Waterways own a high quality estate of c. 50 pubs. S&NPE and British Waterways have operated in partnership for three years.

3. S&NPE has found the partnership to be very satisfactory in allowing it to deliver against its strategic need to provide sustainable profit growth for its parent business and, ultimately, for shareholders. Profit growth alone is not enough, however. It is increasingly important for S&NPE that profit is delivered in a manner that is consistent with the values of our organisation. This means the promotion of responsible drinking and the minimisation of our environmental impact are both important to us. British Waterways share these values and have enabled the partnership to grow in a manner which allows all stakeholders — employees, contractors, lessees, customers and shareholders—to be proud of our achievements.

4. British Waterways have a strong commitment to quality. All of the partnership's acquisitions, developments and continuing operations are subjected to the closest scrutiny to ensure that we continue to deliver both sustainable profit growth and a positive experience for all those that come into contact with pubs. This of course means customers but also includes those who use the waterways for commerce or leisure.

5. Having invested considerable resource in the creation of the partnership with British Waterways it is critical to S&NPE that British Waterways continues its work in the regeneration and maintenance of those waterways within its remit. Without this continued commitment the opportunity to develop pubs that cater for a family-orientated customer who enjoys the responsible consumption of food and drink in combination with the great British outdoors would be severely diminished.

6. Both British Waterways and S&NPE have limited resources. Whilst maintaining existing quality standards it is therefore important that the partnership concentrates its efforts on, firstly, the enhancement of existing operations and, secondly, on the gradual expansion of the partnership into appropriate waterside sites.

Willie Crawshay, Managing Director
Scottish & Newcastle Pub Enterprises Ltd

March 2008

Memorandum submitted by blockKilmartin

1. WHO WE ARE

blockKilmartin is the urban regeneration arm of the Kilmartin Property Group and I am Managing Director of the regeneration division of this business. The Kilmartin Property Group is an international property development investment and regeneration business with its major trading activities undertaken throughout the UK. The Kilmartin Property Group is 50% owned by the Bank of Scotland.

2. OUR RELATIONSHIP WITH BRITISH WATERWAYS

I personally have a 13 year working relationship with British Waterways and was the principal instigator together with the Head of Property for BW of the multi-award winning Edinburgh Quay development which forms the terminus of the millennium link canal between Edinburgh and Glasgow. More recently we have a successful and active ongoing joint venture with British Waterways instigated over four years ago titled H2O Urban Limited. This company provides a classic blend of public and private sector skills providing projects which allow profitable reinvestment in the canal network in addition to other valuable outputs including enhancement of the canal environment and setting and encouragement of additional interaction and use of the waterway network.

3. FUTURE STRATEGY

We are committed to working with British Waterways in order to ensure the continued regeneration and restoration of the elements of the canal network that H2O Urban can directly influence and feel proud that the reinvestment of a significant proportion of H2O profits further enhances the upkeep of the canal network outside our own operational remit. The network is both a national treasure and asset and the superb work that BW undertake should be commended in terms of the efficiency of its operation and effective use of public resources and finance.

4. BW'S OPERATION

Although BW operates within a regulatory budgetary environment, the key attributes which set this organisation apart from all other public sector bodies that I have engaged with in over 20 years of property development and partnership is that it has an efficiency of commercial operation and a quality of key personnel that is in my experience second to none in the public sector. Public bodies and local authorities who I have engaged with in the past sometimes have an effective management structure or one dynamic individual who can act as a leader and influencer for beneficial change. Unfortunately some public (and private) bodies I have come across have also been myopic, inward looking bureaucracies which can lead to a systemic failure in their ability to act efficiently and commercially for the benefit of the public purse. In my experience British Waterways stand alone in its general commercial effectiveness and efficiency together with its high quality key individuals in maximising the benefit to both the public purse and the other key regeneration and restoration outputs which are part of British Waterway's Charter.

I am more than happy to be a taxpayer contributor in the work that British Waterways undertake, particularly given the wastage I have seen in other bodies. In fact, I would go as far as to say that other parts of the public/LA sector would significantly benefit from copying the BW management/decision making structure.

5. CONCLUSION

I would appreciate the Committee's continued support for BW and its work, both as a partner and as a taxpayer.

Richard Page
blocKilmartin

March 2008

Memorandum submitted by Park Royal Partnership

EXECUTIVE SUMMARY

1. Park Royal Partnership (PRP) submits this statement in support of British Waterways (BW) and their regeneration and restoration role with specific reference to the Grand Union Canal (Scrubs Lane to Ealing Road) in West London.

2. PRP has been working in partnership with BW and local stakeholders to restore and regenerate the section of the Grand Union Canal (GUC) as it passes through Park Royal. This is a mature partnership with 6 years of successful collaboration, project implementation and joint funding to achieve the significant improvements to the GUC with attendant increase in usage of the towpath for commuting cyclists and leisure uses. The improvements to the GUC has also raised the image of the area and provided an amenity for the businesses and their employees.

3. PRP have relied on BW as a delivery partner to implement the improvements to the GUC, a role that they have discharged promptly and in accordance with agreed budgets and timescales. PRP view BW to be a very close and reliable partner working in alignment with shared objectives for the regeneration of GUC, Park Royal.

SUPPORTING STATEMENT

1. PRP have worked closely with BW as a strategic partner since the late 1990s to achieve the regeneration of the GUC as it passes through Park Royal, West London. The relationship has strengthened and from 2002, BW has been a key delivery partner. There have been significant improvements to the GUC as a result of this partnership with BW and local stakeholders including Borough Partners—London Borough of Hammersmith and Fulham, Brent and Ealing.

2. In 2004, PRP sought to embed the existing relationships with stakeholders committed to the regeneration of the GUC through the establishment of the GUC project steering group. This steering group focussed on the prioritisation of improvements to the GUC using available public sector funding and to pool resources where available. BW was a key member of this group and has participated actively.

3. Collaboration with BW has been particularly significant in 2005–2006, 2006–07, 2007–08 and into 2008–09. PRP has invested significantly in the GUC using EU European Regional Development Funds (ERDF) and Transport for London funds with BW as the delivery agent. BW has proved to be flexible, accommodating and efficient in discharging their role.

4. Joint working with BW has been particularly intensive in 2007–08 with two parallel work streams being developed. PRP are particularly grateful to BW for the efficient commissioning of contractors and contract administration to achieve canal side and towpath improvements, including towpath improvements. A key project for Park Royal and LB Hammersmith and Fulham is the Scrubs Lane Access Ramp. This project

would not be able to proceed without BW's endorsement and agreement to take on ownership of the resultant asset. BW staff have proved to be responsive, exceedingly helpful and effective in meeting the shared objectives of achieving improvements to the GUC for the wider public and Park Royal's business community.

5. In early 2008, PRP took the decision to wind-up the bespoke GUC steering group and have mainstreamed GUC project issues into existing Transport fora serviced by PRP. BW will be a key strategic partner at these higher level meetings. This approach embeds the evolving, maturing nature of PRP's relationship with BW. This is in keeping with the evolving nature of PRP's regeneration programme for Park Royal and the GUC and more importantly, reflects the changing nature of funding streams available for canal side/towpath works.

6. PRP has every confidence in the strong relationship it has developed with BW and that we will continue to work in partnership to deliver continued improvements and regeneration of the GUC, Park Royal.

Park Royal Partnership

March 2008

Memorandum submitted by Manorcrest Homes Ltd

BRITISH WATERWAYS' REGENERATION AND RESTORATION ROLE

1. We have been working closely with British Waterways for the last twelve months on a project on the Lincoln waterfront at Brayford Pool. The waterfront has received a great deal of investment over the last few years and in addition to housing the Lincoln University campus, private investors have brought the Brayford Pool to life with new bars, restaurants, cinema complex and a hotel. Significant improvements have also been made by British Waterways and Lincoln City Council to ensure that the area is attractive and welcoming to visitors walking along the quayside, and the marina itself is undergoing modernisation by the private sector. British Waterways own a 1700 square metre site overlooking the marina, which was originally an Electricity Board power generating plant.

2. The site is derelict and has been vacant for many years. However, Manorcrest Homes saw the potential for a new hotel in this location and entered into negotiations with British Waterways to acquire the site for redevelopment. Since agreeing Heads of Terms in June 2006 we have been working together on all aspects of the design work and consultation required to reach the stage in January this year when we were able to submit a joint planning application for the demolition of the existing buildings, and construction of a 105 bedroom hotel.

3. The support and professional guidance of British Waterways staff in this process has been fundamental to its success so far. The design process has had to address the public's concern with loss of character and consultation with local and historical groups, as well as deal with the technical aspects of flood risk management, access and aesthetic issues. A great deal of media interest has been generated, with some adverse comments, but there has also been overwhelming support for the project from the general public, who are as keen as British Waterways and ourselves to see further improvements to the waterfront. The British Waterways site is the last property on northern quayside to be modernised and will be an important conclusion to the regeneration of the area into what will be an exciting, vibrant leisure quarter for Lincoln.

4. Because we have submitted our planning application in joint names, British Waterways have been involved in the preparation of the application at every stage, attending planning, design and consultative meetings, and keeping in touch through extensive email correspondence. British Waterways have been able to bring to the table their extensive expertise in similar regeneration projects, as well as utilising their contacts to network with the authorities and other professionals.

5. Delivering a high quality network of waterways across the country that create a relaxing, enjoyable environment for boaters, walkers and cyclists alike is important to the British public, and part and parcel of that is the upkeep of waterside frontages, including the restoration and regeneration of properties that can add significant value to their surroundings and improve their attraction to visitors. British Waterways play an important role in driving such projects forward and their involvement in the Brayford Pool, both in terms of the moorings and facilities already provided, and their desire to see our hotel project come to fruition, will undoubtedly contribute towards Lincoln becoming an important tourist attraction for this region.

*L M Hall, Director
Manorcrest Homes Ltd*

March 2008

Memorandum submitted by Mike Handford

I have been a strong supporter of the Cotswold Canals Regeneration scheme since the late 1960s when we formed the Stroudwater Canal Society. In subsequent decades I wrote three books on the canals. I remain a shareholder in the canal company and have served as director for over twenty years.

From the inside it has been clear that, given their obvious inability to get their act together and forward plan, BW have not been appropriate leaders for the project for some time. So from that perspective I say “good riddance”.

From the outside the damage done to BW’s reputation in pulling out so shambolically of the country’s premier restoration scheme may be incalculable. The waterways have always been unique in that the public see themselves as owners and indeed supporters. BW may have lost that large constituency of public support and indeed deserved to do so by their action.

There were alternatives such as seeking special funding for the Brecon and Abergavenny Canal or slowing down other less premier schemes. I can only presume a complete lack of political vision has informed the BW board members who cannot have thought through the consequences of their actions.

As BW are no longer competent guardians of our national waterways heritage the time is now ripe to establish a National Waterways Conservancy on the lines originally advocated by Robert Aickman.

Mike Handford, Senior Lecturer
Centre for International Transport Management
London Metropolitan University

March 2008

Memorandum submitted by Sedgemoor District Council

1. It was with dismay and disappointment that this Council learnt of the reduction in funding to British Waterways by the Department for the Environment, Food and Rural Affairs which has led to the withdrawal of BW funding of £6 million to the Cotswold Canal. The implications of this are vast and far-reaching.

2. Funding and support in many ways from British Waterways has been critical to much of the work we have done, and continue to do, and we welcome this opportunity of being able to ask EFRA to reconsider this reduction in funding which has already resulted in withdrawing from the Cotswold Canal project but could also have an adverse effect on other work undertaken by British Waterways.

3. Our own restored Bridgwater and Taunton Canal is hugely dependent upon British Waterways having the ability to maintain and run the Canal to a standard that makes it navigable and a green corridor resource to be used and enjoyed by the widest possible number of users. Sedgemoor District Council, Taunton Deane Borough Council and Somerset County Council work closely with BW and have an Agreement which commits funding from their own resources to help towards this work. This Partnership works well and has brought benefit not only to the towns at either end of the Canal but throughout the whole length.

4. Both Bridgwater and Taunton have “turned their back” on the Canal in the past but with the regeneration work that is now taking place—albeit Taunton more advanced than Bridgwater—the Canal plays a pivotal role in the way forward. There are many examples of where canals have been used as a focus for regeneration and enhancement and have brought immense economic benefit and vitality to their locality.

5. During the last 18 months a county-wide partnership of local authorities and British Waterways bid for £50 million Big Lottery funding for their “Waterlinks” project. Waterlinks would have used 21 projects to link the whole of the Somerset Levels by navigation, waterside paths and cycleways, regenerated existing buildings and created new waterside opportunities which would have provided not only a wonderful tourism attraction but have brought financial benefit, increase and uplift in jobs, opportunities for rural diversification, and many other chances to maximise and build on the uniqueness of the area. Whilst short-listed amongst the final six we were unsuccessful in winning. Nonetheless, this experience gave the partnership the benefit of receiving £500,000. A major part of Waterlinks would have been to use the Bridgwater and Taunton Canal and link it into the Rivers Tone and Parrett and thereby create a navigable waterway between Bridgwater and Langport—a week’s journey by boat. Also within Waterlinks was to be the Kingfisher Centre for canoeing, rowing and kayaking. All examples of how rejuvenated waterways can bring new life into the towns, villages and countryside through which they pass, create opportunities for diversification and draw communities together.

6. We believe that what was planned for the Cotswold Canal would have brought all, and more of the benefits enumerated above and to have vital funding withdrawn in this way could have a dire effect on the whole project. Obviously hopes and expectations have been raised and to have them dashed at this stage is devastating for all concerned.

7. British Waterways have a responsibility for many of the UK canals which are part of our national heritage. Indeed, it has been their policy over many years to encourage the use of these canals for recreation and leisure, health, education, exercise, environment and navigation. The unexpected breach in the Monmouth and Brecon Canal should not be the reason for withdrawing support from another vital project.

8. As a Local Authority we urge DEFRA to reconsider their funding to British Waterways. The future of our national heritage, our canals, is largely dependent upon British Waterways being able to maintain them for future generations and promote and regenerate those that have fallen into disuse.

Cllr. Anne Fraser, MBE,
Sedgemoor District Council

March 2008

Memorandum submitted by Shropshire Union Canal Society

1. These comments are submitted to the committee as a collective submission representing the views of the Society.

2. In general we consider that British Waterways should continue to work in close partnership with the voluntary sector (ourselves in this instance) to continue the progress of regeneration and restoration within the canal system.

3. As a volunteer group we have had continuous contact with British Waterways (Wales and Border Counties Region) over the past 17 years; that contact has enabled us to establish a positive working relationship with most of the team from the men on the towpath to the general manager without any restriction of access. This, we believe, is the only way to progress volunteer input to a national organisation where our efforts and contributions are both needed and welcomed.

4. The areas of input to the region are Labour, Cash either from our own source or by way of external contribution, user experience and waterway promotion by way of organising events on the waterways. All of these inputs have at present a calculated value of about £50,000 (Fifty thousand pounds) at volunteer rates for approx 7000 (Seven thousand) hours of work which, if extrapolated through to contract value amounts to approximately £250,000 (Two hundred and fifty thousand pounds) in the current year. This is the mechanism used to measure our input to our waterways and, from comments received from users, this input is visible, welcome and helps make for a user friendly waterway for everyone.

(The figures referred to above can be ratified by B W if required).

5. How do we as a voluntary society contribute?

Within the Society, we collate ideas of items which are deemed to add enhancement to our waterways and process these ideas through BW so as they become projects; these we either fund ourselves, jointly with BW or, in most instances, seek third party. This third way relieves the burden of cost on one source and at the same time brings extra money into our waterway which otherwise would not be available. We then complete planning the project, mount a working party and bring together those volunteers who wish to take part. We also seek funding for larger projects primarily for the purpose of continuing the restoration of the Montgomery Canal (England into Wales)—the original purpose of the Society. While the speed of restoration of this canal has changed over the past 40 years, progress is being maintained by close involvement with our friends at British Waterways. The value of our contribution is not calculable as for many of the early years this was not measured but from the extensive engineering projects completed by the volunteers along this 33 mile waterway the value runs into millions of pounds. And so it must continue as funding and resources permit.

6 We also have an increasing number of volunteers who operate as a Minor tasks team. This group of 20 plus members travel the waterways of the Shropshire Union System and where they see that a job within their remit needs doing, they stop and do it. This simple but flexible mechanism saves many thousands of pounds in management, travel and employee working time. Although only introduced in 2007, this idea is working well and is making a significant contribution toward keeping our waterways maintained and safe. The fourth area of contribution is with the organisation of events designed to promote the waterways to a wider population and to this end we organise 4 or 5 events per year.

7. From our involvement with the waterways of our area of remit, the committee will appreciate that this amount of practical assistance could not be undertaken without close cooperation and a good working relationship with our colleagues at BW (Wales and Border Counties).

8. It would be remiss of us to suggest to the committee that all is always well and good with British Waterways Management for that situation suggests near perfection (or complacency). We often feel that little use is made of the considerable store of user knowledge available through the many Volunteer Organisations associated with the Inland Waterways. Even if only considered in part, this could contribute to a more efficient use of cash resources and less waste of time. There is a vast amount of practical, professional knowledge available to British Waterways both regionally and nationally, which is ready and able to assist the management of BW if only they were asked. If this resource was available to any private

business, it would be welcomed with open arms and would be channelled towards greater efficiency and profitability and, whilst I concede that BW is not commercial business, better use could be made of the resources available to them.

9. We feel that the limited avenues of external income available to BW mean that the main users are always the soft target for making up shortfalls in funding and while the user is, I believe, prepared to pay for the use of the canals, there is a limit as to how much can be squeezed from him/her and continual price increases in excess of inflation and income increases will see a drop in users and consequently BW income.

10. The funding of a national asset which, we believe, everyone agrees the inland canals are, should be funded in a better and fairer way whereby all those non contributory users make a financial contribution to BW through other government agencies or sources and not solely from DEFRA. The sustainability of a National Asset cannot be equated with a normal commercial business as it does not have a profitability motive. It may be worth consideration of looking at the Charitable Trust model of operation (ie The National Trust).

11. We wish to see the voluntary sector and our society in particular continue to work in harmony with the management of BW but we believe that there needs to be some minor redirections from the top level. Much of the working relationship is built up between local groups and the waterways at regional level and this association makes a significant positive contribution to the waterways in general. Good communication, and open access to management is the way we have found to be the way to progress and we do not want to see this jeopardised in any way as this would compromise the input of the volunteer within our area. The maintaining of working partners is the only way an organisation like BW can survive and this relationship must be nurtured and developed.

12. Blame is not the way to resolve or improve the issues raised about funding and cuts to funding but it is a very hard pill to swallow when the cause of the cuts is the malfunction of another department within DEFRA and where the person responsible is suspended on full pay and further rewarded with a financial bonus for his inefficiency. There needs to be a greater understanding of BW and of the *modus operandi* of the waterways; a better spread of income from other sources could go a long way to removing what is becoming an almost annual event of cuts, reviews and reorganisation. Stability is required to enable the continuation of works to catch up on existing backlogs (some of which are safety related), promote a steady input to continued restoration and a better contingency for funding emergency situations (which will continue to happen with a 200 year old system). To continue the "practice" of under funding is to destroy an essential part of the National Heritage.

We offer these comments to the committee for their consideration and deliberation.

Addendum

The Shropshire Union Canal Society was formed in 1968 primarily to progress restoration of the Montgomery Canal and to enhance and improve user facilities on the other canals of the Shropshire Union System.

The area of remit covers 158 miles of canal all of which is under one region of BW Management

The society has 700 members.

Shropshire Union Canal Society

March 2008

Memorandum submitted by The Lichfield and Hatherton Canals Restoration Trust

Reasons for having contact with British Waterways

1. L&HCRT has maintained regular contact with local waterways managers from its inception in 1988. In recent years our main contact has been with the manager of West Midlands Waterways. We have also worked directly with the Chief Executive. The relationship has always been friendly and supportive and is currently extremely positive. In times of difficulty the Trust has always turned to BW, usually to great effect. The Trust recognises that, in the longer term, major canal restoration projects are unlikely to reach completion within a realistic time frame, unless they have the support of BW, local authorities and, ultimately, government.

2. *What is being achieved with British Waterways*

The Trust has worked closely with British Waterways in a number of areas.

- (a) The construction of an aqueduct over the M6 Toll Road and the redesign to navigable dimensions of culverts under M6 Toll. BW provided advice and, through the Waterways Trust, support with funding a major project at very short notice.
- (b) Joining discussions with Staffordshire Highways to ensure that new road construction did not obstruct the restoration route of the Lichfield Canal 2006–2007. Also assistance with design work. Again, time was limited and the very active input of BW staff saved the day.
- (c) Facilitating a feasibility study for the Hatherton Canal. BW handled the sourcing of providers and ultimately Ove Arup.
- (d) Advising and supporting work to reinstate a road bridge over the Lichfield Canal. Land acquisition was complex and BW advice and support was required.
- (e) Ongoing discussions on ways in which BW can assist the Trust. The Trust will identify areas in which BW can supply advice and support.
- (f) The Hatherton Canal is partly in BW ownership requiring the Trust to work with BW when regular volunteer work parties are deployed. Health and Safety advice has been required and provided.
- (g) Advice in specific areas such as purchase of property, development requirements and design of structures.

3. *The Nature of the Partnership*

The support of BW for the work of the restoration trust is a key ingredient in making progress. In addition to the items listed above being able to quote the positive involvement of BW carries considerable weight in discussions with local authorities, businesses and land owners.

4. *The Future*

While restoration organisation can, and have, achieved, a great deal as free-standing organisations the support of British Waterways becomes vital if the major projects are to be taken to completion within a reasonable timescale. Several of our major achievements could not have been made without very active BW support. The Trust has now reached a point where even greater input will be required as it moves from a mixture of crisis reaction and spot restoration projects to a more strategic level. We need to stress the value of the restored canals to the regeneration of the grossly underused waterways, to the north of Birmingham. The return of boats to these waterways will be of enormous value to areas which are suffering economic and social deprivation. We also need to show that our reopened waterways will ease pressure on areas of the Midlands canal network which are becoming seriously overcrowded and bring tourism to the heart of the Black Country. The support of BW is essential in support of the volunteers who need professional support and advice. We hope that the existing supportive relationship can be developed and carried to a higher level.

The Lichfield and Hatherton Canals Restoration Trust

March 2008

Memorandum submitted by Midlands Marine Alliance

The Midlands Marine Alliance is a network of companies working in the Marine sector in the Midlands region comprising almost 600 member companies who manufacturer and distribute goods and provide services that enable the public to enjoy boating in all its forms. The marine industry also makes an important contribution to the visitor economy and a valued contribution to the Inland Waterways tourism and services sectors.

The MMA is an initiative led by the Regional Development Agencies, Advantage West Midlands and East Midlands Development Agency, and the British Marine Federation (BMF), the UK Trade Association for the recreational marine industry.

British Waterways is a key partner in the Midlands Marine Alliance that has an active role in identifying initiatives and projects based in the Midlands, including regeneration and tourism. British Waterways Chair the MMA Business Development Working Group and have led the Group's presentations to the Regional Development Agencies that explain how the MMA can support both industry and RDA objectives through marine sector activities and initiatives.

Midlands Marine Alliance Objective

Assist the Midlands marine industry to increase its contribution to the regional and national economies through profitable growth in home and overseas markets.

Midlands Marine Alliance Strategy

- Support and promote the marine industry in the Midlands regions.
- Assist marine businesses to access information and support to improve business performance.
- Influence the policies and strategies affecting business success and growth in the key areas.
- Skills, Technology and Manufacturing, Business development, Tourism.

Business Development Group

- Develop market opportunities for marine users in the Midlands.
- Identify Midlands Tourist Agencies/Authorities and engage them in the activities of the MMA.
- Engage with navigation authorities and identify major opportunities for developing the infrastructure for waterway access and increasing capacity.

Midlands Marine Alliance

March 2008

Memorandum submitted by David Jarvis

The Cotswold Canal project is an unique opportunity to restore a sizable area of Stroud and District. It is a run down area and this project could offer hope to a large number of people. What right have BW to destroy the work of many years to play politics. The cynical decision to play South Wales off against Stroud is unforgivable.

We need this project and its successor phase 1b to make good the damage caused by Government policy to build the M5 over the canal in the first place.

Please help.

David Jarvis

March 2008

Memorandum submitted by Graham Hobbs

I am producing a book with the help of pupils at Brimscombe Primary School. It is about Brimscombe Port, due to re-open this year and due to connect via Stroud to Stonehouse. This is a tremendous educational opportunity for the pupils, one which most children will never get. It's one the school may not get after all. The children have researched with me at the archives, visited museums, been on the radio and helped prepare maps. We even planned an exhibition in the local museum. If BW withdraws their committed money the project we are doing could become pointless. What sort of impression does this give children about adults and B.W. in particular? B.W. made a commitment. It should be honoured.

Graham Hobbs

March 2008

Memorandum submitted by Hodgson Elkington LLP

BRITISH WATERWAYS—REGENERATION AND RESTORATION ROLE

Hodgson Elkington LLP have acted as Commercial Agents and Property Advisors to British Waterways on a Regional basis for in excess of 10 years.

As a Practice, we have been involved in a number of significant regeneration based schemes in a wide geographical area including Lincoln, Loughborough, Newark, Grantham, Retford and Doncaster.

During this period of time British Waterways have been instrumental in regenerating important water based urban areas including the Brayford Pool in Lincoln and the Grand Union Canal Basin in Loughborough. Area based schemes have also been initiated in Grantham and Doncaster, strategic schemes which are at varying stages of delivery.

Our clients have worked closely with a variety of Partners including District and County Council's and Regional Bodies such as East Midlands Development Agency. The ethos has been simple insofar as the primary aim is to regenerate, often run down, urban water spaces through Development, any profits/returns are simply then reinvested in the continual management and regeneration of the administered canal/river network.

As a Practice we are constantly looking for opportunities whether individual or area based for waterside regeneration and this is a proactive approach instigated through a close working relationship with the Leeds and Northwich based property teams of British Waterways.

The relationship has led to a sound understanding of the benefits accrued through waterside regeneration which, amongst other things, we see as a catalyst for other developments, the provision of much needed services for the water space and the generation of much needed Capital and Revenue from development enabling reinvestment in the waterways.

From our own experience, it is clear that the input of British Waterways in terms of urban regeneration has been substantial, and indeed vital, to the successful outcome to some of these areas. We are of the firm belief that British Waterways needs to play a continued vital role in these processes, they are an essential component in a delivery framework and as such we would request the Committee to encourage British Waterways to continue its work in this particular field.

Stephen Bradford, Partner
Hodgson Elkington LLP

March 2008

Memorandum submitted by Sefton Metropolitan Borough Council

1. EXECUTIVE SUMMARY

1.1 Sefton Metropolitan Borough Council are currently engaged in delivering the Housing Market Renewal programme in Merseyside.

1.2 The programme is being delivered in partnership with a range of public and private sectors partners, notably British Waterways.

1.3 British Waterways are an active partner in the local authority's objective of bringing forward canal side sites for development.

1.4 The Coffee House Bridge Development will see land assets owned by British Waterways, Sefton Metropolitan Borough Council and the Liverpool Diocesan Board of Finance marketed to the private sector as a single development opportunity based upon a jointly developed regeneration framework.

2. STRATEGIC POLICY CONTEXT

2.1 NewHeartlands, the Merseyside Housing Market Renewal (HMR) Pathfinder, covers part of the districts of Sefton, Liverpool and Wirral.

2.2 Sefton Metropolitan Borough Council are currently delivering an HMR programme in the south of the borough which addresses a number of structural weaknesses in the housing market. A significant element of this regeneration programme is focused on the Leeds and Liverpool canal.

2.3 Historical land use adjacent to the Leeds and Liverpool canal in south Sefton was primarily heavy industry which developed in the area during the Industrial Revolution. The slow decline of industries such as tin smelting, tar distillation, and leather tanning has left the area with a legacy of derelict and heavily contaminated canal side land.

2.4 The HMR strategy for south Sefton focuses on the canal as a key asset and will see a number of derelict industrial sites re-developed for residential use, as part of a wider holistic regeneration strategy.

3. APPROACH

3.1 The HMR programme in Sefton is delivered in partnership with both the private and public sectors.

3.2 The approach that has been adopted in order to deliver the core objectives of the HMR strategy in south Sefton is for the local authority to assemble developable sites which are then taken forward to the market by the private sector.

3.3 In addition, the improvement of the canal corridor itself, partially utilising funding secured from European sources, will provide a high quality and safe pedestrian, cycle and canal boat route which links HMR sites in Sefton to a number of other regeneration initiatives in the area, including development and public realm improvements in Liverpool City Centre.

3.4 The HMR strategy in south Sefton has been developed to maximise both the physical and metaphorical links with other regeneration initiatives. The adjacency of the Leeds and Liverpool canal, and other land assets, to HMR sites in south Sefton means that British Waterways are a key public sector partner in the programme.

4. COFFEE HOUSE BRIDGE DEVELOPMENT

4.1 British Waterways are currently engaged in a partnering approach with Sefton Metropolitan Borough Council and the Liverpool Diocesan Board of Finance to market canal side land assets owned by each of the partners (known as the Coffee House Bridge development) to the private sector as a single development opportunity based upon a jointly developed regeneration and planning framework.

4.2 The approach that has been taken on this site will ensure that the resulting development will be of the highest quality in terms of design and how it relates to the canal itself. As such the scheme is being driven primarily by regeneration objectives.

4.3 It is anticipated that the completion of the scheme proposed for the Coffee House Bridge sites will have a significant impact consistent with the objectives of the Housing Market Renewal programme in south Sefton.

Lee Payne
Programme Co-ordinator
Sefton Metropolitan Borough Council
March 2008

Memorandum submitted by Broxtowe Borough Council

1. PURPOSE OF REPORT

To demonstrate how British Waterways have been an important force in promoting canal and riverside access improvements in the Borough of Broxtowe.

2. SUMMARY

The council has worked in a very fruitful partnership with BW over the last 3 years delivering access and interpretation projects in the Trent Valley. BW have led these projects and so demonstrated a strong commitment to enhancing the waterside environment and promotion of these areas for the benefit of different users.

The council continues to work closely with BW to manage and encourage use of the countryside on the urban fringe.

3. REPORT

Over recent years the Council has been working in partnership with British Waterways and others on a range of projects relating to access alongside the Nottingham Canal and the River Trent.

Generally these projects have been driven by British Waterways and supported by other partners.

Initially during 2006–07 the council was involved in a scheme worth £120,000 to upgrade 2km of towpath between Beeston and Nottingham. BW undertook the work, which has resulted in a high quality well used commuter and leisure route. This work has enhanced the river valley and helped to develop local tourism opportunities by use of local interpretation boards, signage and production of a leaflet promoting Beeston Waterfront. Use of surveys and site counters have shown that usage has developed significantly since completion of the scheme. BW were also involved in an arts project involving a local school which was developed in connection with a flood relief project which ran alongside the access scheme.

Currently BW are leading a scheme worth about £520,000 to upgrade paths alongside the river Trent and construct a new bridge on the Beeston Canal towpath in Nottingham.

With both projects BW have submitted partnership bids to the East Midlands Development Agency and managed the partnership during delivery of the projects.

BW are active partners in the Trent River Park Initiative which looks at regeneration of the Trent Valley around Nottingham. I know they are working with the Environment Agency to improve visitor access and enhance wildlife habitats at number of sites near waterways. BW also attend local partnership meetings such as the Attenborough Nature Reserve Access Group which brings together a range of organisations to ensure that access issues relating to a large SSSI are managed appropriately.

Recently BW have submitted a bid to look at access in the Erewash Valley and the council hopes to be working again closely with BW on a substantial project to improve and promote this underused resource on the Nottinghamshire/Derbyshire border.

Overall the BW/ council partnership has had a significant effect on improving leisure opportunities available to residents in the Borough and the council looks forward to working with BW in the future to make the most of opportunities as they arise.

Broxtowe Borough Council

March 2008

Memorandum submitted by the National Heritage Training Academy South West

1. My name is Stephen Davis and I am the founding Chairman of NHTA SW, established in 2006. NHTA SW is an innovative partnership solution to the severe shortage in vocational training in traditional building skills and the business mentoring skills associated with economic regeneration in the heritage sector. We embrace traditional building skills, rural skills, landscape studies, archaeology, and sustainability studies and address sector needs from Key Stage 2 to Foundation Degree level.

2. BW is a founding partner of NHTA SW, and its training delivery programme for the Cotswold Canals Partnership with The Waterways Trust has been a key component in our start-up. The programme has catalysed a working partnership agreement to be put in place across the spectrum of college and heritage site partners, enabling NHTA SW to develop a co-operative model that overrides the competitive environment amongst providers that has been a fundamental handicap in the heritage skills sector.

3. NHTA SW has sector support and funding from ConstructionSkills and The Prince's Foundation for the Built Environment, and has received additional project funding from Foundation Degrees Forward, English Heritage, Gloucestershire First/Rural Renaissance and The National Heritage Training Group.

4. We have a regional remit and chair the South West Skills Partnership. At the time of writing we are negotiating core funding support from SWERDA. We are the leading heritage skills training initiative in the UK, in that we represent a worked-through solution to the intrinsic weaknesses of the sector and have presented innovation solutions that are being emulated in other regions.

5. The detailed outputs of the BW/CCP/WT training project, which has catalysed partnerships with NHTA SW elements including The Royal Agricultural College, Cirencester College and Woodchester Mansion Trust, speak for themselves.

6. However, the drive to add qualifications to the training of volunteers remains a high priority of NHTA SW, and indeed our core mission is to marry the unique capacity of what we have designated the "Living Classrooms" of sites such as the canals with the formal classrooms of our schools, colleges and universities. This partnership not only adds value to two independent funding streams, but for the first time offers progression routes and qualifications to the voluntary sector.

7. We have our first printed prospectus in hand, and aim to express to students, school leavers and volunteers alike the prospect of progression within a sector that has hitherto been fragmented and all but invisible at career development level.

8. HRH The Prince of Wales, as Patron of CCP and indeed of several other key partners in NHTA SW, and one of its two principal sponsors, has been kept in touch with our progress and taken a keen interest in it.

9. As Chairman of NHTA SW I have on several occasions presented supporting evidence to potential funders such as BLF on behalf of BW and the CCP. In turn I have received support, advice and encouragement from Andrew Stumpf and Edd Moss of BW which I have highly valued. I have found BW's enthusiasm and commitment to the CCP project to be wholehearted and beyond reproach.

10. Of course I regret the economic circumstances that have obliged BW to withdraw from the CCP project, believing strongly that the regeneration of this entire district, of such eminent historic amenity and indeed importance, is heavily contingent of the unblocking of the arteries of our decayed canal infrastructure.

11. I regard it as a high priority to ensure that there is an inheritance of good training practice from the project, and ensure that the NHTA SW vision is embedded within the continuing project to revive the Cotswold Canals. I shall be urging Stroud District Council, with whom I have a close working relationship, to take that view and do not believe it will be resisted.

12. I shall be exploring ways of deepening BW's engagement with NHTA SW for the benefit of the South West region where BW has many investments and commitments in waterways.

Stephen Davis MA (Cantab) MPhil FRGS

www.nhtasw.org.uk

www.onebigroom.org.uk

March 2008

Memorandum submitted by Leicester Shire Promotions Limited

I understand that you are interested in the feedback of partners of British Waterways in relation to the organisation's role in restoration and regeneration programmes.

Leicester Shire Promotions is the Destination Management Organisation responsible for promoting Leicester and Leicestershire to visitors and investors. Our engagement with British Waterways is focused on the tourism development plans for Foxton Locks in Leicestershire, a primary visitor attraction for the local area and beyond.

As an official member of the Foxton Locks Partnership, we have been working with British Waterways and other voluntary organisations and public bodies to develop Foxton Locks as a much improved destination for visitors and for the local community.

The British Waterways strategic plans for Foxton Locks have already achieved significant success with the completion of major projects including the refurbishment of the waterside inn for food and drink, improved accessibility and a new information centre.

We continue to work with British Waterways to develop the offering for visitors. With this in mind, we would encourage the committee to allow British Waterways to continue its forward momentum on the Foxton Locks development.

Martin Peters

Chief Executive

Leicester Shire Promotions

March 2008

Memorandum submitted by The Parks Trust Milton Keynes

I understand the Environment, Food and Rural Affairs Select Committee are to hold a one-off evidence session on British Waterways. I would simply like to make it known to the Committee of the very significant work undertaken by BW in the Milton Keynes Area to support a wide range of partners from the public private and voluntary sector to create a new canal from Milton Keynes to Bedford. Without BW's enthusiasm, commitment and considerable expertise we could never have got this project off the ground. No doubt it will be a long time before the new canal is complete but we are making good progress and BW's support is vital.

It would be terrible if the outcome of this enquiry in any way limited BW's ability to work in partnership with others who need their support or if it threatened their ability to invest in other waterway regeneration projects. The waterways in this country represent a huge opportunity for regeneration and economic development and there is so much more that can be done but we will need a strong, confident and well resourced British Waterways to achieve this.

David Foster, Chief Executive

The Parks Trust Milton Keynes

March 2008

Memorandum submitted by Torfaen County Borough Council

Torfaen County Borough Council is a key partner in the restoration of the Monmouthshire and Brecon Canal. We have been working with British Waterways on the restoration of the canal corridor for over 10 years.

The partnership includes Newport City Council, Caerphilly County Council, The Monmouthshire, Brecon and Abergavenny Canals Trust and British Waterways. Key outputs of the restoration will be the extension of the canal through Torfaen to Newport and the restoration of the Crumlin Arm. During our period of partnership working we have achieved a significant investment into the canal corridor with the current developments at South Sebastopol and most recently with the initial success with the Living

Landmarks Big Lottery Fund which has allowed further work to be undertaken to develop the feasibility and costs of the restoration. British Waterways has been a committed and capable partner with clear expertise and professionalism in their field.

British Waterways has also been working with the council on the development of the Forge hammer waterside regeneration area within Cwmbran which is an important opportunity linked to the town centre development.

We have also found our relationship with British Waterways to be very helpful in understanding the importance of water in developing creative approaches to the regeneration of urban landscapes. They have inspired us to think more ambitiously about the possibilities for rejuvenating our communities and environment, and have taken time and trouble to show us other projects that they have been involved that have contributed significantly to the quality of life of their localities. We regard them as a significant and important partner in our regeneration agenda.

Understanding the pressures on all public sector organisations at this time we can appreciate the difficult decision that has been taken to ensure the future of the Monmouthshire and Brecon Canal and the consequential effect to the Cotswolds canal restoration however in our view this in no way undermines British Waterways as a valuable partner.

As an organisation who values our relationship with British Waterways we would ask the committee to recognise the positive work being undertaken within Torfaen relating to the regeneration and canal restoration.

Alison Ward, Chief Executive
Torfaen County Borough Council

March 2008

Memorandum submitted by Shropshire County Council

1. Shropshire County Council's Countryside Service has been working in partnership with British Waterways on the conservation and restoration of the historic Llanymynech Limeworks Heritage Project. The Llanymynech Limeworks is a site of national significance, demonstrating what is essentially a production line for the manufacture of Lime starting from the quarry, down the incline planes, through the kilns and then to the railway and canal for transportation links.

2. The Llanymynech Limeworks Heritage Project, through partnership working, has secured major investment into the area and aims to increase visitors to the site, providing an attraction for tourist that will add benefit to the local rural economy. British Waterways has provided advice and funding support to develop this project and has, and continues to work along side all the partners to engage and support local community interest in the project.

Mark Blount
Countryside Development Manager
Shropshire County Council

March 2008

Memorandum submitted by Newark & Sherwood District Council

I would like to make a submission for consideration by the Select Committee into British Waterways.

I can confirm that Newark & Sherwood District Council have enjoyed a very successful and positive relationship with British Waterways over the past 12 or so years. We have worked closely together as partners in the Newark Riverside Regeneration scheme which benefitted from Single Regeneration Budget (round 3) Government funding between 1997 and 2002. During this time there were a number of high profile projects implemented including the redevelopment of the former derelict "Kiln Warehouse"—now BW's East Midlands base, the new Kings Marina, home to over 100 berths, new riverside parkland and numerous commercial developments as part of this 5 year £20 million public/private/voluntary sector Partnership scheme, known as, "Gateways to Newark".

British Waterways were one of the Council's key partners in this comprehensive regeneration scheme which ultimately attracted three high profile Best Practice in Regeneration national awards between 2002 and 2003: including BURA, English Partnerships and the Waterways Trust.

This work has provided a fantastic stimulus to the redevelopment of Newark into a more competitive and successful commercial market town with a growing leisure and cultural sector. The Council continues to work with British Waterways on appropriate schemes and projects and remain very supportive of each other.

Mike Robinson
Economic Regeneration Manager
Newark & Sherwood District Council

March 2008

Memorandum submitted by Doncaster Metropolitan Borough Council

1. Doncaster Metropolitan Borough Council (DMBC) has long experience of working with British Waterways (BW) to achieve our core aims of economic regeneration, environmental improvement and a reduction in social inequalities.

2. DMBC recognises and values the navigable River Don corridor within and beyond the Borough for its amenity, recreational and economic regeneration potential. This historic watercourse has traditionally been a provider of employment, transportation and communications for not only Doncaster town but also other towns in the Borough such as Thorne, Mexborough and Conisbrough.

3. Although the Don's transportation role has been somewhat diminished of late, it is increasingly being recognised that the imaginative exploitation of high-quality urban waterside locations can be a vital key to the regeneration of towns and cities. We would call to mind successful examples in northern cities such as Leeds and Manchester.

4. DMBC has a close working relationship with BW which dates back to before the South Yorkshire Navigation was significantly upgraded in the 1970s. Since then, the Council has collaborated with BW on a number of occasions to seek ways of exploiting the waterway's potential for environmental and economic regeneration. These examples range from the development of an emerging strategy for waterside development along the length of the waterway to individual initiatives such as exploring possibilities for transportation of biomass.

5. Doncaster is one of Yorkshire Forward's phase 1 "Renaissance Towns"—a project aimed at delivering publicly generated urban renaissance visions through the "Town Team" concept. As a member of the "Town Team", British Waterways was heavily involved with this process which resulted in a regeneration masterplan for Doncaster town centre based on plans to exploit the canal waterfront for expansion of the town centre.

6. More recently, BW has collaborated with the Council to deliver a major, new waterways basin for leisure craft in the town centre and has been a prime mover in the "Minster Quarter" regeneration partnership which involves canalside mixed-use development.

7. The Council values its relationship with BW. We are appreciative of BW's contribution to urban renaissance in Doncaster and applaud its wider UK role in promoting regeneration.

Jeff Prior
Principal Planner
Development and Planning
Doncaster MBC

March 2008

Memorandum submitted by Milton Keynes Council

I am writing to give evidence to your select committee on the positive relationship between Milton Keynes Council and British Waterways. These relationships can be summarised as follows:

- Active, partnerly engagement over canalside regeneration, notably in Wolverton and joint participation in the Bedford to Milton Keynes Waterway Park project, including preparation of a recent "Big Lottery" funding bid;
- The following links will take you to more information explaining what has been achieved so far on both these exciting projects:
- http://www.miltonkeynes.gov.uk/mkgrowth/documents/Regeneration_of_Wolverton.pdf
- <http://www.b-mkwaterway.co.uk/>
- In both cases our good working relationship with British Waterways has been critical to making progress;

I would therefore request that the select committee endorses these and other examples of good practice in canal-based regeneration and restoration and gives encouragement to British Waterways to continue its good work.

David Hackforth
Head of Planning & Transport
Milton Keynes Council

March 2008

Memorandum submitted by the Wilts & Berks Canal Trust

1. The Wilts & Berks Canal Trust is a member of a Partnership which includes Local Authorities, British Waterways, Environment Agency and other Stakeholders, who are actively restoring the 52 miles of the Wilts & Berks Canal from Abingdon to Semington, and the 8 miles of the North Wilts Canal from Swindon to Cricklade (connecting to the Cotswold Canals). [see Figure 1].

2. The scheme was recognised by British Waterways in their strategy document *Waterways 2025* as a project that they would support.

3. On behalf of the Wilts & Berks Canal Trust I can confirm that British Waterways continue to be active partners in the scheme to restore the Wilts & Berks Canal. The role of British Waterways in this project is to provide technical advice and practical help were possible, and we are pleased to have a good working relationship with the BW South West region team.

4. Many parts of the scheme are currently being delivered including several sections in Swindon, where there is an ambitious project to include the canal as part of the regeneration of the town centre.

5. We would like to make the Select Committee aware that the recent decision of British Waterways to pull out of the Cotswold Canals Partnership has had a very negative effect on the Wilts & Berks project. The extensive press coverage of this announcement has caused doubts among the general public, partners, and funders that the restoration Wilts & Berks can ever progress, and will undoubtedly make fundraising even more difficult.

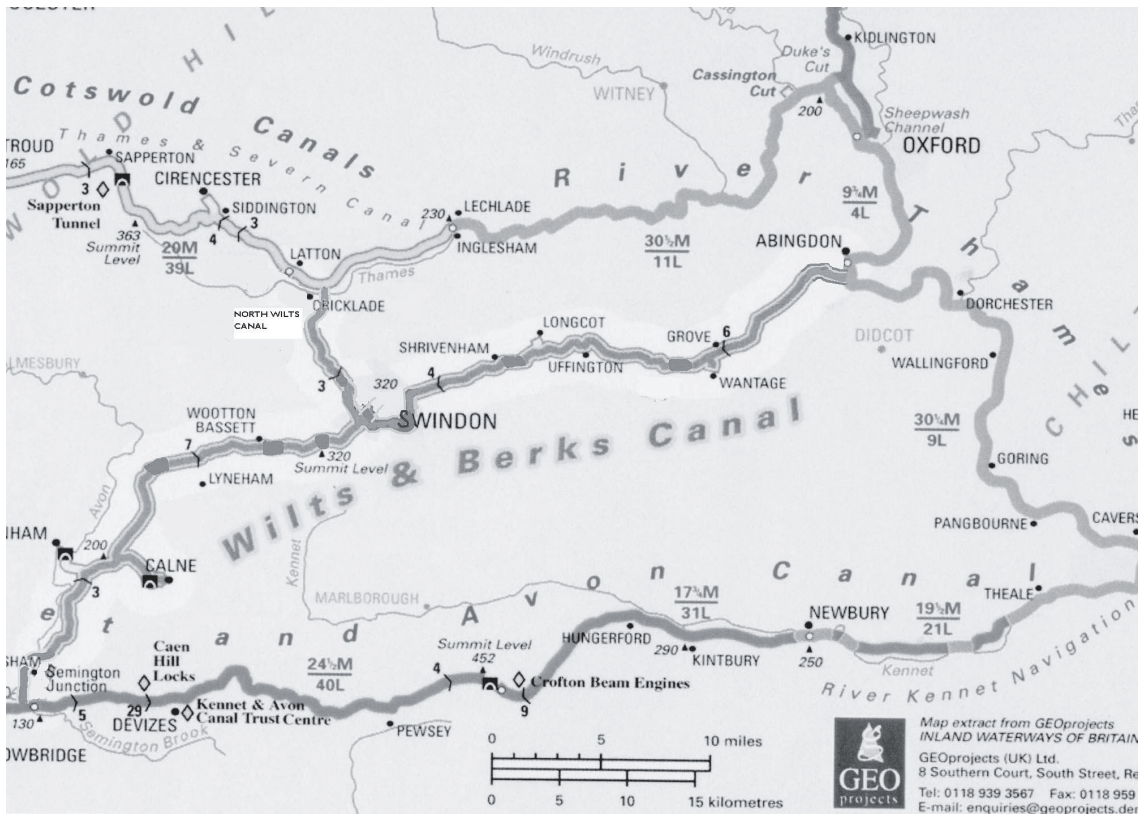
6. Given that the economic and environmental benefits of canal restoration are well known and extolled by Government, the Wilts & Berks Canal Trust would urge DEFRA to re-consider the recent cuts in grants to British Waterways, and would further ask British Waterways to re-consider its decision to withdraw from the Cotswold Canals Partnership.

Ken Oliver
Chief Executive
Wilts & Berks Canal Trust

March 2008

Figure 1

MAP OF THE WILTS & BERKS CANAL AND ADJACENT WATERWAYS



Memorandum submitted by Wrexham County Borough Council

1. The Canals in Wrexham County Borough are a valuable asset to our residents and for the development of tourism and wider economic regeneration. The local communities along the Canal corridor are extremely proud of 'their' canal and Aqueduct as evidenced by the 12-week public consultation exercise held during 2007 to consult the local communities on the World Heritage site proposals; this resulted in a 94% vote for the nomination. As a Local Authority we value our waterways and are proud to have the Llangollen Canal and the world renowned Pontcysyllte Aqueduct within our area.

2. Pontcysyllte Aqueduct and its Canal, an 11-mile/18 kilometre site is the UK's Nomination for World Heritage status for 2009 and if successful will be only the third World Heritage inscription here in Wales and the first UK site to cross a national border (part of the site is in England). It will be the first UK site put forward as a canal and is based upon the rationale that it represents outstanding canal engineering of such magnitude that it is of importance to the international community. Pontcysyllte Aqueduct is one of the main tourist attractions within Wrexham County Borough. British Waterways has been one of two lead partners with the Council in taking the World Heritage Site nomination forward and has been a fully committed and capable partner with a track record of delivery, clear expertise and professionalism in their field. It has been a pleasure to work with BW Officers on such a major project. Currently, not only does British Waterways attend every Steering Group meeting, but has representatives on each of the sub committees working to implement the agreed Management Plan together to ensure that community and economic regeneration are maximised from the World Heritage Site nomination process.

3. Wrexham County Borough Council values the working relationship we have had with British Waterways since 1996 and the inception of the Council. We would ask the committee to recognise the positive work being undertaken within Wrexham relating to the regeneration of canals for tourism and the local economy. Understanding the pressures on all public sector organisations at this time we can understand the difficult funding decisions that have been taken, however, in our view this in no way undermines British Waterways as a valuable partner in regeneration within Wrexham County Borough.

Isobel Garner
Chief Executive
Wrexham County Borough Council

March 2008

Memorandum submitted by Wigan Council

1. Regeneration frequently takes place in areas where there are canals or rivers, because of the value of the setting to property in these areas. As these properties themselves are often of local or historical significance, BW's input will always be valuable to local authorities.

2. The Leeds-Liverpool canal traverses Wigan and is an important local feature, encouraging tourism and leisure activity, as well as contributing much to the visual appearance of many areas of the borough.

3. One point where the canal is of particular significance is in the Wigan Pier Quarter (where Wigan Pier is to be found). A number of significant buildings in the Pier Quarter conservation area, including Eckersley Mills—one of the largest complexes of its kind in the North West—are set off by their proximity to the canal. In addition, for many years a boat trip on the canal was an integral part of the visitor experience for those going to the award winning Way We Were museum.

4. It is perhaps not surprising, then, that BW have chosen to establish their regional headquarters in Wigan, actually in the Pier Quarter. This in itself has contributed to active use of a modern canalside building. However, for the past four years, we have also been working with BW officers based outside the borough to bring back two other strategic canal side sites into active use.

5. One of these sites has been derelict for fifteen years and the other will unlock a large mixed use development in and around Trencherfield Mill, an iconic Grade 2 listed building. BW are working to retain a working boatyard within a historic setting on one site, and they are also going to improve the moorings there, both of which initiatives will help to increase the numbers of those who can enjoy the canal, whether they live locally, whether they are visitors or whether they are users of the canal itself.

6. It is, therefore, fair to say our partnership with BW is essential to the success of Wigan's regeneration strategy for the Pier Quarter and that, without BW's investment here, regeneration would undoubtedly stall. (We are also negotiating the reassignment of the lease on The Way We Were with BW, who own the freehold, to ensure that the building is re-used in the future).

7. Clearly I cannot comment directly on BW's decision to withdraw from the Cotswold Canal Partnership. However, it seems to me that BW has to operate with quite limited means and with a small staff complement. This would oblige them to adopt a strategic approach and prioritise between areas. As they are a national organization, with a very wide ranging set of responsibilities, this will present challenges: it must, inevitably, mean that not everything everywhere is done at once.

8. Because of the level of demand placed on BW officers' time, we ourselves had, in the past, some initial difficulties developing an effective partnership. We came to appreciate, though, that these difficulties had nothing to do with either a lack of interest in Wigan or any lack of commitment to improving the canal system. Once we were able to engage with BW and establish joint objectives, such that our project process could get under way, we have been completely satisfied with the level of professionalism displayed. The Council looks forward to building on this existing relationship and working with BW to maximise the use and the value of the canal system here. This is entirely appropriate, as the canals were part of the industrial triad—Coal, Cotton, Canals—on which the community in Wigan once depended.

Wigan Council

March 2008

Memorandum submitted by London Thames Gateway Development Corporation

London Thames Gateway Development Corporation is the lead government agency responsible for delivering the regeneration of the London Thames Gateway.

It has significant powers to effect change by providing new homes, jobs, services and environmental improvements.

The Development Corporation is working extensively with British Waterways in regard to its regeneration work in East London's Lower Lea Valley.

We are part-funding British Waterways for the construction of new control structures to impound the water at Three Mills Wall River and Prescott Channel. The purpose of the structures is to permit the impoundment and management of the water level upstream of Bow Creek and provide navigation access to water craft (including barges carrying up to 350 tonnes of freight) to the higher reaches of Three Mills Wall River, Waterworks River and the Old River Lea. This will enable the delivery of construction materials by barge during the construction of the Olympic stadia and village, and subsequently for delivering similar materials to legacy build projects. The project will also provide a waterway capable of supporting leisure activities which supports one of our key projects, providing the fantastic new Lea River Park for London. Works are on site with tidal exclusion scheduled for April and project completion by the end of the year.

We are also in discussion with British Waterways on delivering other regeneration initiatives including new bridges and walking and cycling routes to enable much greater access to and within the Lower Lea Valley and the facilities and opportunities it provides.

I hope this letter provides details about our ongoing relationship with British Waterways in the London Thames Gateway.

Peter Andrews
Chief Executive
London Thames Gateway Development Corporation
March 2008

Memorandum submitted by Castle Narrowboats

As a business affected by the recent breach of the Monmouthshire and Brecon Canal, I am writing in support of the outstanding work that British Waterways is undertaking in bringing about the speedy re-opening of this critical waterway.

I cannot emphasise strongly enough the economic importance of this waterway in terms of visitor numbers and the resulting income they bring. Our working relationship with British Waterways is grounded in a business reality which recognises the need to safeguard existing assets.

From day one of the breach, British Waterways has worked with us to ensure the impact on our economy has been minimised. Their approach has demonstrated an understanding that this waterway represents more than a British Waterways asset. It is an economic artery upon which this entire area depends.

Given the financial restrictions on all public sector organisations at this time, we can understand the difficult business decisions that have been taken to ensure a future for our business and the local communities dependant on the Monmouthshire and Brecon Canal. We would urge the committee to recognise the valuable work that British Waterways is and has undertaken in safeguarding this valuable asset in South Wales.

Nick & Sharon Mills
Castle Narrowboats

March 2008

Memorandum submitted by South Lakeland District Council

SUBMISSION

South Lakeland District Council submit the following observations on the regeneration role of British Waterways.

1. South Lakeland District Council (SLDC) are directly engaged with British Waterways (BW) working jointly on an initiative to restore the Northern Reaches of the Lancaster Canal. This initiative has been progressed over many years, yet with a particular emphasis over the last three years on detailed planning for the restoring the northern terminus in Kendal.

2. This work involves the technical and engineering assessments necessary to restoring the waterway and the development of an Area Action Plan to create the statutory spatial planning framework for the 'Canal Head' area of the town.

3. The project partnership is embodied within the Lancaster Canal Restoration Partnership, an organisation with wide membership from the public, private and voluntary sectors in the counties of Lancashire and Cumbria. BW play an essential coordinating role in enabling the partnership to function. This has been a long term relationship, reflecting BWs long term commitment to restoring the Northern Reaches. They realise the importance of relationship building over a period of years, which results in confidence building amongst local authorities and communities.

4. The restoration of the Northern Reaches is identified as a key regeneration project within the South Lakeland Community Strategy. A restored canal will become the centre piece of a regenerated area of the town, bringing new vibrancy and opportunity for the town. It will provide Kendal with a unique destination, one which will contribute significantly to the town's prosperity and environment.

5. It is a complex project, requiring a multitude of skills and expertise to be applied. The District Council does not have these skills within its own resource. BW have brought direct access to relevant skills and expertise, and through their agreements with world class consultants, have brought a range of expertise that has guided the Council and partners through the project. This manifests itself in the significant reduction of project risks. Put simply, access to the national resource has enabled this Council to raise its ambition in what can be achieved to raise the quality of life for the District's residents.

6. BW have acted as the project lead, securing significant levels of external funding to support the project planning stage. BW have also contributed from their own resources. The project management skills of the organisation are very sound and have added assurance to the process.

7. BW have demonstrated a commitment to the involvement of stakeholders. They realise the importance of early engagement and the building of trust. They are able to mobilise the voluntary sector in support of initiatives. We have noticed their commitment to bring regional and national recognition to the local work, whether it is through the personal involvement of senior managers, the use of their influence amongst regional and national regeneration agencies or working with national bodies such as the Inland Waterways Association to bring their national trailboat festival to the District.

8. Our experience of working with BW is one of building towards success. Without them, we would not have the same opportunity to bring regeneration benefits to the District. We look forward to a long relationship with them and encourage other organisations, including the Select Committee, to encourage their work.

9. Further information or clarification on the points we have raised may be sought from the Head of Regeneration and Housing Services.

South Lakeland District Council

March 2008

Memorandum submitted by Beacon Park Boats Ltd

As a business affected by the recent breach of the Monmouthshire and Brecon Canal, we are writing in support of the outstanding work that British Waterways is undertaking in bringing about the speedy re-opening of this critical waterway.

We own and operate a canal hire boat business providing seasonal and permanent employment and attracting over 3000 visitors a year, both from the UK and overseas. There are a further five businesses on this canal attracting similar visitor numbers. We therefore cannot emphasise strongly enough the economic importance of this waterway in terms of visitor numbers and the resulting income they bring to the local economy.

We have an exceptional working relationship with British Waterways founded in the common goal of ensuring the long term security of this beautiful canal.

From day one of the breach, British Waterways has worked with us to ensure the impact on our economy has been minimised. There is a recognition that investment in the canal at this stage will ensure it's long term security for many generations to come; there has not been a rush for a quick fix solution a great deal of thought and consultation has gone into a plan which is sustainable and workable with as little disruption as possible. Their approach has demonstrated an understanding that this waterway represents more than a British Waterways asset. It is an economic artery upon which this entire area depends and through which communities thrive and remain vibrant and attractive places in which to live and work and to visit.

The Monmouthshire and Brecon canal contributes hugely to the health and well being of the local communities through which it travels in South Wales and is viewed as a tremendous asset by them. The ongoing work carried out by British Waterways is greatly valued and appreciated and well scrutinised by these communities for whom an asset such as this is recognised as a rare and valuable commodity to be treasured.

Given the financial restrictions on all public sector organisations at this time, we can understand the difficult business decisions that have to be taken to ensure a future for our business and the local communities dependant on the Monmouthshire and Brecon Canal. We would urge the committee to recognise the valuable work that British Waterways is doing and has undertaken in safeguarding this incredible asset in South Wales and ask that this be supported through financial commitment to the ongoing works required to ensure that the Monmouthshire and Brecon canal maintains its status as one of Britain's best loved canals.

Alasdair and Sarah Kirkpatrick
Beacon Park Boats Ltd

March 2008

Memorandum submitted by Monmouthshire, Brecon & Abergavenny Canals Trust

My name is Christopher Morgan; I hold the position of Chairman of the Monmouthshire, Brecon & Abergavenny Canals Trust. I have been on the committee of the Trust since 2000 and am currently in my second tenure as Trust Chairman.

The Monmouthshire, Brecon & Abergavenny Canals Trust (The Trust) was formed in 1984, by an amalgamation of voluntary organisations dedicated to the regeneration of the Monmouthshire & Brecon Canal through Newport and Cwmbran in South Wales.

The Trust has charitable status, and is managed by volunteers. The Trust is an accredited member of ENTRUST and manages landfill tax rebates towards its regeneration projects, one of which is currently part of the New Deal training scheme for socially excluded people in the City of Newport.

Representatives of the Trust committee of management work with officers and elected councillors of Newport, Torfaen and Caerphilly local authorities to promote and regenerate sections of the canal in their ownership.

WORKING WITH BRITISH WATERWAYS

The Trust has had an excellent working relationship with British Waterways (BW) for many years, both on a local and latterly a national basis. This Partnership has developed so many positives for the Mon & Brec Canal and its communities.

We have worked with BW since 1996 to develop a successful Regeneration Partnership involving local authorities, community groups and schools. We were successful enough to get through to the final phase of the recent Big Lottery Living Landmarks scheme, the Partnership being awarded £250,000 to take the scheme forward.

The many public events we organise would not be possible without the assistance of BW, our working relationship adds to the positive visitor experience. We work together to address potential health and safety issues.

BW's technical advice has been a major asset in the regeneration of four locks on the canal in Newport, creating new moorings at South Sebastopol in Torfaen, and for the corridor study of the Crumlin Arm for Caerphilly Council. We have all worked together with our European Partners in two INTEREG projects, the benefits of which are felt not only in Wales, but also in Devon, Northern Ireland, and the Netherlands.

This project could not have been the success it was without BW's support.

The Trust and BW have worked together on a tree and vegetation survey, we also conducted a complete towing path access survey, the results achieved an "access for all" philosophy that enabled plans to be drawn up for improved access to the canal for the whole community. The Trust works with BW to promote the Welsh Canals at the Royal Welsh Show in Builth Wells.

We have worked with BW in the provision of water points and benches along the canal, paid for by a legacy left to the Trust. We are currently working with BW and local boat owners to set up a working party to help remove debris from the currently drained section of canal.

A major success in our working partnership was the development of bilingual leaflets promoting the canal in the Welsh language, as well as tourist interpretation works at Goytre Wharf.

REGENERATION

The establishment of a marina by the River Usk in the City of Newport will reinvigorate the community and create jobs. This will happen because of the selfless interest and technical advice from British Waterways. The ultimate gain will be to the whole of the Welsh Waterways, when Newport achieves this dream in 2012.

The decision for BW to pull out of the Cotswolds Scheme, must have been a hard one for an organisation that is dedicated to sustainable regeneration, our sympathy also lies with the Cotswolds Canals Trust and its Partners, but it is all down to economics.

The disastrous breach that occurred at Gilwern on 16th October 2007 shocked everyone. The speed in which British Waterways set about checking the integrity of the rest of the canal shows how professional they are. The £15 million costs of the works to reopen the canal have to come from somewhere.

CONCLUSION

1. In my opinion it is the DEFRA cut in subsidy to BW that has caused this funding shortfall, BW had to support the Mon & Brec and the £34 million annual income to the Welsh economy that the canal attracts. The Mon & Brec canal is a major tourist magnet for South Wales.

2. I would like to urge the Committee to encourage British Waterways to continue to work with existing partners, and indeed not to defer from creating new partnerships; there will be other opportunities. BW's restoration credentials are second to none, look at the inspiration that is the Falkirk Wheel, as an example.

3. The waterway network in South Wales can live again, if they are allowed to, the communities can then thrive again. BW is an important spoke in the wheel of the regeneration of the valleys.

The voluntary sector in Partnerships with British Waterways should be at the heart of this sustainable renewal along with the Welsh Assembly Government as set out in the Waterways for Wales document (2003).

Mr Chris Morgan, Chairman
Monmouthshire, Brecon & Abergavenny Canals Trust

March 2008

Memorandum submitted by Glasgow City Council

The Glasgow Canal Regeneration Project's (GCRP) has a 20 year vision to revitalise 1,000 acres of the Glasgow branch of the Forth & Clyde canal from Port Dundas to Maryhill. The project, which was formed in 2004 and is a partnership between Glasgow City Council and UK waterside regeneration specialists ISIS of which British Waterways has a 50 per cent stake, will seek to create a fantastic waterside environment that will bring benefits to those living and working in Glasgow, whilst providing attractive destinations for visitors to the city.

Work by British Waterways, Glasgow City Council and ISIS to create a new basin and dynamic waterspace between the historic canalside locations at Port Dundas and Speirs Wharf on the Glasgow branch of the Forth & Clyde Canal was completed in late 2006. It was the first stage in a long-term regeneration initiative that will deliver a powerful force for positive change in North Glasgow which is arguably the area of Glasgow in greatest need of this investment. The creation of the new stretch of canal combined with a programme of landscaping and public realm improvements paves the way for the creation of a thriving canal quarter in Glasgow. New links and sensitive development will combine to bring the historic canal to life once again and help to create and enhance canalside communities across the canal corridor. We are still at the early stages of this process but if the community is fully engaged and we work closely with all our partners then I have no doubt that, with sensitive development, we will see the creation of a fantastic waterside environment. This investment will bring thousand's of houses for those who aspire to live there in addition to providing an attractive destination for visitors to the city. It will also provide access to jobs and prosperity which will benefit the local community.

An extensive community engagement exercise is ongoing in the area to ensure that everyone with an interest in the revitalisation of the canal corridor has an opportunity to input into the proposals.

Events organized by British Waterways and The Waterways Trust for Scotland such as the world premiere art installation on the Forth & Clyde Canal at Firhill Basin in Glasgow help this community engagement enormously. During the event internationally acclaimed artist Graeme Gilmour unveiled his six gigantic illuminated lanterns as the finale to a day long canal celebration, Illuminating Links, which included a host of water based activities, fireworks display and a torchlight parade led by local primary school pupils. Such innovative events masterminded by British Waterways cement the idea of the canal as an attractive part of the city to live and visit, and I am delighted it was such a success. The involvement of local schoolchildren underlines the commitment of all the partners in the canal's regeneration to fully involve the community at all stages of the project.

The proposals for Maryhill Locks is another important step towards the revitalisation of the canal and the areas along its banks. The canal's regeneration can add to the renaissance that Glasgow is currently going through, and bring another dimension to the city through the development of green space close to its centre. All the partners in this project will continue to work with local people and business to ensure that we create the best possible environment around the canal, making the area an attractive one to work and live.

Steve Inch, Executive Director
Development and Regeneration Services
Glasgow City Council

March 2008

Memorandum submitted by Erewash Borough Council

1. EXECUTIVE SUMMARY

1.1 The successful and continued economic development and regeneration of Erewash Borough is paramount. During recent years, the Borough has identified the value of the Waterways in Erewash in securing new inward investment and the delivery of social regeneration projects.

1.2 We believe that the Erewash Canal, through a combination of work carried out by Erewash Borough Council in addition to our strategic partners, has the potential to become a focal point for regeneration in the East Midlands.

1.3 British Waterways are seen as a key delivery partner in a series of high profile projects in Erewash that will guide regeneration and encourage new investment into brownfield sites, buildings and other land along the Erewash Canal Corridor.

2. SUBMISSION

2.1 Erewash Borough Council has prepared a submission to the Heritage Lottery Fund to secure funding to deliver a Townscape Heritage Initiative in Long Eaton. This will fully encourage economic growth and the sustainable re-use of existing buildings.

2.2 As part of the THI project, Erewash Borough Council will work with British Waterways to improve the canal-side environment through effective management and maintenance. The Borough Council will actively seek to improve local community's awareness of their waterways and promote the Erewash Canal as an important heritage attraction for the wider region.

2.3 With the support of British Waterways, Pedestrian movement along canals will be encouraged through the following improvements:

- new and improved path surface treatment
- enhanced and new entry points/crossing points
- new lighting
- planting schemes
- seating
- public spaces art works and
- Complementary works to improve the setting of the waterway and the existing historic buildings associated with it.

2.4 The focus of intervention by British Waterways would lead to increased use of the waterway network and its surroundings helping to support our ambitions in restoring the town's historical, redundant or underused buildings.

2.5 Tourism in Erewash is a developing, yet under-resourced sector. Erewash has a potentially strong tourism offer through the Borough's Waterways, industrial heritage, and rural location. Our Waterways provide valuable visual and recreational amenity potential, which as yet is largely unfulfilled. Working with British Waterways, Erewash Borough Council is unlocking the potential of our Waterways and maximise their potential.

2.6 Erewash Borough Council are working with British Waterways to explore the cultural and commercial benefits of Erewash Canals and unlock the potential value as a visitor destination, specifically encouraging the development of Trent Lock as a destination site.

2.7 We are also looking to increase community involvement with the canals and waterways across Erewash. Erewash Borough Council is already engaged with British Waterways in delivering successful projects for improving the quality of life for local communities close to our waterways. Social Inclusion projects such as "Tow-path Tidy" encourage residents to utilise and maintain the appearance of their local waterways.

Erewash Borough Council

March 2008

Memorandum submitted by Leicestershire County Council

Thank you for the opportunity to make a submission to the Committee on our views of the work of British Waterways.

I would like to say how much the Leicestershire County Council appreciates the work of British Waterways (BW) in the management, curatorship and restoration of canals in the county. It has proven to be a good partner to deal with, and takes its heritage commitment seriously, covering both the historic and natural environment it covers. It has always sought advice and opinion of ourselves as partners and is ready to listen to advice we offer about particular places and processes. The current draft Heritage Partnership Agreement for Foxton is an example how BW is looking towards the future in terms of improving management and ensuring the historic and natural environment are considered in even the most routine operations.

BW has provided very positive and helpful partnership support towards the restoration of the Ashby Canal, the Grantham Canal and the development of Connect 2 (the successful bid to the Big Lottery for the People's Millions competition for an award of £50 million) on the Grand Union Canal north of Leicester by providing technical advice, strategic backing and officer time. This support has helped with the successful restoration of part of the Ashby Canal and is contributing to ongoing progress with continuing restoration which will provide major regeneration benefits in terms of increased jobs, tourism, business investment and development, land reclamation leisure provision. The Grantham Canal Partnership has also been very greatly assisted by BW support for development of the canal corridor for recreational uses and for progress towards restoration.

Our only concerns over the scale and timing of BW's work has been as a result of major budget cuts over which it has had no control, and we would advise that longer term budget settlements are made to avoid the impact of the overspends in other central government areas. Reductions in BW's budgets in respect of regeneration and restoration also inhibits the budgets of partners in terms of match funding for initiatives and sadly schemes either do not happen as funds are diverted elsewhere or postponed into the future where there is a real danger that skills, experience and knowledge are lost. I trust the Select Committee will appreciate the very valuable contribution BW has made to canal restoration in our area and rather than acquiesce with the funding cuts will draw partners concerns to Hilary Benn and Jonathan Shaw, Parliamentary Under Secretary of State with responsibility for British Waterways.

We would urge the Committee to encourage BW to continue with this work and to support the provision of increased Government resources for this critical aspect of BW's remit.

Head of Environmental Management
Leicestershire County Council

March 2008

Memorandum submitted by Shire Cruisers

I submitted evidence to your original enquiry. I should appreciate the chance to submit brief further evidence.

I have no direct knowledge of the Cotswold Canals.

I do, however, have direct experience of the consequences of the Mon & Brec problems. As with hire boat operators all over the system, we have seen local repairs cancelled for a second winter running. By definition, all scheduled repairs are essential. The consequence of the cancellations will be deterioration in both the quality and the reliability of the track on which we and our customers depend. For example, BW have deferred a pumping scheme next to our yard which would avert severe problems we experience in dry weather, literally in the first hour of customers' holidays. We mentioned the need for this in 7.8 of our evidence, and were very pleased when this project subsequently went into the programme. Its deferral causes us to expect great difficulty and much embarrassment in operating this season.

It is right that BW should be expected to make provision for "normal" emergencies. Generally, they fairly effectively cover the catastrophes that arise every year because the arrears have not been dealt with. But with a catastrophe as great as the Mon & Brec, it was quite unreasonable to expect BW to cover repairs from its own resources. BW has a duty to maintain the waterways on behalf of government. The reality of the 1968 Act is that responsibility for maintenance ends up with the Minister. Therefore the decision to cancel so much essential repair work on the system as a whole, and to abandon BW's commitment to the Cotswold canals, should in my opinion be laid at the Minister's door.

If this decision stands, the long-term damage to BW's reputation as a partner will be severe. This will in turn have lasting adverse effects on the government's own ambitions for the waterways, as well of course as those of all who use and care for the waterways.

In particular, this loss of credibility would adversely affect the willingness of outside bodies to enter partnerships with BW. In my original evidence (Ev 296), I described the great success BW had achieved with a large group of partners, in restoring buildings here at Sowerby Bridge. I repeat that section here:

6.1 Our firm was one of the partners in the project to restore historic buildings at Sowerby Bridge Wharf. The project was facilitated by the Prince's Regeneration Trust. The major player was of course BW, the freeholder and largest investor, but the Heritage Lottery Fund, Calderdale MBC, English Heritage, Yorkshire Forward and the tenants all played crucial parts. Work by tenants on the final building is about to start.

6.2 We believe that this project is a shining example of BW combining its duties to secure financial return, and to conserve important buildings. This is not because the result looks pretty and is well used, but because the difficulties which were overcome were so formidable. The basic scenario is one seen many times across the system: historically important buildings, with poor access, where use for boating conflicts with value extraction, and in secondary or tertiary locations with low value. This project highlights that there is a trade-off between navigation, conservation and financial return. Financial return may be maximised only at the expense of the other two.

6.3 The lessons learnt here must be built into new public-private partnerships—otherwise the conservation and waterway elements might well be lost.

I am pleased to report that we, working with other tenants, have now finished the last building on this large site (see 6.1 above). BW are just about to carry out the final works on their part of the site, so the whole project will be complete this month.

I repeat that BW has invested here, and worked with partners, not to maximise its short-term gain, but to act in the very long-term interests of the important listed buildings, and of the waterways. The project has also achieved the objectives of BW's many partners. BW deserves great credit.

I hope that your Committee will be able, following its previous most helpful report, to lend further weight to BW's efforts to work in partnership with others, by encouraging government to take greater responsibility for resolving the most unfortunate situation in which the Cotswold canals, and the waterways as a whole, find themselves.

Nigel Stevens
Shire Cruisers

March 2008

Memorandum submitted by Islington Council

I refer to your announcement dated 22 February inviting comments in respect British Waterways restoration and regeneration role.

I am the chief planning officer at the London Borough of Islington, where I have been employed for 11 years. I initially joined Islington as Chief Planner (Control) and was responsible for development control matters.

A section of the Regent's canal is located in Islington, including two water basins—City Road Basin and Battlebridge Basin—and I have substantial experience of working with British Waterways in relation to a number of key waterside development projects. Most notably these include the production of the award winning masterplan for the regeneration of City Road Basin, major development schemes at Battlebridge Basin and the Packington Estate (a comprehensive estate redevelopment) and towpath improvement projects.

In particular I would cite the masterplan produced for City Road basin as an excellent example of British Waterways commitment to the regeneration of key sites adjoining the canal network. Formerly an industrial location, sites around the basin are in various ownerships and are widely recognised as being ripe for development. Discussions with these owners and British Waterways led to the common recognition that a masterplan approach would be most effective in envisioning a comprehensive mixed use development that would open up the basin area to the public, provide much needed housing and commercial floorspace and provide the opportunity to relocate Islington Boatclub to modern purpose built premises¹.

The production of the masterplan was a collaborative enterprise that has paved the way for a series of planning permissions for sites around the basin. Additionally, the project has been awarded £2 million by the DCLG as part of the Government's growth area fund (GAF) initiative as a contribution to the creation of a new civic space at the head of the basin.

¹ Islington Boatclub is a local charity that works with disadvantaged school children and is recognised as one of the boroughs most successful youth projects. The masterplan secures new premises for the charity that will enable them to improve on their current community offer and provide them with future security.

Islington's experience of working with British Waterways has demonstrated a clear commitment on their part to achieving regeneration of key canalside sites and partnership working and I would ask that the Select Committee encourages British Waterways to continue with this good work.

Graham Loveland
Assistant Director of Planning
Islington Council

March 2008

Memorandum submitted by Wyre Forest District Council

1. EXECUTIVE SUMMARY

British Waterways and Wyre Forest District Council have been working in partnership on restoration and regeneration projects in Stourport-on-Severn, a strategically important basins area in the West Midlands Waterways region. Together the two share the same objectives of creating economic benefit and sustainable communities by achieving regeneration through restoration.

The implementation of a £3 million heritage Lottery Fund Scheme in the basins area has helped stimulate private sector investment in residential and commercial development and is the mainstay for partnership work involving the District Council, the Regional Development Agency (Advantage West Midlands) and English Heritage. The District Council acknowledges the unfortunate withdrawal by British Waterways from the Cotswold Canal Partnership but nevertheless does not wish that to undermine the reputation of British Waterways as an important public sector partnership in delivering regeneration.

2. Wyre Forest District Council and British Waterways have a valuable and productive partnership centred on regeneration and restoration which both bodies believe to be at the heart of creating sustainable communities within our district.

3. The Council has always found British Waterways to be a responsible and supportive partner. We undertake regular liaison meetings and Councillors receive an annual presentation from British Waterways on partnership progress throughout the year.

4. Specifically I would like to draw your attention to the work that British Waterways has been carrying out in Stourport-on-Severn. The canal basins lie in the heart of Stourport-on-Severn, a market town whose existence relied upon the proximity of the canal system to the River Severn.

5. For the last three years British Waterways have been implementing a £3 million Basins Restoration Project through the Heritage Lottery Fund. In conjunction British Waterways have been working closely with Stourport Forward, the body acting under the Market Towns Initiative within the Rural Regeneration Zone supported by Advantage West Midlands (AWM), the Regional Development Agency.

6. Whilst this restoration work in itself is vitally important in the heritage context of the site, it has acted as a builder of confidence for private investment in Stourport and a catalyst for other regeneration projects.

7. The former Tontine Hotel, a Listed Building, which lies at the centre of the basins was vacant for a number of years, has now been purchased and is being converted to residential units by a private developer. The former Lichfield Basin has been opened up as an active basin again, having previously been filled in and used for industrial purposes and work commenced on 100+ canalside residential units adjacent, again by a private developer. On adjacent land the Council's Planning (Development Control) Committee, at their meeting on 4th March 2008, granted planning permission for a 40,000ft² Tesco store which significantly delivers a new road into Stourport over the River Stour.

8. I have no doubt that the work British Waterways are undertaking has helped boost the confidence of these separate developments.

9. For the Council's part, we are investing in the refurbishment of Bridge Street, behind which the basins lie, with work to commence in the next couple of weeks. Further, we have entered into a Partnership Scheme in Conservation Areas 3 year project with English Heritage to grant fund private sector improvements to buildings in the conservation area within Stourport, again based on that confidence generated and work by British Waterways.

10. Perhaps most importantly, however, is the exciting project between British Waterways, AWM and the District Council to bring about the crucial pedestrian linkage between the heart of Stourport and the basins, through the redevelopment of land identified in the adopted Local Plan. British Waterways and AWM have evidenced, through studies undertaken by Pidea and latterly GHK, that the basins area is an underused tourism feature that has greater potential than it currently shows, the reason being that it is tucked away behind the main road into Stourport (Bridge Street). Together the partners are funding the compulsory purchase of land to facilitate redevelopment of the site to create a gateway opening into the basins, as well as commercial and residential development of the site at this run down end of the town. This is highly significant for the town and for the partners involved.

11. The Council is sorry to hear of British Waterway's decision to withdraw from the Cotswold Canal Partnership but we would be even more concerned if this threatened the future investment in British Waterways' waterway regeneration programme and, therefore, their ability to continue to work in partnership with public bodies such as ourselves. As a public sector partner, British Waterways are essential to achieving canalside restoration and I trust that what has been set out briefly above is of assistance to your Committee in persuading you of the value of British Waterway's regeneration and restoration role that we have experienced at Wyre Forest.

Wyre Forest District Council

March 2008

Memorandum submitted by Tees Valley Regeneration

BRITISH WATERWAYS—SUPPORT FOR THEIR ROLE IN THE TEES VALLEY

1. I am writing in support of British Waterways and their valuable support for our key regeneration projects in the Tees Valley. Their assistance, knowledge, input and general help have been a particular asset on our North Shore and Middlehaven schemes in Stockton and Middlesbrough.

2. The key reasons for Tees Valley Regeneration having regular contact with British Waterways has been capitalising on their knowledge of water based regeneration, restoration and activity and working closely with them during the preparation of our masterplans to ensure that we make the very best use of the water space.

3. The input, commentary and analysis from British Waterways throughout this process, has been invaluable in terms of formalising and shaping our masterplans. Technical assistance from British Waterways has been particularly helpful on our North Shore and Middlehaven projects in terms of the effects of our proposals on the water edge and the water space.

4. A specific example of this valuable support has been achieved during the construction of a £15 million Footbridge on our North Shore scheme where British Waterways were a key help in helping to ensure minimum disturbance to the river.

5. The pro-active role that British Waterways locally within the Tees Valley have has also helped with the promotion of events and ideas to help animate the water space within our masterplans. There has been specific support for a number of key events such as the visit of the Endeavour to Middlehaven in 2003 and providing watersports demonstrations during a number of our high profile media launches. British Waterways are always an available source of advice in this regard and have always been willing to help facilitate a range of events in relation to our schemes.

6. I only have positive things to say about the nature of our partnership with British Waterways in the Tees Valley. I would therefore request that the EFRA committee clearly recognise the key role that they play and that they receive the necessary support to continue their outstanding support for key regeneration projects.

*Sean Egan, Project Director
Tees Valley Regeneration*

March 2008

Memorandum submitted by Thames21

Thames21 and British Waterways: Environmental regeneration along London's canals

1. Thames21 is an environmental regeneration charity that works with communities to restore the rivers and canals of London. Thames21 became an independent Registered Charity in 2004 and works with more than 4,000 volunteers a year.

2. British Waterways (BW) contributes to the running of Thames21. BW pays Thames21 approximately £120,000 pa and supplies specialist plant to enable the organisation to carry out work under contract for BW. BW also pays another £54,000 pa to help fund the core costs of Thames21.

3. BW's role in restoration and regeneration through Thames21 alone, is highly constructive, supportive and effective. The funding that Thames21 receives from BW is vital to its work with communities and organisations along the Capital's canal network. Without it, innovative projects would not have been created. Much regeneration funding is project based and this can mean the scope to test and develop original programmes is limited. The core funding Thames21 receives from BW allows this crucial work to take place.

4. Example A: Thames21 has a programme called “Canalkeeper volunteers”. This sees local people adopt, care for and improve a stretch of the canal. The funding from BW ensures this programme can be flexible and dynamic. As part of this initiative, Thames21 works closely with a day centre for adults with learning difficulties. Staff found it impossible to find outside placements for the centre’s users; few organisations were willing to work with them. As a result of BW’s support the centre’s users have become Canalkeeper volunteers. While physical regeneration attracts funding, social regeneration is often neglected. British Waterways’ funding helps to redress this balance and makes a profound and unique difference to the lives of these volunteers.

5. Example B: Thames21 is also working to regenerate communities alongside a waterway called the Brent Feeder in North West London. The Feeder passes through some of London’s most deprived areas eg Stonebridge. The Brent Feeder project will transform a damaged and neglected waterway into a vibrant local amenity, linking fractured and isolated communities. This essential social cohesion work would not be possible without the funding from British Waterways. The effective relationship with BW allows Thames21 to operate with greater freedom than traditional funding might permit and explore and nurture new ideas. “Pump Prime” funding from BW enables Thames21 to respond to requests from local people.

6. Example C: Support from BW has helped Thames21 to create the first angling club in Central London in a generation. Angling is an effective way of helping communities to work together, strengthening social cohesion and changing community attitudes to their local canal areas in London. The Ladbroke Rovers Angling Club sees all ages fish along side each other; established and newly-arrived communities fish together; and it has encouraged retired anglers back to the canal. Work will soon begin to improve the local habitat for fish with the planting of lilies. This is with funding brokered by BW.

7. This is a short overview of the work that Thames21 does along London’s canal network. Without the funding of British Waterways it would not have taken place. Thames21’s development would have suffered and our programmes stagnated. Most importantly many communities would not have benefited from significant improvements to their local canal.

Debbie Leach, Chief Executive
Thames21

March 2008

Memorandum submitted by Vale Royal Borough Council

1. EXECUTIVE SUMMARY

1.1 A £32 million grant from English Partnerships to stabilise the abandoned salt mines under the town centre dramatically changed Northwich’s fortunes.

1.2 The highly technical mine stabilisation project completed in 2007 has presented Northwich with a unique opportunity to deliver an ambitious renaissance.

1.3 A strategy called Northwich Vision has been put in place to manage this rare opportunity to secure the town’s future.

1.4 British Waterways is one of eight key regional and national partners in Northwich Vision—with the key aim of comprehensively regenerating Northwich. The other partners are English Partnerships, Northwest Regional Development Agency, Vale Royal Borough Council, Cheshire County Council, Environment Agency, Learning and Skills Council and Visit Chester and Cheshire.

1.5 All the partners have a strong affinity for Northwich and have signed a “Memorandum of Understanding” to take the Vision forward. This document states “The regeneration is not solely about the redevelopment of land and property but about utilising the assets of the town to the benefit of local communities, creating economic, social and environmental opportunities and to attract investment”.

2. OBJECTIVES OF THE NORTHWICH VISION

2.1 As a partner in the Northwich Vision, British Waterways is playing a central role in exploiting the opportunities brought about by the in-filling of the salt mines below the town. By engaging their considerable resources and expertise they are enabling significant and far-reaching advances to be made in turning the town’s fortunes around.

2.2 British Waterways is a vital partner in achieving a key objective of the Northwich Vision; that of embracing the waterfront. Northwich sits on the confluence of two rivers; the River Dane and the canalised River Weaver. British Waterways continues to be integral in turning the town to face the rivers and creating an attractive setting for leisure and amenity activities.

2.3 This is demonstrated not only in the expertise and experience offered, but by contributing to the funding of a holistic flood mitigation study for the whole of Northwich. British Waterways, Vale Royal Borough Council, English Partnerships and the Environment Agency have commissioned Faber Maunsell to identify innovative solutions to minimise flood risk in the town.

2.4 Developing tourism is one of the key pieces in the Northwich Vision strategy. Millions of pounds have already been invested to preserve some of the area's heritage and develop its attractive waterways.

2.5 Anderton Boat Lift, which was built in 1875 to lift barges between the River Weaver and Trent and Mersey Canal has undergone a £7 million restoration and now attracts a stream of narrow boats and visitors.

2.6 To further encourage more use of the River Weaver, British Waterways are assisting with a planning application to restore a historic former boatyard at Yarwood's Basin. This will significantly add to the use and vibrancy of the waterways at Northwich.

3. MARINA DEVELOPMENT AREA

3.1 As well as being an active stakeholder in a number of specific development areas, British Waterways are currently masterplanning a development area within the town having selected a preferred developer partner in 2007.

3.2 The Marina site will bring forward a new 80 bed hotel, retail units and offices together with up to 200 high quality residential units, creating a lively "hub" for town life, and increasing the levels of activity through the day and into the evening.

3.3 A planning application will be submitted in 2009.

4. PARTNERSHIP WORKING

British Waterways actively participate in regular progress, steering group and board level meetings, facilitating healthy debate and fostering a results oriented culture.

The close working relationships existing between all the partners enables smooth decision making and the identification of practical solutions.

Each partner brings their own expertise, but the Northwich Regeneration Partnership has provided the framework to examine identify the optimum way forward for Northwich.

Vale Royal Borough Council

March 2008

Memorandum submitted by Alan T Smith MBE

1. The revival of our inland waterways back into use, particularly for leisure purposes was to a great extent due to the pressure brought on British Waterways to improve the potential for use from the 1960's onwards. This was in no small way due to the local populace being encouraged to join and support waterway Trusts & Societies who predominantly promoted their local waterway.

2. The transformation from those days of dereliction and decay to today's viable usages is quite remarkable and has universal support amongst our communities.

3. The investment made through these organisations not only encourages them to greater effort to ensure that the improvements are retained but is the best return on relatively small amounts of finance. The waterways are blessed with a magnitude of enthusiastic volunteers, very knowledgeable, and willing to participate at all levels.

4. The recent decision by British Waterways to withdraw from the Cotswold Canals scheme has removed much of the confidence that our volunteer organisation had in co-operating with British Waterways if they can change their support so quickly.

5. The need to finance the repair of the Mon. & Brec. Canal should be the subject of completely different sources as its main function is that of a water drainage channel.

6. Our canals now provide leisure use for so many activity outlets, mainly by towpath use; here in the centre of the Midlands we are short of recreational waterspace, having no major river channels. The emergence of our canals as environmentally friendly, clean waterways with easy access and at no cost has ensured the large increase in use by walkers, cyclists, anglers and at the same time improved the safety aspect by greater use.

7. Of all the users of our waterways by far the largest financial contributor of those users are the owners of boats. This has been inherited from the original structure of the enabling acts where tolls were the means of obtaining income. This is totally out of date now, with the greatest use of our canals being land drainage. The correct income to British Waterways from this single source would resolve their financial difficulties and enable them to cover the costs of maintenance.

8. The use by boats along our canals assist in keeping the silt in suspense, thus allowing the silt to migrate along the channel towards the inevitable river outlet. This action does reduce the amount of dredging required on a well-used waterway once the correct bank protection is in place.

9. British Waterways have achieved an amazing transformation of our canals and thereby improved the quality of our life within their contact area. They should be encouraged to extend their environmental improvements through restoration for recreation, not curtailed, if we are to usefully occupy our leisure time.

10. Funding from the 90% of their users through the Exchequer would resolve the financial situation.

Alan T Smith MBE

March 2008

Memorandum submitted by Newport City Council

1. Newport City Council is a key partner in the restoration of the Monmouthshire and Brecon Canal. We have been working with British Waterways on the restoration of the canal corridor since 1996. The partnership includes Torfaen County Borough Council, Caerphilly County Borough Council, The Monmouthshire, Brecon and Abergavenny Canals Trust and British Waterways. Key outputs of the restoration will be the extension of a navigable canal to Newport with a connection to the River Usk and the restoration of the Crumlin Arm. During our period of partnership working we have achieved a significant investment into the canal corridor within the Newport City boundary where there have been notable successes in the rebuilding of Bettws lane Bridge, the restoration of Bettws lane Lock, Ty-Ffynon Lock, Gwastad Lock, Gwastad Mawr Lock, and Cefn Wharf Lock together with dredging and other improvements to the channel itself.

2. The partnership has successfully worked together under the leadership of British Waterways to secure European funding under the INTEREG scheme. We have also partnered with British Waterways and Torfaen County Borough Council in running an Environmental Task Force under the New Deal Training Scheme which had the dual objectives of restoring locks and providing much needed training for unemployed young people. Most recently we achieved initial success with the Living Landmarks Big Lottery Fund in securing £250,000 which has allowed further work to be undertaken to develop the feasibility and costs of the restoration. We would not have been successful in these bids without the enthusiastic support and guidance of British Waterways staff. British Waterways is a committed and capable partner with clear expertise and professionalism in their field. Their ongoing support for the restoration of the Monmouthshire and Brecon canal brings credibility to the project and is therefore crucial.

3. Newport City Council and Newport Unlimited (Wales only Urban Regeneration Company) have been working with British Waterways on the waterfront regeneration of the Crindau area in Newport. This important development area close to the city centre will provide a new waterside destination with potential for canal and river craft moorings and a marina. The scheme will act as a catalyst and centrepiece for the regeneration of the wider run down area, much in need of investment.

4. Understanding the pressures on all public sector organisations at this time we can appreciate the very difficult decision that has been taken to ensure the future of the Monmouthshire and Brecon Canal and the consequential effect to the Cotswolds canal restoration. That is regrettable, as the Cotswold canal scheme also has valuable regeneration outputs. I sympathise with our colleagues at the Cotswold canal scheme and believe that their project is also of major importance. However, it goes without saying that we support British Waterways difficult decision as the needs of the Monmouthshire and Brecon Canal are greater at present, as a consequence of a major breach, closing a large part of a major tourism resource for Wales.

5. As an organisation who values our relationship with British Waterways we would ask the committee to recognise the positive work being undertaken within Newport relating to the regeneration and canal restoration.

Wyn Mitchell
Planning Services Manager
Newport City Council

March 2008

Memorandum submitted by Country Craft Narrowboat Holidays

We have been operating Country Craft Narrowboat Holidays from our base on the Monmouthshire and Brecon Canal for 14 years and during that period we have seen the level of canal trade grow considerably. We have also seen the tremendous improvements that have taken place due to the continuing commitment of British Waterways to repair and improvement on this high maintenance waterway, this highly successful working waterway.

This year we, along with 5 other hire boat businesses will not be trading due to the closure of the canal for essential repairs. Our agreement to this temporary closure should emphasize to you the level of our support for British Waterways.

As hire boat operators and commercial tenants of British Waterways our working relationship has always been good, open and honest. BW fully understands the economic importance of this canal to businesses and local communities and the need re-open the canal as soon as possible to alleviate the worries of this current business reality.

Since the breach occurred British Waterways has worked tirelessly and we have confidence in their ability to restore our canal to us, repaired and improved, ready to attract even more visitors to this critical waterway.

I urge you to match the confidence that we have in British Waterways and give them you utmost support at this difficult time.

Phill and Sue Ware
Country Craft Narrowboat Holidays

March 2008

Memorandum submitted by Wychavon District Council

SUMMARY

1. The Droitwich Canals Restoration project is soon to become a reality with major construction works starting in the summer. This is primarily due to the strong working partnership between British Waterways (BW) and Wychavon District Council staff with strong and effective support of Worcestershire County Council and Droitwich Canals Trust. Wychavon has found BW to be an innovative and accommodating partner with the project having benefited greatly from the regeneration and restoration skills within the organisation.

2. Wychavon District Council is concerned that the reduction in funding available to British Waterways has significantly contributed to the decision to withdraw from the Cotswold Canal restoration.

3. Although we have received assurances that the Droitwich Canal Restoration project is not affected it is a concern that organisational changes resulting from that decision both in respect of the staff involved in the project and wider budget pressures within the organisation could impact on the delivery and sustainability of the restoration.

4. The Council is mindful of the reliance that large scale regeneration schemes place on external funding and that the decision taken by BW to withdraw from the Cotswold Restoration scheme may impact on future projects involving BW if potential funders view BW as a “risky” partner. We do hope however that such a scenario would not arise.

PROJECT BACKGROUND

5. Wychavon District Council has been working closely with British Waterways, since 2000 to restore the Droitwich Canals in Worcestershire, to full navigation and to create a linear park along the canal corridor which will protect and enhance the environment and provide a recreational resource for residents and visitors.

6. The reopening of the Droitwich Canals will create a unique 21 mile cruising ring using the River Severn and the Worcester & Birmingham Canal and will act as a stimulus to the local economy by encouraging new tourism based businesses and the redevelopment of canal side land and properties.

7. Working in partnership with British Waterways we have secured over £8 million pounds of external funding from organisations including Advantage West Midlands and the Heritage Lottery Fund. Wychavon and Worcestershire County Council have each provided £1 million of funding towards the project.

8. Planning approval for the project was received in January 2008 and we expect to start the first major works package in the early summer. Completion of the project is due by spring 2010.

BRITISH WATERWAYS

9. Over the last 8 years we have developed and maintained excellent working relationships with British Waterways and have found BW to be an innovative and accommodating partner. In particular the Droitwich Canals project team and its Project Manager, has in conjunction with the Wychavon team “made this project happen”. The Council is conscious that without the dedication of the staff involved and their willingness to engage with stakeholders and funding bodies at all levels we would not be in the fortunate position we are in at this time. BW has brought considerable expertise into the project in relation to the engineering solutions needed to reopen the canals to navigation and in respect of the redevelopment opportunities along the canal.

10. Wychavon cannot comment and it would not be appropriate for us to do so, on the reasons for British Waterways decision to withdraw from the Cotswold Canal Restoration other than to restate the information is already within the public domain. We are aware of the financial pressures on BW which have increased over the last 12 months which from our perspective has appeared to have reduced their ability to accept project risks whilst maintaining the national canal network.

11. Without having access to all relevant information we are unable to express an opinion on the merit of the decision by British Waterways to withdraw from the Cotswold scheme but we would not expect them to have done so unless it was absolutely necessary and after proper consideration of the impacts. We acknowledge that as a public body difficult decisions do need to be taken and we are aware from having worked closely with the BW team that there were a number of issues that have substantially increased the project cost and consequent risk to BW. Whether these justified the decision is not a matter we can comment on.

12. Wychavon has been reassured of British Waterways commitment to the Droitwich project, for which we are grateful. We consider the continuing support of BW to be essential to the success of the restoration and would have serious concerns about the viability of the scheme without British Waterways resources, knowledge and its willingness to accept responsibility for the future ownership and management of the waterway.

13. The decision to withdraw from the Cotswold scheme could have an impact on the Droitwich project as many of the staff were shared between the projects. Internal changes within BW following the withdrawal from the scheme have yet to be clarified but we would be deeply concerned if they resulted in the loss of key staff and knowledge which are considered essential to the Droitwich scheme. The Council has sought appropriate assurances on this matter and expects to receive them shortly.

14. Our close working relationship with British Waterways from the earliest stages of the project has meant that the risks associated with the scheme are known to each of us as well as the main funding bodies. In the event of the project risk and cost increasing we would expect BW to meet its commitment to complete the project, as both Wychavon and BW have resolved at Board level to commit to the Droitwich Canals restoration.

15. The Council is aware that internal budgetary constraints within British Waterways have limited the operations of the individual waterway regions. We understand that this has occurred as a consequence of the reduction in grant funding from the sponsoring department.

16. There has been a clear impact upon the Droitwich restoration project as a consequence of the cut in funding including a forced reduction in staff within the West Midlands Waterways Unit which is no longer able to support the restoration project to the same extent as it did to prior to the imposition of budget cuts.

17. We are mindful that the Cotswold Canal Restoration scheme was substantially funded by both the Heritage Lottery Fund and the South West Regional Development Agency. Will these agencies and indeed other potential funders may now be less inclined to become involved in schemes where BW is a key partner? Without successful multi-agency partnerships it is difficult to foresee how future canal restoration projects could be brought to fruition.

18. We would ask that the Committee reviews the decision to withdraw from the Cotswold canal scheme within the wider context of British Waterways regeneration successes. The gravity of the decision must, however, be acknowledged and impact of the reduced funding available to BW in future financial years needs to be ascertained otherwise there is a risk that other projects will be curtailed despite BW’s assurances to the contrary.

19. Funding pressures within BW in the future may also result in further reductions in maintenance expenditure which is of concern to the Council as we have agreed with BW that the restored canals will be transferred into their ownership upon completion. This mechanism has been adopted as it would ensure the

canals are maintained by the appropriate authority as cruising waterways are part of the national canal network. Following the expenditure of considerable public funds to restore the canals to navigation it would be unconscionable to see that gain negated by inadequate long-term maintenance.

*Jack Hegarty, Managing Director
Wychavon District Council*

March 2008

Memorandum submitted by Caerphilly County Borough Council

Caerphilly County Borough Council own and are responsible for the maintenance and development of 6km length of the Crumlin Arm of the Monmouthshire and Brecon Canal. Reflecting local topography the Crumlin Arm is located on the steep sided Ebbw valley and passes through a mix of sub-urban and rural landscapes.

The Council has been working with British Waterways as members of the regional partnership for the restoration of the Monmouthshire and Brecon Canal. This relationship has been built up over a number of years because of mutual interests in the long-term retention and enhancement of the Canal and the potential health, leisure and economic development opportunities that the Canal affords.

I wish to record the Council's appreciation of the support and assistance that British Waterways has provided in supporting and contributing to the Council's canal regeneration and enhancement strategy for the Crumlin Arm. Our partnership has evolved since 2003 when British Waterways advised on and contributed specialist economic and landscape advice during the preparation of the Council's Canal Corridor Study. This culminated in 2007 with the support and guidance British Waterways provided to the regional Monmouthshire and Brecon Canal Partnership through which my Council and neighbouring Authorities sought up to £25 million of Big Lottery funds for improvements and development of the regional canal network.

During the period of the Council's partnership with British Waterways we have achieved a number of locally important investments on the Crumlin Arm that have been to the benefit of the residents of Caerphilly CBC. In particular my Council has particularly valued BW's willingness to share information and support our own efforts to maintain the waterway.

The wider recognition of the economic and development value of inland waterways to Wales and southeast Wales in particular is much to do with the political spotlight that British Waterways has brought to the waterways system. Through the 2005 Waterways for Wales consultation and its full involvement and ongoing support of the WAG All Party Group on Waterways British Waterways has created increased awareness of major benefits that regeneration and enhancement of historic waterways can deliver to the local economy, environment and associated healthy living.

Through our relationship with British Waterways we have been able to add value to our local canal and have seen the significance of canals gain greater recognition as important elements of Welsh industrial heritage and culture. Understanding the pressures on all public sector organisations at this time my Council can understand the difficult decisions that have been taken however in our view this in no way undermines British Waterways as a valuable partner.

Caerphilly County Borough Council

March 2008

Memorandum submitted by Dr Malcolm Nixon

My name is Dr. Malcolm Nixon and I am a semi-retired Higher Education college lecturer, employed by Gloscol, Gloucester. I am the lead lecturer for the delivery of HNC Civil Engineering Design and Project units. I wish to place before the committee taking evidence into the role of British Waterways and the Cotswold Canals a brief statement outlining my experience of working with them in the academic years 2004–5, 2005–6 and 2006–7.

During these three academic years I worked closely with three British Waterways engineers—Mr. Chris Rainger, Mr. Andrew Goss and Ms. Susie Tudge—who actively encouraged my HNC First Year Civil Engineer students to work with them on a succession of “live” projects within the Cotswold Canal corridor. The first was to design a footbridge at Stroud, the second to secure road access over the canal and Frome at Brimscombe and the third project—to secure road access to the Iron Works site adjacent to the canal. Each was a live project and for each the engineer acted as a client to the student design teams. Throughout the two academic term periods during which each project ran, the engineers worked closely with us as partners and not only stimulated the students to work at an exceptionally high level but also delivered a high level of feedback at the end of the work. For the majority of students this was their first opportunity to work

with British Waterways and for all, their first taste of working on a canal regeneration project. In return, British Waterways found it stimulating to take in “out of the box” thinking on a number of complex projects. The projects came to an end only when my teaching area was transferred to another educational programme.

Throughout these three years I never failed to marvel at the dedication of the engineers and their willingness to engage with the higher education sector—they enriched my student careers—and to be honest—mine too.

Dr. Malcolm Nixon

March 2008

Memorandum submitted by Harborough District Council

I understand that the Environment, Food and Rural Affairs Select Committee is shortly to be holding an event to look at British Waterways’ role in restoration and regeneration.

At Harborough District Council we have had for many years a particularly successful working relationship with British Waterways. We have a regionally important tourism attraction at Foxton Locks and an extensive stretch of the Grant Union Canal on the Leicester line from south of North Kilworth to Wistow along with the “Harborough” Arm and the Canal Basin in Market Harborough.

We have worked with British Waterways on the successful regeneration of the Market Harborough Canal Basin to provide high quality living accommodation and retail/community space in the former Canalside Warehouses as well as upgraded public realm space for the enjoyment of residents, local businesses and visitors.

We have worked with British Waterways on responding to development opportunities along the Leicester line west of Market Harborough where there have been proposals for new investments such as marina developments enhancing both visitor and recreation facilities and the diversity of accommodation within the District.

Most significantly, we have worked with British Waterways through the Foxton Locks Partnership on the restoration and enhancement of facilities at the Foxton Locks site. The scale of change steered through the Partnership is largely due to the commitment to delivering the Partnerships objectives shown by British Waterways staff at all levels, from senior management, project management, site interpretation and on site management. None of this could have been achieved without British Waterways and I would accordingly urge you to encourage British Waterways to continue its good work.

Brett Culpin, Head of Built Environment Services
Harborough District Council

March 2008

Memorandum submitted by Lincolnshire County Council

BRITISH WATERWAYS’ INVOLVEMENT IN GRANTHAM

A strong partnership approach has been developed to bring forward development of the Canal Basin area in Grantham, Lincolnshire, within the broader Growth Point Programme of Development for Grantham.

The Canal Basin area scheme is an ambitious area based regeneration scheme, which aims to re-establish a Canal Basin in the town and provide quality mixed-use development around the basin. The development area is a brownfield site adjacent to the town centre and a housing area that suffers from deprivation. Long term, the aim is to link the canal basin to the Grantham-Nottingham Canal. The approach, therefore, is very much focused on development and regeneration, rather than canal restoration.

Lincolnshire County Council, South Kesteven District Council and British Waterways have been working in partnership to take forward development. We have jointly funded and carried out a feasibility study for the Canal Basin regeneration area, which has examined the potential scale and mix of development, in the context of the wider Growth agenda for Grantham which aims to provide balanced, sustainable growth for an expanded town.

British Waterways has played a full and proactive role in the partnership to produce an economic case for the broad based regeneration scheme, and the detailed feasibility, not only of the canal basin itself, but the wider mixed-use scheme. Since that work, British Waterways have committed funding to site development to facilitate development in the area and continues to work with the Local Authorities, and other partners, in a very positive way, to bring forward the overall scheme.

Lincolnshire County Council

March 2008

Memorandum submitted by Northwest Regional Development Agency

EXECUTIVE SUMMARY

The NWDA has worked in partnership with North West British Waterways (BW) on a number of regeneration and tourism initiatives over the last ten across the region. The following provides evidence where NWDA have collaborated with BW to effectively deliver regeneration projects in the North West.

1. GREATER MANCHESTER PROJECTS

1.1 Manchester Bolton & Bury Canal (Phase One is due for completion by June 2008): The NWDA is working with BW to restore the first phase of the former Canal. This short 500 metre long first phase passes through a major regeneration site (Middlewood Locks) within what is now the Central Salford URC's area. It will restore the former Canal's connection to the navigable section of the River Irwell, and hence to the wider canal network.

1.2 Rochdale Canal Restoration (completed 2002): A project match funded by the NWDA for the restoration of the canal to navigate between Manchester City Centre and the Pennine border. The project delivered substantial environmental improvements and removal of areas of dereliction and set the scene to stimulate further waterside economic activity through some important deprived urban areas in particular New East Manchester Urban Regeneration Company area.

1.3 Huddersfield Narrow Canal Restoration (completed 2001): The project involved the reopening of the Huddersfield Canal as a cross Pennine waterway route by removing a number of blockages including reopening the Standedge Tunnel. By reopening the canal to navigation it provided a valuable tourist attraction as well as stimulating economic development at a number of important nodal points along the canal including the town centres of Stalybridge and Slaithwaite across the Pennines.

2. MERSEYSIDE PROJECTS

2.1 Liverpool Canal Link (due for completion 2008): The project comprises the construction of a new 2km navigable Canal Link from the Central Docks, across the Pier Head to the Albert Dock. The Canal Link will provide a significant boost to existing visitor numbers and expenditure within the Liverpool Waterfront location. Attracting approximately 118,000 additional visitors per annum and creating 147 jobs. It will also lever in £9.41 million public funding from other organisations. The Liverpool Canal Link supports the continuing regeneration aims of partner organisations for the Liverpool Waterfront.

2.2 Mersey Waterfront: BW is a member of the Mersey Waterfront Steering Group for Pride in Our Promenades ("PIOP's"): this is a major programme of improvements to the 43kms of hard promenade around the Mersey.

3. CHESHIRE & WARRINGTON

3.1 Northwich Vision (2004): The NWDA is also one of the partners, alongside BW, in the Northwich Regeneration Partnership, which was formed to drive forward the redevelopment of Northwich town centre. BW has significant landholdings in Northwich and will be a key partner in the delivery of the Northwich Vision.

3.2 Shropshire Union Canal (completed 2003): NWDA worked with BW to upgrade 2.2km of the towpath of the Shropshire Union Canal between Chester and Ellesmere Port into a multi user trail.

3.3 Anderton Boat Lift (completed 2002): NWDA supported BW to help with overcoming abnormal ground conditions identified in its £7 million project to restore the Anderton Boat Lift. The following year the Boat Lift re-opened to great acclaim. Subsequently the project benefited from further NWDA investment into the adjoining Northwich Community Woodlands improving the car park used by visitors to both the woodlands and the Boat Lift.

4. LANCASHIRE

4.1 Ribble Link project: NWDA and BW worked together to connect the Lancaster Canal to the River Ribble and the national canal network.

4.2 Leeds/Liverpool Canal in Lancashire: We also worked with BW to produce a study of development opportunities along the Leeds/Liverpool Canal in Lancashire. This is being used to inform development strategies along the canal corridor, particularly in relation to urban centres in East Lancashire. This includes Blackburn Town Centre Renaissance plans, the Lancashire REMADE programme of major land reclamation, Burnley Vision Board master planning and economic elements of Housing Market Renewal.

5. CONCLUSION

The NWDA believes that reviving the region's waterways not only provides unique recreational resources, but also delivers significant economic benefits, enhancing the environment, quality of life, increasing tourism, and creating areas where people want to live and work. There are many examples of partnership working with BW which has provided a boost to regeneration in the North West, improving the regions appeal as an investment location and creating new employment opportunities.

Northwest Regional Development Agency

March 2008

Memorandum submitted by World Class Stratford Project

EXECUTIVE SUMMARY

1. British Waterways need to be given every encouragement to continue its positive and pro-active involvement in regeneration and restoration projects where they are adjoining the waterways. Their extensive knowledge and experience of work of this nature is vital to encourage even areas such as Stratford upon Avon to maximise the benefit that can be achieved from enhancement of the canal and its surroundings.

TERMS OF REFERENCE

2. British Waterways own and manage an extensive canal network within the Stratford on Avon district. This includes sections of the Oxford Canal, the Grand Union, and significant lengths of the Stratford upon Avon Canal.

3. British Waterways have been a key member of a partnership initiative called "World Class Stratford". The initiative seeks to transform the visitor economy of Stratford-upon-Avon and enable it to fulfil its vital role of putting the region and the UK more firmly on the international map. The visitor economy is worth £4.8 billion to the west Midlands region alone and locally sustains around £7,000 jobs. An early task of the partnership has been to produce an overall framework document for regeneration and restoration of Stratford upon Avon. Within this document, which is called "The Urban Design Framework", there are a range of key projects which British Waterways are already engaged with and significant future plans where they plan to work in partnership with other stakeholders for the benefit of Stratford upon Avon and its visitors.

4. In the development of these plans and in their implementation to date, British Waterways have been a very important partner. They have been able to bring expertise and knowledge on regeneration and restoration schemes from elsewhere within the British Isles which has proved very helpful in the development of current and future proposals.

5. As an example of a current project, the World Class Stratford project team has been working in close partnership with British Waterways to improve the Stratford upon Avon Canal and Bancroft Basin immediately in front of the internationally known Royal Shakespeare Theatre (RST), in the heart of the town. The RST is currently undergoing a major £120 million transformation project. This area is seen as the key gateway into the English canal system from the River Avon. The canal basin and adjoining gardens are currently undergoing a £3 million remodelling and restoration programme to which British Waterways have been advising and supporting both in terms of design and operation of the waterway elements of the scheme.

6. Throughout the development of the design and its current implementation there has been a very fruitful and active collaboration between the key stakeholders, including British Waterways, to identify the issues and problems and in finding suitable resolution.

7. Future plans for the World Class Stratford programme include improvement to a significant area of the town which is now being termed the “Canal Quarter”. This area, even though it is in a well-known town such as Stratford upon Avon, needs significant regeneration. It provides the opportunity for substantial improvement to what is otherwise a fairly rundown, ex industrial area.

8. For further information regarding the partnership, current and proposed schemes, please see www.worldclasstratford.net.

9. British Waterways need to be given every encouragement to continue its positive and pro-active involvement in regeneration and restoration projects where they are adjoining the waterways. Their extensive knowledge and experience of work of this nature is vital to encourage even areas such as Stratford upon Avon to maximise the benefit that can be achieved from enhancement of the canal and its surroundings.

10. I would hope that the Committee would be able to take the points detailed above into consideration when they reflect on the work of British Waterways in regeneration and restoration.

Paul Ogden, Project Director
World Class Stratford Project
Working in partnership with Warwickshire County Council and Advantage West Midlands

March 2008

Memorandum submitted by Countryside Council for Wales

The Countryside Council for Wales (CCW), through its role as Government’s statutory advisor, champions the environment and landscapes of Wales and its coastal waters as sources of natural and cultural riches, as a foundation for economic and social activity, and as a place for leisure and learning opportunities. We aim to make the environment a valued part of everyone’s life in Wales.

CCW carries out much of its work through partnership arrangements with government and non-government organisations throughout Wales. This includes British Waterways where we work together on inland waterways of Wales including the Montgomery, Llangollen and Monmouthshire and Brecon Canals. Our greatest activity to date is with the Montgomery Canal, in central-East Wales, which is of European importance for its wildlife, being a Special Area of Conservation (SAC) under the EU Habitats Directive. It is also of UK importance for its wildlife and designated as a Site of Special Scientific Interest (SSSI). CCW is responsible for the operation of these designations and working with their owners/occupiers to ensure they are correctly managed to safeguard the features for which they have been designated.

In order to take this forward, CCW has been engaged in the Montgomery Canal Partnership since 2000, working with British Waterways and other partners to find a sustainable solution to the problems facing the canal and to deliver environmental, economic and social benefits in the canal corridor. This culminated in production of a Conservation Management Strategy in 2005 which created a framework to deliver protection and enhancement of the Canal’s European-designated wildlife value, nationally important built heritage and locally valuable public space alongside the canal. The agreement of the Strategy by partners with initially conflicting interests was a major achievement and a credit to British Waterways’ staff who were able to bridge the initial difficulties and take the Strategy forward.

Most recently the Partnership have been successful in securing some £550,000 of Welsh Assembly Government and European-development funding for the Powys Canal Tourism project and over £1 million of HLF and European funding for restoring a demonstration section of the English section of the Montgomery Canal.

We are also working with British Waterways to raise awareness of the regeneration benefits of inland waterways nationally in Wales through its Waterways for Wales initiative. All these pieces of work, especially the Montgomery Canal, are long-term and CCW requests the Committee to ensure that British Waterways remain engaged in the restoration and development of Wales’ canals and build on their considerable success to date.

Dr David Parker
Director Science and Chief Scientist
Countryside Council for Wales

March 2008

Memorandum submitted by the Stroud District of the Campaign to Protect Rural England

I write on behalf of the Stroud District of the Campaign to Protect Rural England to express our views on the withdrawal of British Waterways from the Cotswold Canals Partnership and to suggest ways forward for The Thames Severn Way project.

1. Firstly, we note from the Committee's report on British Waterways (BW) in July 2007 that there was recognition of:

- the difficulties faced by BW in the past two years arising from lower than expected grant levels;
- the disruption caused by the 2006–07 budget cut because BW had already committed resources to a series of projects;
- the need for BW to have a longer term funding contract with the Government to provide greater stability to the waterways network, which had been recommended in the Policy Review of 2004–05 and that such a contract should be agreed sooner rather than later.

2. We note from the Defra announcement on 21 February 2008 that the grant to BW for 2008–09 at £56.624 million is really (on a like for like basis compared with this year) a reduction when inflation is taken into account.

3. We would make the following points for consideration by the Committee:

- (a) There should be a clear distinction made between the role of leader/project manager for the restoration of the canal structure, including the tow paths, bridges, locks and so forth, and the entirely separate issues of funding for the project and the associated property development along the waterway.
- (b) It is important that the leader/project manager should provide continuity throughout the whole project and should, subsequently, be the custodian of the waterway and responsible for its maintenance.
- (c) On that basis, it is essential that BW returns to the Cotswold Canals Partnership and resumes its role (at least) as leader and project manager of The Severn Thames Way project on which it is still working on the Stroudwater Navigation section. The Government should guarantee BW's continuing participation in the project and ensure that BW does not jump in and out of the Partnership because of Defra funding difficulties.
- (d) What is the point of having an organisation (BW) whose aim/objectives are to create sustainable waterways for the future and to be responsible for maintaining 2,200 miles of the inland waterways network and for them not to be involved in, possibly, the longest and most challenging waterway project in the country? It's like building a new mainline railway and not involving Network Rail.
- (e) BW has been involved with the planning and preparation work for this project for many years and has often expressed its commitment to the project. Work started on the restoration in October last year at a well publicised photo-shoot.
- (f) The withdrawal of BW has obviously created a vacuum. This may adversely influence, quite understandably, the Heritage Lottery Fund (HLF) and the South West Regional Development Agency (SWRDA)—the major funders—who have yet to decide whether some £18 million of funding will remain in place. If it does not, the Government will have caused this major project to grind to a halt with the loss of a much needed waterway for business and pleasure, the revitalised community and tourist facilities along a number of sections of the route, and environmental, economic and social benefits over a much wider area.
- (g) It is hard to believe that the Government, the Treasury and Defra have thought through the consequences of forcing BW into the decision to withdraw from this waterways project due to lack of resources. The Government should ensure that the funds committed by BW (about £5 million) are restored to the Partnership, whether through Defra or from elsewhere such as the Department for Communities and Local Government, and HLF and SWRDA should be notified very quickly.

4. We hope that the Committee will share our views on the key role of BW on waterway projects and our considered opinions as to the actions needed now to ensure the continuation of The Severn Thames Way project.

Geoffrey M Murray, Vice Chairman
CPRE Stroud District

March 2008

Memorandum submitted by Peel Holdings

My name is Lindsey Ashworth and I am Director of Property Development for a company called Peel Holdings. The Peel web site for further information is www.peel.co.uk. I am a Chartered Surveyor and have worked for Peel for the last 19 years. Peel is a well established international property and development company with assets in excess of £6 billion and a rent roll of over £200 million pa. and employs directly over 5,000 people. Peel are also the owners of 5 airports, the Manchester Ship and Bridgewater Canals and several dock systems throughout the world.

Peel has worked with British Waterways throughout the UK for at least the last 20 years.

Given we both own and operate canals there has always been a special synergy between our respective organizations and an appreciation of what is required to get the best out of our waterways to at the very least keep them open for the people of the future!

One of my current projects with British Waterways is a mixed use regeneration scheme we call "Gloucester Quays," a £350 million investment which straddles the Gloucester and Sharpness Canal and incorporates about 60 acres of derelict underused land that was previously part owned by Peel and part by British Waterways.

Both our organizations in the nineties were struggling against an unwilling Council to develop our respective land holdings separately on opposite sides of this Canal.

In 1999 we got together to form a partnership which initially was based on trust and latterly a Limited Liability Partnership.

I cannot stress enough that "Partnerships" is the only way forward to make things happen. Most of us are master of "something" but can't be master of "everything." We all have different skills and attributes to offer and the combination of these is the single ingredient that gives you the edge over others that you so much need in this highly competitive and complex world we live in.

We are now half way through the construction of the Designer Outlet Shopping part of this scheme, the first of many phases and our aspiration is that it will be the best in the United Kingdom from all aspects.

The canal is the centre piece of Gloucester Quays and together they will form a wonderful and exciting destination and attraction for boat users and the public alike.

We are very proud of what we have jointly achieved with our project Gloucester Quays and it has been a privilege and pleasure to work with British Waterways over the years on this. Both organizations have put in and will continue to put in massive effort to its final delivery and beyond and in so doing will revive this fantastic historic canal.

Peel as canal owners and operators are very aware of the need to restore, regenerate and generally maintain the canal system. They were constructed by our great ancestors and it will have been in their minds that they are there for all time and therefore it is our duty as the current generation to ensure that we do not let them fall in to disrepair, neglect or closure. We have no greater problems now than our ancestors had over the last few centuries when they planned and built them, just problems of a different nature so it is incumbent upon us and our duty to find a way to preserve these canals jointly for our children and our children's children.

British Waterways, as the name implies, is the accepted custodian of these canals and in my view and many of my colleagues' they have done an excellent job that spans over many decades against all odds to ensure that they are retained.

The use of the canals by the evolution of the way we go about our daily lives has changed. The needs of the last few centuries is so different to the needs of this century and it must have been a very difficult task with the limited resources British Waterways has, to adapt the canal system to the demands, needs and aspirations of our present society.

The many achievements of British Waterways has not been properly acknowledged over the years. We seem to live in a society where many take the easy option giving criticism and sarcasm, quite often coming from those who contribute "little or nothing to anything"

Such comments tend to get reported by the media on the basis that it's more newsworthy who then conveniently leave behind success stories—British Waterways seems to get this unfair and unjust treatment which I find most irritating.

In conclusion long may British Waterways continue with the excellent work they have done and are doing and long may you continue to support them for which I applaud both. However, a little more flexibility and freedom to go about their pioneering business ventures from central government would not go amiss!

Lindsey Ashworth
Peel Holdings

March 2008

Memorandum submitted by Construction Design Practice Ltd

BRITISH WATERWAYS REGENERATION PROJECT— MAYOR'S BOAT YARD, WIGAN.

EXECUTIVE SUMMARY:

Construction Design Practice is currently working collaboratively with British Waterways on a scheme in Wigan, referred to as Mayors Boatyard, involving the restoration of buildings and site areas fronting the Leeds and Liverpool Canal within the Wigan Pier Quarter Conservation Area.

CDP have developed proposals for the site and buildings in collaboration with BW in line with the desire by BW for the buildings to be restored and brought back into sustainable use, whilst conserving and maintaining the historical significance of the site.

The value of the works is expected to be of the order of £1.2 million.

The Partnering Arrangement with BW was the result of a tendering and interview process, whereby the Proposals for the conservation of the site were weighted alongside commercial interest.

Throughout the design development British Waterways have been able to offer their invaluable input to the scheme in terms of technical solutions, appropriateness of design and coordination between the interested parties and the local authority.

British Waterways have taken the lead in presenting the scheme to Interested "User Groups" and have set up the vital communications for applications for Grant Aid.

The scheme was submitted for Planning Approval on 29th February 2008.

1. INTRODUCTION

Construction Design Practice Ltd is an Engineering Consultancy Practice, based in the north west of England.

Construction Design Practice is currently working collaboratively with British Waterways on a scheme in Wigan, involving the restoration of buildings and site areas fronting the Leeds and Liverpool Canal within the Wigan Pier Quarter Conservation Area.

The site is referred to as Mayors Boatyard.

2. PROJECT PARTNERING ARRANGEMENTS IN WIGAN:

CDP develop proposals for the site and buildings in collaboration with BW in line with the desire by BW for the buildings to be restored and brought back into sustainable use, whilst conserving and maintaining the historical significance of the site.

The buildings will be developed for B1 commercial use and with the boat user being relocated within the site.

CDP will act as developer and provide a significant element of funding required for refurbishing the main part of the site, in exchange for a long-term lease.

The Partnering Arrangement with BW was the result of a tendering and interview process, whereby the Proposals for the conservation of the site were weighted alongside the commercial interest.

3. SCHEME DETAILS:

The site area contains 3 buildings, referred to as buildings A, B and C respectively.

Building A is currently in a dilapidated state and is unused.

Building B is currently in a dilapidated state and is unused.

Building C is in a dilapidated state but is used as a dry storage area.

The site area is currently used for the benefit of boat users for the loading of canal barges. This function will be relocated within the site.

Historically, the site has been used as a fabrication and maintenance facility for wooden canal boats since 1880. The last canal boat being launched in 1952.

The facility closed in 1959, since which time there have been different uses for the site, but one the main buildings were vacated; there has been an escalating scale of dilapidation.

It is proposed to upgrade to a high specification, the buildings and site to bring the site back into commercial use as Class B1 Business Use: office space/light industrial/technical.

It is proposed to improve the character of the Site through a mixture of hard and soft landscaping and by sensitive restoration of the buildings, which will include modifying the footprint and alteration of the facade to Building C.

The redevelopment will provide restored high quality buildings of character, with levels of comfort and servicing fit for the 21st century.

External works will include improved off street parking and significant landscaping enhancements.

The scheme was submitted for Planning Approval on 29th February 2008.

4. COLLABORATIVE WORKING ARRANGEMENTS:

Throughout the design development Construction Design Practice [CDP] have kept constant dialogue with British Waterways, who have been able to offer their invaluable input to the scheme in terms of professional advice, technical solutions, appropriateness of design and coordination between the interested parties and the local authority.

British Waterways have been particularly active in presenting the scheme to Interested “User Groups” and have set up the vital communications for applications for Grant Aid.

British Waterways are very proactive in ensuring the regeneration process happens, and happens quickly, and must be commended on their initiatives and networking to bring this project to fruition.

In conclusion, I would request that the Committee gives British Waterways their active support and encouragement to continue its work in this field.

Construction Design Practice Ltd

March 2008

Memorandum submitted by Groundwork Stoke-on-Trent

1. Our organisation has been working with British Waterways for approximately ten years on various projects and we consider them a valuable regeneration partner. They have contributed to many of our forums and we have had in the past representation on our board of trustees from them.

2. We have worked on a number of key projects over this time drawing in investment to the canal corridors which have provided economic benefits via physical regeneration leading to improvements in tourism. These projects including Cobridge canal improvements, Trentham canals projects and current Stone Canals. British Waterways has been a committed partner supporting us in these projects.

3. We consider British Waterways as a partner for future activity and enhancements of the physical canal environment, education and community regeneration projects. We work to ensure that maximum regeneration benefit is derived from our projects which includes all social aspects such as training opportunities for the long term unemployed. We look forward to a long partnership with British Waterways and hope their efforts in this arena are recognised.

Groundwork Stoke-on-Trent

March 2008

Memorandum submitted by Cheshire County Council

1. Cheshire County Council has been working with British Waterways on the sustainable regeneration of the Canals in Cheshire for many years, including the restoration of the Anderton Boat lift as a tourism destination, Northwich Town Centre Regeneration, the Weaver Way and the Weaver Valley Regional Park.

2. During this period of partnership working there has been a significant investment into the canals of Cheshire which has brought benefits to the local economy via increased tourism and benefits to the people of Cheshire in the form of improved environment and public spaces for access and enjoyment. British Waterways has exhibited a track record of delivery, with clear expertise and professionalism in their field.

3. British Waterways are board members and a key partner in the development and delivery of the Weaver Valley Regional Park (WVRP). The WVRP is the strategic regeneration project for the centre of Cheshire, delivering Regional Economic Strategy policy 16 and Regional Spatial Strategy policy M4. The positive role that British Waterways plays should be recognised and their ongoing commitment to regeneration within the Weaver Valley area welcomed.

Ian Dale
Regeneration Project Leader
Cheshire County Council

March 2008

Memorandum submitted by Mike O'Connor CBE

I was for ten years the Director (Chief Executive) of the Millennium Commission. The Commission was a Lottery Distributor and invested a total of £2.3 billion in projects across the UK.

We supported a number of projects concerned with the restoration of Canals, eg Rochdale Canal, Huddersfield Narrow Canal and the Millennium Ribble Link. In many such projects we worked with British Waterways.

I understand the Select Committee is carrying out a review of the work of British Waterways.

My experience of working with British Waterways is that they were an excellent partner in delivering economic and social regeneration. We particularly valued the expertise and commitment they brought to the table. Such projects rarely run smoothly and in British Waterways we always had a partner who had the experience to find innovative solutions and the willingness work with us flexibly and with the long term in mind.

British Waterways have made a huge contribution, not just to bringing back into use national assets which have suffered from underinvestment for generations, but in promoting sustainable transport and regeneration. I hope the Committee will support the role of British Waterways into the future where their work will be more important than ever.

Mike O'Connor CBE

March 2008

Memorandum submitted by Black Country Consortium Ltd

EXECUTIVE SUMMARY

1. The Black Country is a distinctive major urban sub region with a population of almost 1.1 million characterised by urban development, industrial heritage and an intensive canal network. For this reason, the Black Country Authorities have had a long tradition of close and effective working with British Waterways.

2. The Black Country Consortium has recently prepared a new 30 Year Plan to respond to economic, environmental and social needs. This includes:

- Transformation of the environment
- Pursuing World Heritage Status for the Black Country and Birmingham Canal Network and its Environs;
- Preparing a Canal Management Plan for the whole of the Canal network.

3. Canals are at the centre of our regeneration plans, providing major corridors of opportunity and British Waterways have played a key role in our partnership.

4. We would therefore request that the Committee encourage British Waterways to continue its vital contribution to regeneration.

MAIN SUBMISSION

5. The Black Country is a distinctive major urban sub region with a vibrant, welcoming multi-cultural society. It has a population of almost 1.1 million, larger than most major UK cities, including its neighbour, Birmingham, and is home to over 450,000 jobs. The sub-region comprises the City of Wolverhampton and the Metropolitan Boroughs of Dudley, Sandwell and Walsall. Situated at the cross roads of the UK, straddling the watershed of England (the Trent and Severn) and distinguished by its geological, industrial and canals heritage, which led out the urbanisation of the industrial revolution. For this reason, the Black Country Authorities have had a long tradition of close and effective working with British Waterways.

6. Black Country Consortium is the sub-regional partnership for Dudley, Sandwell, Walsall and Wolverhampton, a forum for the strategic coordination of public, private and voluntary sector partners. It provides a single voice on strategic direction and leadership for renaissance of the Black Country Sub-Region, a shared evidence base for decision-making and selective joint action to promote beneficial change.

7. In 2002, the Black Country Consortium, the public/ private partnership established to co-ordinate the strategic regeneration of the Black Country, in liaison with the West Midlands Regional Assembly, agreed to take a fresh “vision-led” approach to strategic thinking to guide future growth and prosperity of the Black Country sub-region—in other words—to deliver “urban renaissance”.

8. A new 30 Year Vision was agreed for a more competitive economy reversing current trends. This has now been enshrined in a new 30 Strategy and Spatial Plan for the sub region, endorsed by Government which sets out to achieve the following:

- To transform the environment and develop the whole of the Black Country as an Urban Park, based on our beacons, corridors and communities;
- Pursue (in conjunction with Birmingham City Council) World Heritage Status for the Black Country and Birmingham Canal Network and its Environs;
- To prepare a Canal Management Plan for the whole of the Canal network.

9. Urban Renaissance is more than just regeneration of areas that need to be a focus of public and private sector investment for their economic, social and environmental revival. Renaissance involves a major transformation of an area, through:

- Changes in the pattern of land uses;
- Revival of outworn housing, industrial areas and town and city centres;
- Radical improvement of the quality of the environment—not just establishing a greener, more pleasant environment, but improved quality of services, shopping, air, water, access to open space, housing conditions, road safety and personal security.

10. Equally, the process of change requires both changes in attitude, and confidence in an area, such that people in the area and potential new residents and investors, will see it as a good place to live, work and trade. The process of renaissance involves combining required action on housing, employment, shopping, transport and so on, into a “seamless package”. This means that all the various initiatives to make an area a better place need to interact with each other so that the benefits of one area of action will be felt over the full range of initiatives required.

11. The Black Country canals include a fascinating network of junctions and branches. Many of the canals are part of or adjacent to conservation areas and many of the sub-regions main visitor attractions are either located adjacent to or not too far away from a canal. There is a wealth of features which will interest canal enthusiasts and industrial archaeologists: locks, bridges and warehouses all give a hint of the important role the Black Country played in the sub-regions past. The Canals enabled the development of communities and as such play a pivotal role in creating and retaining the Black Country’s local distinctiveness.

12. However, the Canals within the Black Country are not just a link to our Industrial past. They provide a green corridor within a predominantly urban landscape, are often designated as linear open space, have inherent wildlife value, and provide opportunities for biodiversity and leisure.

13. Canals are a key asset to the sub-region, linking heritage, culture and recreation, the visitor economy and environment. They are also a key asset in terms of development/regeneration with many canal side locations acting as valuable locations for redevelopment, especially for housing and leisure.

14. However, it is vital that an holistic approach is taken when defining how the canals and historic environment can support the implementation of the Black Country Study and the Black Country Vision.

15. The Government is keen to see the canals maintained and developed in a sustainable manner so that they fulfil their full economic, social and environmental potential.

16. British Waterways, the Statutory body for maintaining the canals and waterways, has stated that the canal network

“will be regarded as one of the nation’s most important and valued national assets, and that visitors will be delighted with the quality of the experience and as a consequence many will become active participants”.

“The property and land surrounding our inland waterways are an important part of maintaining an attractive and vibrant network, they offer opportunities for us to participate in urban and rural regeneration projects and provide a crucial income source”.

Therefore, British Waterways will be ensuring that future developments support their policy for sustainable development and realising the potential for regeneration.

17. British Waterways have produced their Vision for the next 10 years;

“Our ambition is that by 2012 we will have created an expanded, vibrant, largely self-sufficient waterway network used by twice as many people as in 2002. It will be regarded as one of the nation’s most important and valued national assets. Visitors will be delighted with the quality of the experience and as a consequence many will become active participants.”

18. A number of sub-regional strategies and programmes have been developed to ensure the sustainable development of the canal network within the Black Country. The Black Country Canals Tourism and Interpretation Strategy, provides a framework for the development of the canal network which meets the aims and objectives of both British Waterways and the Local Authorities, in addition to providing guidelines on future development. Canals are included as a Habitat Action Plan in the Birmingham and Black Country Biodiversity Action Plan. Key national agencies, such as English Nature and English Heritage, provide an additional framework for the sustainable development of the canal network. Linkages with policies relating to the natural and historic environment housing and economic development should work together to ensure that the assets which make the Black Country distinctive are not lost forever.

19. The major policy direction however for the Black Country Canal network will be embedded within the Black Country Canals Management Plan, an integral element of the World Heritage Aspiration work.

20. The Management Plan will integrate the aspirations of all of the Strategies and policies relating to the network as well as providing a vehicle to develop and implement the framework as set out in the Black Country Study. The Management Plan will ensure that the integrity of network and its local distinctiveness is maintained while ensuring that there is an agreed process for the conservation and sustainable development of the network.

21. Canals are at the centre of our regeneration plans, providing major corridors of opportunity and British Waterways have played a key role in our partnership. In particular:

- Member of the Black Country Consortium Board
- Member of the Urban Park Strategic Management Steering Group
- Member of the World Heritage bid Task Group
- Participation in visioning events/delivery events to take forward our regeneration plans
- Key partner in our £50 million BIG Lottery bid for the Urban Park in 2008
- Close work with Urban Regeneration Companies and local Authorities in the Black Country to deliver canal based schemes in our strategic centres, in particular, Brierley Hill, Wolverhampton and Walsall
- Leading on the preparation of the Canal Management Plan.

22. We would therefore request that the Committee encourage British Waterways to continue its vital contribution to regeneration. It is imperative that they retain a regeneration role in areas like the Black Country, where canals form a key component of the landscape.

Black Country Consortium Ltd

March 2008

Memorandum submitted by Leicester College

LEICESTER COLLEGE / BRITISH WATERWAYS PARTNERSHIP

SUMMARY

Leicester College has been working with British Waterways (BW) for some six years to bring about regeneration of a part of Leicester encompassing longstanding derelict land and disposal of a life-expired campus. This partnership has been based on the pooling of land in order to generate maximum value and potential for attractive development. The joint aspiration has seen the creation of a Masterplan for the area involving high quality canal-side residential accommodation, enhanced facilities for canal-users and the general public and a flagship new College building. BW’s expertise in regeneration has contributed significantly to the successful development of the scheme, while the logistics of building the College’s new campus have been greatly facilitated by the use of BW’s land. The College considers that the very strong working relationship has produced an exemplary scheme that represents more than the sum of the parts. On the strength of this experience, the College commends BW to the Committee and hopes that it will be able to deliver other such schemes in the future.

1. Leicester College was created in 1999 (through the merger of two other Colleges) and is now the eighth largest general FE college in England and Wales. Ever since merger it has sought to rationalise and redevelop the resulting fragmented estate. The worst existing accommodation is situated to the north of the city centre at the Abbey Park campus. This site lies adjacent to derelict land owned by BW.

2. As part of the appraisal of options open to the College, contact was first made with BW in late 2001 following the appointment of a Project Director tasked with the rationalisation and re-building of the College. It became clear that there was mutual benefit in working together to bring about a wholesale improvement of the area centred on a canal barge arm (off the Grand Union Canal) that lay between the two sites.

3. As the College's project developed, it became clear that the existing Abbey Park accommodation was in such poor condition that it was not economically viable to refurbish or remodel it. However, the cost of building a new campus would also be unaffordable unless a part of the site could be sold off to realise a funding receipt for the project. Equally, the logistics of building new accommodation on the existing site while maintaining use of the present buildings would not be possible unless space for decanting became available nearby. Discussions therefore began in earnest with BW in 2002 regarding the possibility of partnership working. BW had been trying to develop their own land for some while, but the relatively small size of the site and its restrictive access arrangements had made this unviable. It was agreed that by working together we could facilitate the College building process and then bring about a major regeneration of the resulting surplus College land combined with the derelict land in BW's possession.

4. Joint discussions were held with the Leicester Regeneration Company (LRC) and Leicester City Council (LCC) in order to integrate with and contribute to proposals for the broader regeneration strategy of the City and the waterways (canal and river) running through it.

5. A brief for an area Masterplan was drawn up, most of the input being provided by BW given their experience and expertise in such matters. The requirement was for a high quality development that would: provide maximum receipts to both BW and the College; at the same time create a high quality and attractive waterside setting for the public to enjoy; encourage use of that part of the canal network by creating moorings and a service point for canal users; integrate with the LRC's proposed strategic footpath network; and of course integrate with the proposed redeveloped College campus. The benefits of bringing about such a wide regeneration of that part of the City were recognised by the Leicester Shire Economic Partnership (one of the sub-regional strategic partnerships of the East Midlands Development Agency) resulting in them agreeing to part-fund the Master-planning exercise.

6. The resulting Masterplan (prepared by the Bond Bryan Partnership) recommended residential accommodation fronting the canal and barge arm, the creation of significant public realm spaces (both within the residential areas and adjacent to the new College building), public footpaths and a cycleway linking into the LRC's strategic network by means of a new bridge over the main canal, short term and residential moorings (some to be created within a second re-excavated barge arm), a servicing station for canal users, and a wildlife zone to attract nesting water birds etc to the area.

7. The Masterplan was sufficiently developed to form the basis of an Outline planning submission to LCC, which was unanimously approved.

8. Approval of this comprehensive Masterplan provided sufficient reassurance to the Learning & Skills Council (LSC) to give the College approval in principle to proceed with the development of its rebuilding scheme and no doubt also influenced its decision to contribute support funding at an unusually high level given the broader economic and environmental benefits that accrued from the jointly developed scheme.

9. While the College began developing the construction detail of its own part of the scheme, a developer was sought for the purchase and development of the pooled disposal land. The College has been happy to let BW lead in the evaluation of bids and subsequent development of the scheme with the preferred developer given, again, their experience and expertise in such matters.

10. Having secured Reserved Matters planning consent and detailed approval/funding from the LSC the College finally commenced work on site in January 2007. The necessary site area was made available to the builder by removing all car parking from the existing campus and utilising BW's land as a temporary car park, leased for a peppercorn rent. Without this assistance from BW it is doubtful whether the College could have undertaken such an unhindered development, and at the very least the cost to the public purse would have been significantly higher had commercial arrangements needed to be made with others.

11. The College's new flagship building will be handed over at the end of June. Users of the existing accommodation will be then be moved into the new building over the summer vacation and teaching will commence there in September. At the end of September both BW's and the College's disposal land will be sold to the developer and the wider regeneration of the area can begin.

12. Throughout the entire process of this joint development the working relationship between BW and the College has been strong, warm, open, trusting and mutually supportive. We have survived setbacks and disappointments on the strength of that relationship and our determination to deliver a scheme that represents more than the sum of the parts. In particular the College development has benefited from BW's vision for bringing back into use the surrounding waterways and for its detailed understanding of broad regeneration considerations; the environment around the new College building would undoubtedly have been the poorer were it not for BW's involvement.

13. Finally it is worth observing that whilst others may attract much of the kudos for regenerating Leicester, this particular corner of the City will have been changed beyond recognition by BW and the College together without significant direct support from the regeneration authorities.

14. On the strength of our experience of working with them and our understanding of the other regeneration schemes they are involved with, the College commends BW to the Committee and very much hopes that they will be adequately funded to continue their work in this very necessary field.

Leicester College

March 2008

Memorandum submitted by William Davis Limited

We understand that a select committee is gathering information and evidence regarding British Waterways involvement in regeneration projects. I submit the following brief summary of our experience as developers working with British Waterways here in Loughborough.

The old Loughborough Wharf was a hidden area of the canal network providing poor access and boating facilities right at the edge of Loughborough Town centre, and was surrounded by a number of old terraced houses, derelict workshops and a builders yard.

William Davis Limited owned a number of old town houses adjacent the canal on Derby Road. On the opposite side of the canal the Local Authority also had a large land holding which was under utilised as a council storage depot.

In early 2002 a partnership was formed between William Davis Limited and British Waterways to explore the development potential of the “wharf” and surrounding land.

BW’s aspiration was to create a much improved boaters facility and public realm area coupled with some commercial A3 space. As developers William Davis were drawing together a number of uses to create a commercially viable mix comprising social housing, student housing, apartments for sale in addition to delivering the A3 units and public realm.

Negotiations with the LA enabled their land to be brought into the equation in exchange for a new depot on land outside of the town and the first draft scheme was born.

However soon into the planning process a potential flooding issue was identified by the EA which affected the LA land and which then had to be withdrawn from the scheme.

A hasty rework of the masterplan and a restructure of the finances from BW rescued the schemes viability and detailed planning consent was then sought for the reduced scheme. This proved to be a very challenging exercise which the “partnership” handled very sensitively.

The final scheme design included an enlarged canal basin, boaters toilet/shower facilities high quality public realm with open access to the community, 179 student bedrooms, 7000 sq ft of A3 restaurant space and 35 private apartments.

The first phase of the scheme was delivered in summer 2007 with the opening of the basin, boaters amenity and public realm. The first A3 unit is currently being fitted out.

The overall scheme proved to be very challenging particularly through the early planning and viability stages but the fact the scheme has now been delivered is testament to the strength and resolve of the “partnership” between BW and a private developer. There were setbacks at times such as the EA flooding issue plus planning objections to handle and it would have been all too easy at times to say “this won’t work” but the tenacity and belief of the whole team plus a “can do” attitude of all involved saw the scheme through.

Our experience as developers of working with British Waterways is one which we would very much like to continue.

Dave Camp

Commercial Director
William Davis Limited

March 2008

Memorandum submitted by Rotherham Metropolitan Borough Council

As Rotherham Metropolitan Borough Council’s representative on the Chesterfield Canal Partnership’s Technical Officers’ Group I have been asked to respond to the request for comments on British Waterways’ regeneration and restoration role, with particular reference to BW’s decision to withdraw from the Cotswold Canal Partnership. I have no comment to make on BW’s decision to withdraw from the Cotswold Canal Partnership, other than to say that I believe it is due entirely to financial circumstances. So far as the Board’s relationship with this Council is concerned, I can speak from personal knowledge of the last five years, dating from just before the opening of the Rotherham section of the restored Chesterfield Canal on 26 June 2003. During this time we have enjoyed a close and amicable working relationship with BW regarding the maintenance of the reopened canal. This will continue until at least the year 2024 when the current legal

agreement covering maintenance of the canal expires. Meanwhile, work continues on the completion of the canal through to Chesterfield via the Chesterfield Canal Partnership, of which both this Council and BW are members. In the unlikely event that BW withdraws from the Chesterfield Canal Partnership, maintenance of the Rotherham section of the canal is assured by means of the legal agreement and work would undoubtedly continue on completing the remaining nine miles or so to link the two sections of the restored canal.

Pete Cassy
Project Officer
Rotherham Metropolitan Borough Council

March 2008

Memorandum submitted by English Partnerships

INTRODUCTION

English Partnerships (EP) welcomes the opportunity to give evidence to the Committee's inquiry. This brief memorandum concentrates on EP's role and in particular its experiences of working with British Waterways in recent years.

THE ROLE OF ENGLISH PARTNERSHIPS

English Partnerships is the national regeneration agency helping the Government to support high quality sustainable growth in England by creating well-served mixed communities where people enjoy living and working. In collaboration with the Housing Corporation, the Academy for Sustainable Communities and Communities and Local Government we are establishing the new Homes and Communities Agency that will begin operating in 2009.

We have 5 core business areas and deliver our objectives through:

- Developing our portfolio of strategic projects;
- Acting as the Government's specialist advisor on brownfield land;
- Ensuring that surplus Government land is used to support wider Government objectives, especially the Sustainable Communities Plan;
- Helping to create communities where people can afford to live and want to live;
- Supporting the urban renaissance by improving the quality of our towns and cities.

HOW ENGLISH PARTNERSHIPS OPERATE

- We always work in partnership with the public and private sector;
- We insist on the highest standards of design, construction and environmental sustainability;
- We act as a catalyst for development, involved at an early stage to prepare sites for development by our public and private sector partners—eg land acquisition, site assembly, land remediation, and masterplanning;
- We devise and encourage innovative methods of dealing with difficult problems;
- We insist on early and active involvement by the local community

REASONS FOR HAVING CONTACT WITH BW

English Partnerships has enjoyed a long and productive working relationship with BW from our very beginning in the 1990s in projects including the restoration of the Rochdale and Huddersfield Narrow canals using land reclamation and gap funding powers to common good which transformed the waterways for leisure use and surrounding areas.

We are both national organisations with strong links at national, regional and the all important local levels where we have worked closely and productively on a number of projects across England in the context of our shared sustainable regeneration objectives.

EXAMPLES OF RECENT JOINT WORKING

1. Under the direction of the Nottingham Waterside Ltd (NWL) partnership EP and ISIS (BW's joint venture with Igloo and AMEC) have been focusing their efforts on assembling a 10 ha site at Trent Basin to facilitate the regeneration of the Nottingham Waterside area. In 2004 land assembly began involving EP, ISIS and BW around the Basin allowing EP, ISIS and the other NWL partners to promote a high quality

mixed use development at Trent Basin which will create *circa* 2200 homes and 5,000sq m of workspace with planning consent granted late last year. The Trent Basin scheme will act as a catalyst to kick start Nottingham's housing growth aspirations on 100ha of brownfield and industrial land alongside one of the best river frontages in the country.

2. EP is working alongside BW in the Gloucester Urban Regeneration Company area in the centre of Gloucester, and is providing a package of interventions centred on a new campus for Gloscat College on a site known as Gloucester Quays. The new college opened its doors in September last year. BW is in a joint venture with a private sector partner and EP to develop a factory outlet centre, homes, together with leisure and retail units. English Partnerships is providing further funding towards infrastructure improvements in completing the much needed inner ring road in Gloucester, centred on the provision of a new canal bridge and related infrastructure, to help access the new Gloscat campus and the wider Gloucester Quays scheme.

3. BW is leading construction of a new section of the Leeds-Liverpool Canal Link linking Central Docks in Liverpool to the Albert Dock via the Pier Head in which EP is a funding partner the canal link having synergies with our massive investment in Kings Waterfront (where we have also had a very positive relationship with BW) where the new arena recently opened and in the housing market renewal areas of Bootle in Sefton which will be linked by the canal. Also in Liverpool we are providing land and have provided brokerage of a project around Clarence Dock, which forms part of Central Docks to facilitate a wider deal with Peel Holdings, Liverpool City Council and BW which will tie in a new cruise liner facility at the Pier Head with the construction of the canal link through Princes Dock and Central Docks.

4. EP along with BW, Cheshire County Council, the Environment Agency, NWDA and Vale Royal Borough Council have formed Northwich Vision, aimed at delivering a 10 year strategy of urban renewal in the town centre through unlocking third party private investment. The re-development of Northwich has been blighted historically by the legacy of its unstable salt mines. English Partnerships is meeting the £30+ million cost of stabilising the mines by later this year under the land stabilisation programme, allowing an ambitious re-focus of the town upon the River Weaver, an important but under utilised economic and leisure asset and BW is seeking development of its own land holdings through its joint venture with ISIS.

5. Finally, English Partnerships has worked closely with BW at the former Bickershaw Colliery, Leigh in the development of regeneration proposals which will maximise the regeneration benefit to the area and contribute to the outcomes from EPs' National Coalfields Programme, its Carbon Challenge proposals and British Waterways' strategy for the development of waterways in the north west. BW have to date provided a significant contribution to the Partnership of NWDA, Wigan Council and English Partnerships through their design input to raise the quality of urban design in canal front settings. English Partnerships has also been keen to share experience of design and environmental quality emerging from the Carbon Challenge and explore the longer term opportunities provided by surplus public sector land in the ownership of Wigan Council and British Waterways here and across the country.

6. An innovative development of canalside terraced houses and apartments is to be built in City Waterside, Stoke-on-Trent with Lovell being appointed by English Partnerships in early March to build the new homes to high environmental and design standards that have been required for the new City Waterside neighbourhood. City Waterside is a new urban neighbourhood where around 2,400 new homes are planned over the coming 10–15 years, set on a south facing hill around the Caldon Canal, just south of Stoke-on-Trent city centre. City Waterside is being promoted by a partnership including the North Staffordshire Regeneration Partnership RENEW North Staffordshire, Stoke-on-Trent City Council, the Housing Corporation, Advantage West Midlands and BW.

7. EP is still in negotiation with BW regarding a number of other joint initiatives including those aimed at taking forward the Bedford and Milton Keynes Waterway.

CONCLUSION

8. We hope the Committee will see the benefits being realised through the work of BW with organisations such as ourselves and we hope the excellent work can continue.

English Partnerships

March 2008

Memorandum submitted by English Heritage

1. English Heritage applauds the increasingly constructive approach of British Waterways in careful stewardship of its very extensive historic estate—particularly through the adoption of a clear Heritage Policy and Principles and the move towards adequately resourcing this duty by progressively installing members of staff dedicated to this function in each waterways business unit.

2. In addition to this to this necessary allocation of resources, there is now clear evidence of the benefits arising from practising these policies in projects such as the Galton Valley canals summit level environmental improvements (Birmingham) and, more significantly, the exemplary refurbishment of listed buildings adjoining the canal basins at Stourport, Worcestershire, where BW has boldly undertaken repairs and improvements to the historic environment in advance of complementary new-build.

3. British Waterways has engaged very positively in the modernisation of heritage protection by piloting a Heritage Partnership Agreement (HPA) for Foxton Locks on the Leicester Line of the Grand Union Canal. This agreement has identified ways of significantly reducing bureaucracy through increased self-regulation and the lessons learnt from the pilot have helped inform the detail of the forthcoming Heritage Bill.

4. In this context, it is disappointing and regrettable that in withdrawing from the Cotswold Canals Partnership, BW has forsaken the opportunity to lead in extensive heritage-led regeneration. A clear model for what could be achieved alongside the highest reaches of the Stroudwater Canal between Stonehouse and Brimscombe in the Golden Valley south of Stroud can be seen in the Calder Valley, West Yorkshire, where the significantly improving environment of towns such as Hebden Bridge and Sowerby Bridge owes much to recent restoration of the Rochdale Canal.

5. English Heritage acknowledges that BW faces a very difficult challenge in managing its wildly fluctuating grant-in-aid from government, now reduced and diminishing. Perhaps its withdrawal from the major project (the Cotswold Canals Partnership) of its waterways restoration activities indicates that BW needs to revisit its priorities. English Heritage considers that the highest priority should be attached to BW's essential function of investment in maintenance, repair and restoration of historic infrastructure. This work secures the features of the network that make it attractive to residents, users and visitors AND acts as a springboard for regeneration in which other partners participate.

Simon Thurley
Chief Executive
English Heritage

7 March 2008

Memorandum submitted by Leaside Regeneration Limited

1. Leaside Regeneration Ltd is a not-for-profit social enterprise driving sustainable regeneration in East London and the Lower Lea Valley (please see www.leasideregeneration.com for more details). We have worked extensively with British Waterways as part of our £100 million regeneration programme in East London, linked to a £500 million housing estate renewal programme led by our close partners Poplar HARCA. This is part of Leaside Regeneration's, Poplar HARCA's and British Waterways' shared ambition to create a new Water City in East London, which rediscovers the river and canals as excellent places to live, work and relax; a programme now adopted by the Mayor of London, the London Thames Gateway Development Corporation and the Olympic Delivery Authority (please see www.watercity.org.uk for more details).

2. One key part of this programme is the restoration of the Limehouse Cut, a canal running through the heart of Poplar that was derelict and disused until we started work on it approximately eight years ago. Work to date includes towpath restoration; new and improved access points; public art; lighting; a prize-winning floating towpath under the A12 for use by pedestrians and cyclists; residential moorings; and a very successful programme of persuading developers and planners to construct new residential and commercial developments that face the canal and treat it as part of the front street rather than as a back alley.

3. This work has had an enormous positive impact on the quality of residents' lives and has opened up a large number of canal-side sites for residential and commercial development, in line with the regeneration strategies of the London Borough of Tower Hamlets, the Mayor of London and UK Government.

4. Leaside Regeneration Ltd is currently working on three projects with British Waterways. These are:
- A new floating towpath and pedestrian and cycle bridge on the Lea Navigation at Bow Gateway, the junction of the A11 and A12 roads. This will provide much improved pedestrian and cycle movement at a very hostile road junction and will greatly improve access to the Olympic Park for residents of Bow and Poplar. This project is a partnership between Leaside Regeneration Ltd, British Waterways and the London Thames Gateway Development Corporation (LTGDC). British Waterways is fully committed to the project and, in particular, is fully committed to working with LTGDC to find a solution to the problem of funding the development's long-term maintenance.
 - Tidal power generation at the River Lea Tidal Mill at Three Mills. This project is linked to the new water control measures associated with the reinstatement of Prescott Lock. It is a partnership between the River Lea Tidal Mill Trust, British Waterways and Leaside Regeneration Ltd. In particular, Leaside Regeneration Ltd and British Waterways are co-funding the process of seeking further capital investment for this project.

— Continued promotion of the Water City vision and the identification of further practical projects that will contribute to its realization.

5. British Waterways has told us that they are fully committed to delivering these three projects and there is no reason to believe they will withdraw from any of them.

6. Leaside Regeneration Ltd would welcome the Efra select committee's ongoing support for BW's role in regeneration and I am happy to provide more detail to the committee if that would be helpful.

Leaside Regeneration Limited

March 2008

Memorandum submitted by the Company of Proprietors of the Stroudwater Navigation

This document is assembled in four parts in accordance with the Select Committee "Guide for Witnesses; written evidence" document—i.e. Summary, Brief Introduction, Factual Information; Recommendations for the Committee to consider.

1. SUMMARY

1.1 British Waterways have attempted to solve a short-term (albeit major) financial problem on their network at the expense of longer term, strategic gain to that network. In doing so, they do not appear to have had due regard to the national priorities for canal restoration, the issues of economic regeneration in the Stroud Valleys, or of their obligations contained in a property and operational Lease which they obtained from this Company for the express purpose of restoring the Stroudwater Navigation.

1.2 The three recommendations listed in Section 4 of this submission are designed to address the principal points made in Clause 1.1 above, whilst permitting latitude for British Waterways to seek ways of overcoming the current financial crisis in a reasonable manner.

2. INTRODUCTION

2.1 I am the current Chairman of the Company of Proprietors of the Stroudwater Navigation. The Company was constituted by Act of Parliament in 1730, and has remained in existence since that date. In 1954, a further Act removed the duty on the Company to provide navigation on the canal known as the Stroudwater Navigation, and amended the framework within which the Company operates.

2.2 The Company exists to manage the land embracing the Stroudwater Navigation canal; it has no employees and Directors are not paid, nor do they normally receive expenses. There are shareholders with 200 shares in the Company (a figure laid down in the 1954 Act). The majority of those shares are held in trust "for the good of the people of Stroud and the surrounding area".

2.3 The Company of Proprietors leased all its property to British Waterways in April 2005 for a period of 999 years, retaining the significant archive of the Company and its operation of the Canal. The specific purpose of that Lease is to enable the restoration of the Stroudwater Navigation, and the abutting Thames and Severn Canal, which together comprise the Cotswold Canals, and to maintain and operate that Canal.

3. FACTUAL INFORMATION

3.1 The Lease referred to in 2.3 above contains a Clause (3.2) which states;

Either

(3.2.1) At any time prior to the commencement of any restoration;

or

(3.2.2) If restoration of a Navigable Channel has not been achieved within 30 years of the date of this Agreement [April 2005] or such longer period as may be agreed between the two parties acting reasonably

The Tenant [British Waterways] may serve notice to terminate this Lease as set out in Schedule 5 hereof

Schedule 5 permits the Tenant to terminate the Lease prior to restoration being completed if, in its reasonable opinion, the provision of a navigable waterway is not feasible "due to unavailability of funding or other reasons beyond its immediate control".

3.2 Restoration commenced in November 2007, removing 300m of infill and recreating one bridge. Therefore Clause 3.2.1 above does not apply.

3.3 Clause 3.2.2 above specifies a period of 30 years for the achievement of a navigable channel. It is quite clear that, after only 3 years of the 30 year period, it is not possible to demonstrate that a navigable channel cannot be achieved. With regard to condition in Schedule 5 (in *italics* above) funding has been available up

to January 28th 2008, and that the decision taken by the BW Board on that date was a step entirely within the immediate control of the Tenant. The combined effect, therefore, of Clause 3.2.2 and Schedule 5 is that British Waterways will retain the Lease.

3.4 Another Clause contains the following requirement; Prior to the Restoration Date [completion of restoration] the Tenant will continue to take all reasonable steps to obtain third party funding, In order to abide by the terms of the Lease, it is difficult to see how British Waterways can withdraw from the Cotswold Canals Partnership.

3.5 The Cotswold Canals are the top priority for canal restoration throughout the United Kingdom. This has been repeatedly identified as such by British Waterways in successive Annual Reports and in their document “Our Plan for the Future”.

3.6 The Aims for British Waterways, mandated by Government in BW’s Framework document state the following key objectives;

- to maintain and develop our inland waterways in a sustainable manner so that they fulfil their full economic, social, and environmental potential
- promote and enable rural and urban regeneration
- maintain and enhance leisure, recreation, tourism, and educational opportunities for the general public.

3.7 Government policy documents for Rural and Urban Regeneration, and the policies contained in “Waterways for Tomorrow” require British Waterways to maximize canal restoration to achieve the best possible regeneration. BW endorse this mandate in a recent Annual Report;

“Along with our existing property and waterways, we work tirelessly with partners to help restore derelict waterways with an end aim to provide even further regeneration and public benefits.

Canal restoration projects are often the most visible or tangible evidence of our wider cultural commitment to regeneration—a commitment that recognizes the increasingly valuable contribution that waterways make to the quality of local life today.”

3.8 The press release issued by British Waterways on 4th February 2008—without prior warning—announced their intention to withdraw from the Partnership. In the same statement, BW listed several waterway restorations with which they propose to proceed, even though these are of lesser strategic significance than the Cotswold Canals.

3.9 The Cotswold Canals measure 57 km in total, and, when restoration is completed will form a key element of the national network.

3.10 A length of 5 km of the Stroudwater Navigation constitutes 55% of the current Phase 1a project for which British Waterways, as lead Partner, obtained funding amounting to £37 million in total, on behalf of the Partnership for the dual purposes of canal restoration and economic regeneration. The base estimate for the engineering of the Phase 1a project totals £15.2 million.

3.11 According to studies carried out by British Waterways, restoration of the Cotswold Canals Phase 1a is forecast to generate 620 jobs (Project Atlas 2005). The Cotswold Canals are of high heritage value and with strong community support and involvement.

3.12 The reason given by British Waterways for withdrawing from the Partnership was due to a “one-off” financial problem with the Monmouthshire & Brecon Canal. It was stated that failure to address this problem would result in loss of an unspecified number of jobs and downturn in the local economy.

3.13 We understand (“*The Citizen*”, February 15th 2008) that opportunities for funding the repairs of the Monmouth & Brecon Canal may exist through freer borrowing powers which may become available to British Waterways and through suitable approaches to the Welsh Assembly.

4. RECOMMENDATIONS FOR CONSIDERATION BY THE SELECT COMMITTEE

4.1 THAT British Waterways be directed not to withdraw from the Cotswold Canals Partnership—Reason ; there appears to be good reason, in the long term, for BW to retain a strong interest in this canal and, indeed, reason in the short term with regard to land ownership, technical standards and methods for restoration, through the provision of advice. Also there is a commitment within the British Waterways Lease with the Company of Proprietors to continue to seek funding for the restoration of the Stroudwater Navigation. [3.3,3.4, 3.5 & 3.6]

4.2 THAT British Waterways be required to have proper regard for the agreed national priorities for restoration of canals. Reason: in reaching their decision, the Board of British Waterways appear to have disregarded currently adopted national programmes.[3.5 & 3.6, 3.7 & 3.8]

4.3 THAT British Waterways be directed to seek sources of funding for the Monmouthshire & Brecon Canal repair work other than at the expense of the Cotswold Canals [Phase 1a]. Reason: The Cotswold Canals is a strategic link in the national canal network which would bring added value to that network, and also has a high return in terms of regeneration and value to the community. [3.5, 3.6, 3.11 & 3.12 taken together, & 3.13].

Neville C. Nelder

Chairman of the Company of Proprietors of the Stroudwater Navigation

March 2008

Memorandum submitted by The Cotswold Canals Trust

1. Executive Summary—The Cotswold Canals Trust (CCT) deplores the way in which British Waterways (BW) has withdrawn from the Cotswold Canals Partnership. Its action has put £30 million of funding for the Cotswold Canals restoration project at severe risk and is seen as a betrayal by those interested in Britain's unique national waterway network. The current situation highlights some deep seated problems in the direction that BW has been going in recent years. CCT wants to see BW re-engage with the Cotswold Project but we also believe that BW needs to be made fit for purpose with a clear focus that concentrates on the well being of our waterways in an inspirational way so that confidence can be restored.

2. The Cotswold Canals Trust, a registered charity, is the largest canal restoration society in the UK with over 5200 members. Its primary objective is to bring about the restoration of the historic Stroudwater Navigation and Thames & Severn Canals which together link the River Thames to the Severn. The Trust is a key member of the Cotswold Canals Partnership.

3. The restoration of the Cotswold Canals is ranked near the top, if not at the top, of the priority list by waterway bodies and enthusiasts alike. Its strategic place as the missing link between England's two greatest rivers is unique.

4. BW's involvement as lead partner provided confidence to both funders and the local community with the result that expectations of early progress and success were raised. The project successfully secured an increasingly rare major Heritage Lottery Fund (HLF) grant of £12 million which enabled a funding package worth a total of £35 million to be assembled.

5. BW's withdrawal at the beginning of February was without notice to most of the other Partners, including CCT, and has accurately been described as a "betrayal" and "a kick in the teeth". One of our members made the following analogy: "It's akin to the government saying " You know what, I don't think I want to do the Olympics now, let's just not bother"—after all the hard work, deals struck, funding secured and already paid out—it's just not do-able in any sense. Yet that is exactly what BW is trying to do."

6. In pulling out, BW have shown a reckless disregard for businesses that have assumed that the project will happen and have invested on that basis, the aspirations of the local community for the restoration itself and resulting economic regeneration and the views of canal supporters throughout the country (many of whom have been campaigning for BW's own grant to be safeguarded).

7. The other Partners are resolved to continue the project and there is little doubt that both the technical and financial capability exists to do this. However, in withdrawing and saving themselves perhaps £3 million of their own money, BW has put the other £30 million funding of the project in severe jeopardy. BW signed the agreement with HLF as lead partner and we have been told that is not possible to simply swap them for a new one. HLF have indicated that they will require a new grant application. The delay and uncertainty that this would cause could easily compromise the other funding and set off a domino effect resulting in the loss of the project.

8. BW has used the cost of repairing the breach on the Mon & Brec Canal and the government reduction in their funding as excuses to pull out of the Cotswold Project. CCT does not accept these excuses for the following reasons.

- (a) Even assuming that BW could not have borrowed money, they have many assets, particularly property related ones, and could have chosen to sell a small part of these to overcome the Mon & Brec problem.
- (b) BW seemed to be all too ready to pull out of the Cotswold Project without fully exploring alternative funding sources for the Mon & Brec problem.
- (c) Long before the DEFRA funding cuts and the Mon & Brec problem, BW had been showing signs that they were not wholeheartedly committed to the Cotswold Project.

9. BW became involved with the Cotswold Canals project hot on the tail of several spectacularly successful but very challenging restoration projects including the Huddersfield Narrow Canal, the Rochdale Canal and the Millennium Link (including the Falkirk Wheel) in Scotland. David Fletcher was Chief Executive and BW was a confident "can do" type organisation with high staff morale, inspirational leadership and the ability to attract third party funding and partners for both restoration and commercial projects.

10. Following changes at the top of BW, the attitude started to change. Whilst still supporting the Cotswold project publicly, investment in the all important project management side of things frequently bordered on the non-existent. CCT warned Robin Evans, in a meeting called for the purpose, of our concern that a project of this complexity would degenerate into a mess without proper project management but this warning went unheeded.

11. Coupled with inadequate project management came a near obsession with risk and an unwillingness to get the project moving. The minutes of BW Board Meetings in 2005 show that they were anticipating the real possibility of pulling out even then. This was averted by CCT demonstrating that it had project managed the successful delivery of a road bridge using contractors at a cost of £360,000 as against a BW consultant's previous estimate of £830,000 (adjusted to 2005 prices). BW then conducted an internal review of their previous costings and concluded that the project could be delivered after all.

12. In January 2006, HLF confirmed their grant to the Cotswold Canals Project and the works were expected to be complete in 3 years. Incredibly, no project manager was put in place until January this year; the same month BW decided to withdraw. Instead, the intervening two years were occupied by yet more risk reviews either centred around engineering costs or lower potential property development returns whilst a small number of relatively junior BW engineering staff struggled to get the project going in the face of little support from senior management.

13. Running in parallel with these problems, BW has frequently failed to take advantage of the availability of volunteers offering professional expertise in many areas as well as those prepared to help in physical works. Although volunteers often receive praise, the reality is that BW does not seem to understand the Third Sector nor the considerable contribution that it can make.

14. The attitude towards financial management of the project has been poor. Concepts like value for money and not treating contingency money as just another part of the ordinary budget seem alien. In October 2005, CCT was told that putting work at Oil Mills Bridge (the first one in the project) out to tender was not possible because of the shortage of time so a BW Omnibus contractor would have to do the job. The project actually started in October 2007.

15. Delays in the project have wasted about £3 million in inflation costs alone. For a long time now, the biggest risk to the project has been the constant review of risk resulting in the failure to get on with the job. The delays have also put other time related third party funding at risk.

16. The Cotswold Canals Project remains entirely viable, technically deliverable and remains highly desirable. CCT and Stroud District Council working together are determined to see the project through and it won't be hard to make a better job of it. The biggest problem we face is keeping the funding package intact. BW is perceived as the national body with all the expertise needed to successfully restore, operate and maintain canals; their withdrawal from any project can therefore have catastrophic consequences. There is already evidence that future funders have already been put off by BW's actions.

RECOMMENDATIONS:

1. Confirm to BW that restoration projects, with the huge benefits they bring, are a core part of what BW are expected to deliver.

2. Given the risk of losing £30 million of other funding if they withdrawal, BW should be instructed by the Government to re-engage properly with the project. It should be made clear that they cannot simply decide to walk away from their prior commitments, including signed agreements, in the way they have.

3. There needs to be a massive change of culture within BW to make it the inspirational, efficient organisation championing the waterways of Great Britain it was becoming rather than the risk averse, low morale, "can't do" organisation that it has become. This is unlikely to be possible without some changes in leadership.

4. BW needs to be able to engage with the Third Sector and will reap financial benefits by doing so. A Board level appointment of someone with attributes which include a background of involvement in the waterway restoration movement would help provide do this.

5. An urgent look at the way that navigation authorities are funded should take place which takes into account the benefits that waterways bring in terms of regeneration, public health and economic activity which fall beyond the normal remit of DEFRA.

The Cotswold Canals Trust

March 2008

Memorandum submitted by Peter Luff MP

My constituency of Mid Worcestershire includes sections of two waterways maintained by British Waterways—the Worcester and Birmingham Canal and the River Severn. It is also the location of an important canal restoration project, the re-opening of the two Droitwich canals to create a unique “weekend” cruising ring using both the other waterways and bringing significant regeneration benefits to both Droitwich and Worcester.

CONCERNS OVER FUNDING REGIME

British Waterways has been the victim of a funding regime which has threatened to undermine the important work it does. This was evidenced by the massive and unexpected mid-year budget cuts in 2006 whose origins lay in completely unrelated problems within DEFRA.

I welcome the announcement by the Department for Environment Food and Rural Affairs last month confirming that the funding settlement of £57.64 million for British Waterways would be in line with expectations and not subject to any further cuts. I hope the committee will seek confirmation of the stability of these new arrangements.

DROITWICH CANALS

Despite the financial challenges, British Waterways has, in my constituency, continued to exercise its duties with exemplary efficiency and effectiveness.

This is particularly true of the project to restore the Droitwich Canals (the historically significant Droitwich Barge and Droitwich Junction canals) which has now received all necessary planning permission, and on which construction work should begin shortly.

When completed, the re-opened 7.5 mile waterway will link Droitwich and Birmingham to the River Severn. Of particular significance will be the creation of a 21 mile “weekend” cruising ring in Worcestershire, with walks, cycle routes, picnic sites, play areas and information and interpretation points.

The dream of re-opening these two canals has been kept alive by a dedicated band of volunteers in the Droitwich Canals Trust but the key to the recent progress has been the involvement of British Waterways. They were also able to build on an excellent partnership involving the Trust, and notably Wychavon District Council and Worcestershire County Council, whose financial support over many years has been critical to the continued momentum of the project.

British Waterways were able to work particularly effectively with the regional development agency (Advantage West Midlands) and the Heritage Lottery Fund to secure major further funding and with the Waterways Trust to bring in private and voluntary sector cash.

I have no reason to believe that the Droitwich project is at risk, but I wish to emphasise four things:

1. Stability in BW’s funding is major concern to all those using the exiting waterways in Worcestershire and to the partners in the Droitwich Canals restoration project.
2. BW is an excellent partner and its excellence must not be diminished by any further reduction in its funding or commercial freedom.
3. Reductions in staffing at BW as a result of the Cotswold decision could impact on the management of the Droitwich restoration.
4. The withdrawal of BW from the Cotswold project could deter potential partners from committing to BW schemes in the future. I think particularly of the Heritage Lottery Fund, whose involvement was central to the Droitwich scheme.

I hope these observations assist the committee. I draw the committee’s attention to the excellent submission from Wychavon District Council which provides some further details on the issues I have addressed in this brief note.

Peter Luff, MP for Mid Worcestershire
Vice-President of both the Droitwich Canals Trust and the Worcester Birmingham Canal Society

March 2008

Memorandum submitted by the Bedford & Milton Keynes Waterway Trust on behalf of the Bedford & Milton Keynes Waterway Partnership

1. Our evidence is about the positive experiences that the Bedford & Milton Keynes (B&MK) Waterway Partnership have had in working with British Waterways since 2000, on our scheme to build 24km of new 21stC waterway.

2. BW recognised the potential of the scheme—originated by volunteers as a millennium project—in 2000, and had the national reputation for waterway development that enabled it to create the founding B&MK partnership of over 20 local and regional organisations, including all local councils and drainage agencies, user groups and environmental and economic stakeholders. This group commissioned the first feasibility studies under BW project direction.

3. In 2004, the Trust took over project management, with a number of the Partners supporting our Core Project Office in cash and in kind. Since 2005, BW's contribution of serviced office space for one of our officers which enables them to have easy access to BW expertise.

4. BW provides us with expert support, in the form of access to staff who between them unrivalled knowledge base about waterway planning, design, construction, maintenance, and usage; and the types of waterside/waterbased development that could be used to fund it, along with knowledge of bidding for funds.

5. BW was mission critical in our securing the support of Milton Keynes Council for the project in 2005: we simply would not have achieved this without the compelling case they helped us to create, drawing on their nationwide involvement in regeneration.

6. In 2006–7 BW were critical to our success in being shortlisted for BIG Lottery funding for the first stretch of our new waterway (Milton Keynes Waterway Park), demonstrating that our partnership had the technical know-how to deliver. BW undertook the procurement of studies on a tight timescale from suppliers on its Framework—we could not have achieved this by any other means—and provided invaluable expert witness at all review meetings with BIG. That we scored highly (7 green, 5 amber and 0 red ratings) in our final assessment was due to the effective work by four local partners: BW, MK Council, MK Parks Trust, and our Trust.

7. BW is currently actively involved in the B&MK Waterway Partnership Committee that steers the project, and in the Milton Keynes Waterway Park Project Group, where they have lead responsibility for developing the methodology that will enable the Partnership to build the first 1km out of 8 that fall in the MK area.

8. Locally, we are delighted that BW is clear about the long terms benefits that the B&MK will deliver, and see it as local priority where it can justify the input of time and expertise, alongside other demands.

9. Nationally, the B&MK Waterway development is of key importance because it will link the isolated Fenland waterway network to the central can system. A nationwide waterway network needs a strong national body in charge of its present and its future.

10. It is vital that the nation not only maintains the waterway assets it has, but also over time restores those it used to have—and, equally importantly, invests in development of waterways for the future that meet the economic, environmental, and social demands of the new century.

11. BW needs to be suitably funded for the full range of activities from maintenance, to restoration, to new development, so that it can maintain and build the knowledge base that allows it to provide expert support to schemes across the country, to the benefit of the nation as a whole.

12. Working in partnership with many other organisations, BW's expertise then helps to lever support for waterway development from many other different sources.

13. The B&MK Partnership ask the EFRA Select Committee to encourage BW to continue its good work in restoration and regeneration; to focus its energies on building and sharing its expertise; and to continue to work constructively in long term partnerships which, as in the case of the B&MK, will over time, restore and create more Waterways to the benefit of us all.

Bedford & Milton Keynes Waterway Trust, on behalf of partners in the B&MK Waterway Partnership, who include:

Bedford Borough Council, Bedford Group of Drainage Boards, Bedford River Users Group, Bedfordshire County Council, Country Land & Business Association & NFU, Cranfield University, East of England Tourist Board, East of England Development Agency, Environment Agency, Forest of Marston Vale, Great Ouse Boating Association, Grand Union (South) Angling Club, Inland Waterways Association, Mid Bedfordshire District Council, Milton Keynes Council, Milton Keynes Parks Trust, Natural England, Renaissance, Bedford South East England Development Agency, Sport England Sustrans, The Waterways Trust

Bedford & Milton Keynes Waterway Trust

March 2008

Memorandum submitted by Wiltshire County Council

I understand that the Select Committee for Environment, Food and Rural Affairs is to hold a hearing on British Waterways' role in canal restoration and regeneration with particular reference to their recent withdrawal from the Cotswold Canals Partnership.

My current role is the Cabinet Member for Environment, Transport and Economic Development for Wiltshire County Council and in that capacity I am a member of the Cotswold Canals Partnership and the Kennet & Avon Canal Partnership and chair the Wilts & Berks Canal Partnership.

I was also the Company Secretary of the Kennet & Avon Canal Trust from 1992 to 2007 and was therefore able to see at first hand the benefits arising from the Kennet & Avon Canal Partnership which led to the £25 million Heritage Lottery Fund grant and the completion of that waterway's restoration. The economic benefits predicted for full restoration have been achieved and indeed exceeded. The same, and more, could be achieved by the restoration of the Cotswolds Canals, particularly in the Stroud area.

On all three partnerships we have found working with British Waterways a positive experience and a good example of true partnership.

I sincerely hope that British Waterways' recent decision to withdraw from the Cotswolds Canals Partnership—arising it seems to me from the restrictions on their funding and the major breach on the Monmouth and Brecon canal—will not constrain their future involvement in the restoration and economic regeneration of canal corridors. The Kennet & Avon Canal experience demonstrates forcibly that funds invested in such restoration partnerships are well spent and do result in economic regeneration for the whole area.

Fleur de Rhé-Philippe

Cabinet Member for Environment, Transport and Economic Development
Wiltshire County Council

March 2008

Memorandum submitted by Dr PB and Mrs JE Woollam

EXECUTIVE SUMMARY

1. The events surrounding the breach on the Monmouthshire and Brecon Canal, and the subsequent effects on the Cotswold Canals' financial position, represent a microcosm of the consequences of DEFRA's cut in British Waterways (BW) grant. Lower grants forced reduced maintenance, which led to major structural collapse with serious safety consequences, insufficient funds resulted in promised heritage restoration finances being used to pay for the repair.

2. Since the DEFRA cut, British Waterways has reduced maintenance on structures that, in many cases, are 200 years old and performing duties that their builders could not have conceived. The breach on the Monmouthshire and Brecon resulted from lack of maintenance; the very real potential for loss of life or serious injury was fortuitously avoided.

3. Collapse of the Monmouthshire and Brecon Canal has lead directly to BW's withdrawal of funding from the Cotswold Canals restoration scheme.

4. Government has a duty, through British Waterways, to fund preservation of our archaeological canal-based heritage, such as the Cotswold Canals, for future generations to enjoy. This is an important intergenerational equity issue. British Waterways' grant should accommodate its unique position, as does the DCMS grant to English Heritage.

5. Currently, British Waterways is involved in schemes that are driving £6 billion of waterside regeneration with the potential for 6,000 new homes. Such schemes will be at risk if BW is seen to fail in honouring financial commitments, as it has with the Cotswold Canals.

6. BW's lack of consultation before withdrawing funding from the Cotswold Canals is unacceptable. This is not the way to gain and maintain the confidence of much needed volunteer groups, without whom much inland waterways restoration over the past three decades would not have been possible.

7. In the matter of the Cotswold Canals, the Committee should consider:

- Recommending that the Welsh Assembly and local governments contribute to repairing the Monmouthshire and Brecon canal (BW says that the value to local communities of repairing the canal is about £30 million); DEFRA should provide additional aid rather than allow BW to remove significant sums from the Cotswold canals, a strategic restoration scheme that had momentum and secure funding
- What assurances could be given to the other funding partners so they do not pull out of the Cotswold Canals restoration project, or reduce their commitments to it

8. In more general regeneration and restoration matters, the Committee should consider:

-
- Why DEFRA does not afford the same priority to Inland Waterways funding as does the Scottish Executive
 - Why DEFRA's grants for heritage maintenance are much small than those of DCMS
 - Whether it would be more appropriate for DCMS to fund BW than DEFRA

INTRODUCTION

1. We have owned boats on the Inland Waterways network since 1973 and currently have a new boat being built that will be moored at Saul, at the junction of the Gloucester and Sharpness and Stroudwater Canals.

2. We have previously submitted written evidence, and presented oral evidence, to the Environment, Food and Rural Affairs Committee in relation to its inquiry into the work of British Waterways.

IMPACTS OF CUTS TO BRITISH WATERWAYS' FUNDING ON REGENERATION AND RESTORATION

3. The events surrounding the substantial damage to the Monmouthshire and Brecon Canal, and the subsequent effects on the Cotswold Canals' financial position, represent a microcosm of the consequences of Government's cut in British Waterways (BW) grant. Lower grants forced reduced maintenance, which led to major structural collapse with serious safety consequences, insufficient funds resulted in promised heritage restoration finances being used to pay for the repair.

4. Since the DEFRA cut, British Waterways has been forced to reduce maintenance on structures that, in many cases, are 200 years old and performing duties that their builders could not have conceived. The breach on the Monmouthshire and Brecon Canal was foreseeable² and resulted from lack of maintenance; the very real potential for loss of life or serious injury³ was fortuitously avoided.

5. BW has a backlog of maintenance estimated in 2006 at £119 million.

6. The trend of reduced maintenance will inevitably continue without adequate Government funding. The overall cost of bringing canals back to a safe standard will increase and in the meantime, damage from major canal breaches, such as on the Monmouthshire and Brecon, and other structural failures will still have to be funded by Government.

7. Failure of the Monmouthshire and Brecon Canal has led directly to BW's withdrawal of funding from the Cotswold Canals. We submit that Government has an obligation, through British Waterways, to maintain and restore the nation's archaeological canal-based heritage for future generations. This is an important intergenerational equity issue. It is noteworthy that 95% of the 300 million people who visit the waterways annually see the canals as an important part of the nation's heritage. We submit that it is Government's duty to fund heritage maintenance, such as restoration of the Cotswold Canals, and that British Waterways' grant should accommodate its unique position, as does the DCMS grant to English Heritage.

8. Currently, British Waterways is involved in schemes that are driving £6 billion of waterside regeneration with the potential for 6,000 new homes. The power of the canals to attract inward investment into rundown, problem towns and cities is well recognised by local and national government and the voluntary sector. However, such schemes will be at considerable risk if BW continues in failing to honour financial commitments, as it has with the Cotswold Canals, or if Government drives BW to this position by failing adequately to help fund these schemes.

9. We note that DCMS grants to English Heritage have risen year on year since 2001–02 to £125 million, twice DEFRA's grant to British Waterways. English Heritage receives 9.7 million visitors per year, one thirtieth of British Waterways' visitors, and it maintains fewer heritage structures.

10. In Scotland, the Scottish Executive has accepted British Waterways' need for increased funding and has confirmed that its grant will increase year on year, so that in 2007–08 it will be 28% higher than the baseline grant in 2005–06.

11. In relation to general regeneration and restoration matters, we submit that the Committee should consider:

- Why DEFRA does not afford the same priority to Inland Waterways funding as does the Scottish Executive
 - Why DEFRA's grants for heritage maintenance are much small than those of DCMS
 - Whether it would be more appropriate for DCMS to fund BW than DEFRA
-

² This canal is constructed in a similar manner to the Llangollen canal that breached beyond Pontcysyllte in 1985.

³ The breach occurred above homes and a road used to take children to school.

 BW'S DECISION TO WITHDRAW FUNDING FROM THE COTSWOLD CANALS PARTNERSHIP

12. We are particularly concerned by BW's decision to withdraw from its commitment to the Cotswold Canals Partnership to contribute to the restoration of the Stroudwater canal. As noted above, this matter, and BW's stated reasons for withdrawal, neatly encapsulate the consequences of DEFRA's cut in BW's grant.

13. We understand the reasons for BW's current financial position and the urgent need to repair the Monmouthshire and Brecon Canal. However, BW has said that the value to the local community, in financial terms, of repairing the Welsh canals is around £30 million. Why then has BW not pressed the Welsh Assembly and the local governments to contribute to this work rather than remove significant sums from a strategic restoration scheme that had momentum and secure funding?

14. We are further concerned with BW's lack of consultation with the Cotswold Canals Trust and its unexpected funding withdrawal. This is not the way to gain or maintain the confidence of much needed volunteer groups, without whom much inland waterways restoration over the past three decades would not have been possible. Lack of consultation is particularly concerning when BW announced in late 2007 that the funding position had been resolved.

15. In the matter of the Cotswold Canals, we submit that the Committee should consider:

- Recommending that the Welsh Assembly and local governments contribute to repairing the Monmouthshire and Brecon canal (BW says that the value to local communities of repairing the canal is about £30 million); DEFRA should provide additional aid rather than allow BW to remove significant sums from the Cotswold canals, a strategic restoration scheme that had momentum and secure funding.
- What assurances could be given to the other funding partners so they do not pull out of the Cotswold Canals restoration project, or reduce their commitments to it.

Dr PB and Mrs JE Woollam

March 2008

 Memorandum submitted by The Droitwich Canal Trust

EXECUTIVE SUMMARY

- The Droitwich Canal Trust (DCT) is in a good position to comment on its close Partnership with British Waterways (BW) in restoring the Droitwich Canals.
- The support of BW has enabled a full Partnership to be formed and to progress the funding necessary to complete this project.
- BW support has resulted in considerable added value to for the Droitwich Partnership.
- The ongoing involvement of BW has ensured a high quality restoration and has substantiated an exit strategy.
- The actual value of the BW support far outweighs the cost to BW.
- DCT greatly sympathises with the Cotswolds Canals Trust and other restoration organisations following this decision.
- DCT suggests that this announcement has given the wrong message to any bodies who may be inclined to support waterways restoration.
- DCT believes that the real solution is for sufficient long term funding to support both retention of the existing waterways system and its extension through restoration.

1. This submission is made on behalf of the Droitwich Canals Trust Ltd (DCT) and has been approved by its Council of Management. DCT has been both campaigning for and actively progressing restoration of the Droitwich Barge and Junction Canals since 1973. The restoration is now entering its final stage and we are confident that completion will take place by the end of 2009. During the past eight years, DCT has worked closely in partnership with a British Waterways (BW) project team and our experiences during this period may be of interest to the Select Committee in its deliberations.

2. As with many canal restoration trusts, DCT progressed the restoration for the first 25 years largely without support or major grant funding. Although considerable progress was made, it became clear to the directors that full restoration would only be achieved in a reasonable timescale through a partnership. With this in mind the support of BW was sought and given by its then Chief Executive and this was soon followed by a similar commitment from the Waterways Trust. Although these commitments came without any guarantee of specific funding, they acted as a catalyst to move the project forward.

3. This resulted in the formation of a Partnership of the above organisations with the District and County Councils who committed £1 million each as contributions towards the full funding package. This enabled applications to the Heritage Lottery Fund and Advantage West Midlands (the Regional Development Fund) to be made successfully and with other grants, to achieve £10.5 million of the required £11.5 million. Since then, we have reduced the funding gap considerably through other applications and private donations to the point where contracts can be let for the full works.

4. Throughout this period, DCT and other members of the Partnership have worked closely with a BW project team which has gradually developed bringing in all necessary disciplines as required. Although all funding has been obtained by the partnership, we are well aware of the added value that the BW resourcing has given to the project. Without it, it is extremely unlikely that the grant applications would have been accepted. The directors of DCT and our employees have benefited considerably from having the range of expertise that BW has brought to the project, from other completed restorations and from operating over 2,000 miles of navigable waterways with all its inherent problems.

5. As we progress towards completion, we believe that it is vital to have the input of BW in developing an exit strategy. Without this in place, it is unlikely that most of the funding would have been granted and the Local Authorities are understandably reluctant to take on any long term commitments. The ongoing support of BW as the project develops will ensure that the canals will be restored to a sufficient standard to minimise long term maintenance costs. Indeed, without this it is extremely unlikely that BW would be prepared to take them over on completion, given their current financial restrictions.

6. DCT is of the opinion that the actual value that the BW project team has put into the project far outweighs the cost to BW. It has been essential in convincing the local authorities and others that the restoration is viable and in obtaining the grant funding. Without it, DCT would probably have been forced into continuing the work itself in a climate of increasing costs and complex legislation which is mitigating against volunteer effort alone.

7. We have every sympathy with the Cotswolds Canals Trust as their project has been managed very much in parallel with ours sharing much of the BW resources. This has enabled them to obtain considerable funding well in excess of the actual cost to BW. This withdrawal of support, without prior consultation with its partners, at such a critical stage in the restoration, will undoubtedly cast doubts regarding the total funding and the time scale to completion.

8. We wish to emphasise the benefits of support from British Waterways in the more general context of waterways regeneration and restoration. Many such projects are at an early stage, kept alive by the enthusiasm and dedication of volunteer. They can only progress, however slowly, by obtaining small grants to cover their ongoing work and one off expenditure such as commissioning feasibility studies. Where ever they seek funding, from Local Authorities, other Trusts or from private donations, some assurance on the viability of the scheme is essential.

9. We suggest that the withdrawal of BW from the Cotswolds Partnership gives the wrong message to all potential funders. Restoration Trusts have been very successful in obtaining funding many times in excess of the financial support from BW and this has now been made more difficult.

10. We are fully aware of the current difficulties facing BW following the severe cuts in its grant aid and we understand that difficult decisions must be made. We regret that this has resulted in BW withdrawing from the Cotswolds Restoration. We submit that the real answer is for Government to provide sufficient long term funding to enable both the retention of the existing waterways network to the highest heritage standard and its gradual extension through the completion of restoration projects.

The Droitwich Canals Trust

March 2008

Memorandum submitted by John Jackson

REGENERATION

Regeneration generally ignores navigation requirements, all works appear to involve only visible parts of the canal, nothing seems to be spent on improving navigation by dredging, or, indeed, stopping contractors from depositing unwanted rubble and other detritus in the canal.

Regeneration also involves the building of dwellings or offices on wharves, without replacing facilities in the area. Worcester is a prime example of this. The same also applies to the centre of Birmingham. Icknield Port is the only wharf left in Birmingham and this also appears to be under threat of development.

Restoration is something of a misnomer. Waterways are rarely, if ever, restored to their original dimensions, in particular the depth available for navigation. This seems to me to be a huge missed opportunity, particularly in view of the renewed interest in the use of canals for freight. It is unlikely that anyone will invest in vessels to move goods if the infrastructure is not even up to minimal standards.

It is essential that a useable depth is achieved on the Cotswold Canal, rather than the bare minimum proposed. There are many owners of deeper draughted boats who pay for a licence to use the waterways and these should not be discriminated against. Once again, the use of this canal for freight should not be dismissed, also requiring a reasonable depth to be provided. This is what the word "restoration" means.

John Jackson

March 2008

Memorandum submitted by Sir Adrian Stott Bt

BRITISH WATERWAYS

SUMMARY

1. British Waterways (BW) has withdrawn from the Cotswold Canals Partnership with respect to the restoration to navigation of the Stroudwater and Thames & Severn navigations.

2. This action was taken due to funding constraints on BW, aggravated if not fundamentally caused by unexpected reductions by DEFRA in BW's annual grant.

3. This withdrawal has done significant damage to the restoration projects, and to BW's relationship with voluntary waterways organisations in general.

4. Two lessons should be learned from this episode:

5. (a) By government, that it is essential that BW have a source of funding for the gap between the revenue it can obtain directly from users and the cost of running the waterways, that is secure, sufficient, and consistent every year. This cannot be provided by a variable annual grant. The most appropriate alternative funding is a substantial one-time capital endowment, to allow BW to enlarge the investment real estate portfolio from which it now gains significant income.

6. (b) By BW, that it needs a better method of ranking the capital projects it participates in, so that it can rationally cut from the bottom of the list when cuts are necessary, in a manner that will not surprise its partners.

INTRODUCTION

7. The following discussion is organised under the following headings:

8. The cancellation of BW's participation in the Cotswold Canals Partnership

- The cause of the cancellation
- Issues raised by the cancellation
- Lessons to be learned from this episode
 - Funding
 - BW priorities

1. THE CANCELLATION OF BW'S PARTICIPATION IN THE COTSWOLD CANALS PARTNERSHIP

9. BW has often become involved in projects to restore derelict navigations. These are always long-term (multi-year) schemes, requiring the application of substantial capital, much of which must generally be raised by third parties. The lead in such projects is generally taken by parties other than BW, typically nowadays a partnership of public, private, and charitable organisations.

10. BW was a member of the Cotswold Canals Partnership on this basis, with the aim of restoring two waterways. Not only was the Partnership depending on BW's financial (and other) contributions to the scheme, but also BW's contribution was key to securing other funding.

11. BW abruptly withdrew from the project, cancelling its commitment to provide further funding.

2. THE CAUSE OF THE CANCELLATION

12. BW has made it clear that it would have preferred not to withdraw. However, it feels that the decision was forced on it due to its own financial situation.

13. BW had been presented by DEFRA with an unexpected, significant, and ongoing reduction in its annual grant. This had already reduced its net revenue to a level some £25 million/year below its estimate of the cost of maintaining its waterways in a steady state, and placing a substantial strain on its ability to provide financial support to waterway restoration projects.

14. A significant breach on the Brecknock & Abergavenny canal, which itself may be attributable to maintenance arrears, resulted in the need for BW to allocate capital to repairs. BW felt that the most appropriate source of that capital was money it had previously earmarked for the Cotswold projects.

15. It is clear that BW's withdrawal is a direct result of the grant reductions. Without them, it could, although with difficulty, have handled the Welsh breach without the need to pull money back from the Cotswolds.

3. ISSUES RAISED BY THE CANCELLATION

16. Two principal issues are raised by this cancellation.

17. First, BW does not have the financial resources even to maintain its assets. It certainly does not have sufficient or secure enough financing to make long-term capital commitments to external parties.

18. If BW's financial support cannot be remedied, the obvious conclusion is that it should enter no more such commitments. Although BW has the potential, and the history, of being of major benefit as a participant in restoration projects, the current incident shows that being an unreliable partner is worse than not being a partner at all.

19. Second, the shock caused to the Partnership by BW's abrupt departure shows that the partners were unaware of the fragility of BW's funding, and of how BW would act in a financial crisis.

20. This is unfair and damaging to such partners, and to BW's reputation.

4. LESSONS TO BE LEARNED

4.1 *Funding*

21. Operating, maintaining, and restoring waterways are long-term liabilities.

22. It is a core principle of finance that income should match liabilities. Yet the government is keeping BW in a mismatch.

23. BW cannot cover its costs through charges on its users. It must have funding to close the gap between the revenue obtainable from those charges and the cost of its waterways maintenance and operation. The public benefits that the waterways provide are very much larger than their fully-funded costs, so the provision of this funding by government is justified. The amount required is known, despite the government appears reluctant to acknowledge this.

24. The only question remaining is how best to provide this funding. The method required must securely produce sufficient revenue every year.

25. As I have discussed previously, the most appropriate means of providing this funding is probably through a capital endowment to BW. This would allow BW to increase substantially its investment real estate portfolio, which already provides it with significant income.

26. Replacing the fundamentally unsatisfactory grant approach with real estate income would give BW the adequate and long-term financial security it clearly requires, but currently lacks.

4.2 *Priorities*

27. BW's reaction to its funding predicament appears to have been ad hoc, with no plan for such an eventuality. The path chosen may not have been optimum. It certainly caused substantial, but avoidable, distress to the Partnership.

28. BW has on two occasions established priorities among projects for restoring, enhancing, or creating waterways. The more recent was the 2004 *Waterways 2025* exercise. However, this document was based on a poor methodology, and was produced with inadequate consultation. The prioritisation it produced was clearly not optimal.

29. Since then, BW has been reluctant to update this "vision", or to remedy the serious flaws in it. Now, it apparently has assigned no priorities among the projects in which it participates.

30. This means that when cutting back becomes unavoidable, there is no understanding as to which projects should be cut, or how. There is thus no planning for minimising the damage done by the cuts that may have to be made.

31. Moreover, in the absence of any understood priorities, BW's Cotswold partners appear to have been unaware that there was any significant risk of BW's withdrawal. This resulted in unnecessary upset and damage to them, and represents unacceptable disrespect and discourtesy to them on behalf of BW.

32. As a result, BW should immediately begin work on a replacement for *Waterways 2025*. The process should include open consultation with all interested parties. This should first be with respect to the criteria to be used for evaluating the priority of projects, and then, once a set of criteria has been chosen, with respect to the application of these criteria to each project to determine its priority.

33. Once this prioritisation is complete, BW should revisit it annually to update the evaluations where characteristics of projects have changed.

34. It should be made clear to all those with whom BW has commitments with respect to projects on the list that, if funding to this aspect of BW's activities must be cut, the cuts will be always be made from the bottom of the list.

35. This approach will provide a rational scheme for allocation of the funds BW does have available for such projects. It will allow BW, and those it works with, to plan for the withdrawal of funds where this becomes necessary. And it will give all concerned a clear understanding of the risk of withdrawal for each project.

36. This is a relatively elementary approach, and it is regrettable that BW has not been following it. To have done so would have prevented a lot of heartache.

CONCLUSION

37. It has been clear for too long that BW's current funding is inadequate in among and inappropriately insecure for the task. It is therefore no surprise that an incident such as the Cotswolds withdrawal occurred.

38. The solution to providing appropriate funding to BW is known. Despite some ill-advised comments with respect to BW's attempts to generate more revenue, such as criticisms of its move towards market pricing (which, ironically, is a requirement of the government) and of its increased dependence on income from real estate, such attempts are clearly a worthwhile path to follow, as I explained in my previous submission.

39. The longer the government refuses to acknowledge the problem, and to adopt the appropriate solution, such problems are bound to arise.

40. How long does this have to be?

Sir Adrian Stott Bt

March 2008

Memorandum submitted by The Lapal Canal Trust

The Lapal Canal Trust shares the concern of other waterway restoration trusts and societies at the precipitous withdrawal of British Waterways from the Cotswolds Canal Partnership.

It will probably be several years before our own restoration project will require the establishment of a formal partnership with the two local authorities and British Waterways. Thus we are not at present looking for the active participation of British Waterways but in the meantime we have reason to believe that we have the informal support of the West Midlands Waterways Management.

We do however need to establish informal partnerships with the two local authorities, Birmingham City Council and Dudley Metropolitan Borough Council and to persuade those two bodies that the reopening of the Dudley No. 2 Canal (the Lapal Canal) between Halesowen and Selly Oak) is a credible proposition. That task will be all the more difficult if they perceive that British Waterways and DEFRA are not totally committed to the extension of the inland waterways network by means of both restoration and new canal projects.

The Lapal Canal Trust

March 2008

Memorandum submitted by Stroud Town Council

1. The decision of British Waterways to withdraw from the Cotswolds Canal project has caused considerable consternation within the local community. Over the last few years the delivery of the project has raised expectations which it is difficult to see being delivered without the involvement of British Waterways.

2. Having submitted an FOI request to British Waterways it is abundantly clear that British Waterways have not been committed to the project for at least a year, as a result of its property development partner not wishing to pursue an interest in Brimscombe Port. A summary of board minutes and reports is set out in appendix 1. One of the Board reports in suggesting an exit strategy states that "much of the blame will be put down to the cut in grant" (BWB 3274 March 2007). This is a wholly unacceptable way for a public sector corporation to behave.

3. The real reasons for the failure of this project are the dependence of British Waterways to profit from land they have acquired alongside the Canal corridor. As the March report from the Chief Executive made clear “This very considerable variance from our previous costings is due almost entirely to the unravelling of the property transaction assumptions In essence we need to realise £1 million per acre for our developable land and this would only be achieved if we got planning permission for relatively dense housing The reality is that we will not be able to achieve the sort of value we had assumed in earlier appraisals.

4. From the board report in November 2006 it is clear that part of the “fit with Corporate Policy” notes that “ISIS has been involved in Brimscombe almost from the outset and is currently undertaking a capacity study on our existing holding and the adjacent Brimscombe Mills site (where there is also developer interest). Isis are expected to confirm their interest in November.” Information on ISIS Waterside Regeneration can be found at <http://www.isis.gb.com/index.html> Presumably the property “unravelling” reported to the March 2007 board was as a direct result of the work undertaken by ISIS at Brimscombe Port.

5. The Board report for the January 2008 meeting makes clear that the final straw is the failure of Stroud District Council to indemnify British Waterways for the repayment of the Heritage Lottery Fund grant for the whole project (the whole £12 million) in the event that SDC did not complete Brimscombe Port. It is wholly appropriate for SDC or any other partner to be liable for the risk of the part of the project they are undertaking, however, it is completely unreasonable for either HLF or BW to expect a minor partner to take on the risk for the whole project.

6. One of the benefits of British Waterways being involved in this project is that they have a track record in maintaining the national canal network and have a track record in delivering major canal restoration projects. However, it is clear that British Waterways reliance on property speculation to fund both the restoration costs and part of the running costs of the canal has damaged the viability and credibility of the project. It remains to be seen whether it is possible for the project to recover from this considerable set back.

Cllr Chas Townley, Stroud Town Council

March 2008

British Waterways Board Papers

JANUARY 08 BOARD MINUTES

08/12 Finance Report

On the Cotswolds Canal 1A project, the Board noted that Stroud District Council would not indemnify BW for non-performance in constructing the Brimscombe Port section. In the light of this, together with the funding position generally and the need to fund the Monmouthshire & Brecon Canal breach in particular, the board agreed to withdraw from the project. A full explanation of the reasons for this would be prepared for funding partners and other stakeholders.

JANUARY 08 – EXTRACT FROM CHIEF EXECUTIVE’S REPORT

“The Board will recall that we had agreed with Stroud District Council (SDC) that they would construct Brimscombe Port section of the canal, thereby removing between £2.5–5 million of risk from BW.”

“In trying to document this agreement, it has become clear that SDC will not indemnify BW for non performance. This means that if SDC do not build out Brimscombe Port to Heritage Lottery Fund satisfaction, we are liable to HLF clawing back the whole £14 million grant from us”

“HLF have confirmed that they would be highly unlikely to do this if we had constructed our part of the canal, but they will not relinquish their right to do so.”

“I do not believe we would be required to pay back the grant by HLF if SDC failed to build Brimscombe although it remains a risk. What is more likely is that we will come under great pressure from HLF and others to step in and undertake or complete Brimscombe Port.”

NOVEMBER 2007 MINUTES

Cotswolds

07/136—The Chief Executive reported that issues had arisen with Stroud District Council and HLF which were further delaying agreement on the commencement of the Cotswolds 1A project. Every effort would be made to achieve an early resolution of these.

NOVEMBER 2007 CHIEF EXECUTIVE BRIEFING

6.1 *Cotswolds*

Despite making it onto the first short, short list of nine projects (out of an original 300), the Cotswolds 1B project was not selected by the Big Lottery. The Cotswolds Partnership will now have to consider whether there are any other options to create this link into the Gloucester & Sharpness Canal.

SEPTEMBER BOARD MINUTES

Matters Arising

Cotswolds Canal (Minute 07/90)

07/104—The Chief Executive advised that following a recent meeting with Stroud District Council, heads of terms for the Council to take on the £3.5 million additional risk had been confirmed in principle. He was hopeful this would shortly be translated into a final agreement.

SEPTEMBER CHIEF EXECUTIVE BRIEFING PAPER

1. *Stakeholder Relations*

1.1 *Defra Relations*

Strategy Day

We had a very constructive Strategy Day with Defra officials on the 15 August. Sir Neil Cossons facilitated the meeting and we achieved a common understanding of the financial pressures/opportunities facing BW. Defra officials were very proactive in their approach and we definitely further improved our working relationship.

JULY BOARD MINUTES

Cotswolds Canal

07/90—The Chief Executive referred to the schedule on the funding position for the Cotswolds Canal restoration attached to his report. [Confidential information]. Whilst it had not proved possible to bridge the remaining shortfall now, all the partners had pledged to continue to work to do so.

The Board agreed that with every possible effort having been made by the Executive, the risks of proceeding with the project were now acceptable, assuming that in principle agreements translated into contracts. The timing of this and announcements were a matter for the Chief Executive. The special nature of the project and that it did not create precedents for other restorations were points to be emphasised.

For the future, it was accepted that meeting BW's increased commitment would create hard choices in the next Business Planning round. Identifying a precise restoration budget for the next 4 year planning period and adhering to it strictly was a further essential.

JULY CHIEF EXECUTIVE BRIEFING PAPER

2.3 *Media Relations*

The Sunday Telegraph featured a news report questioning whether the Cotswold restoration would go ahead or not. It suggested that BW's grant reduction had a direct effect on the organisation's willingness to pursue additional waterway miles. We issued a statement reiterating our commitment to the restoration, but noting that work was underway to reduce the currently unacceptably high level of financial risk associated with the scheme.

4.1 Cotswold Canal

We are continuing to make strenuous efforts to find a solution to the funding gap previously reported to the Board. The main focus of this work is Stroud Council and the transfer of responsibility to them for the delivery of Brimscombe Port. If we can achieve enough comfort on this and cover the relatively small remaining gap from other funders, we should be able to recommend continuing with the restoration. However, we may not be able to achieve this comfort and therefore may be recommending the Board to withdraw from the project. A verbal update on the position will be given at the Board Meeting.

Appendix A shows a total income of £28.7 million and a estimate costs of £36.945 million. Potential solutions are shown as £3.14 million Brimscombe Port Shortfall to be delivered by SDC? Iron Mills property costs 0.91 million risk to be underwritten by SDC ? Cost reductions £0.36 million. Remaining gap £0.834 million after BW increased their funding from £3 million to £6 million.

BOARD MINUTES JUNE 2007

07/76—The Board considered BW 3281.

On the Cotswolds Canal, it was noted that whilst efforts continued urgently to bridge the funding gap reported at the last meeting, the prospects of achieving this were not good. The Chief Executive confirmed that BW had conveyed this reality and its consequences to the other funders. It was likely that a final decision would have to be taken at the next Board Meeting.

The report reports that “risk workshops were undertaken with the partners in March. As reported to the Board in March these workshops identified a project funding gap of £11 million not least as a result of the property assumptions made in 2005 unravelling. . . . SDC are closely involved and SWRDA have also been advised. . . . We have suggested to Stroud District Council that they take on responsibility for Brimscombe Port, including the canal, basins, and the crossing of Brimscombe Hill Road.

BOARD MINUTES MARCH 2007

07/42—The Board considered BWB 3274.

The Chief Executive advised that the full assessment of the project risk that the Executive had now completed showed a project shortfall of £8 million. This was additional to the £3 million BW had already committed if the project went ahead. The variance from previous costings was due to the need to reduce over optimistic assessments of value that could be achieved from land holdings post canal construction.

The Board expressed disappointment at this unacceptably high funding gap that had now arisen. It was agreed, however, that one last effort to bridge the gap should be made. There was a full discussion on options to achieve this which might be available to each of the principal funders. An indication of the risk which might be acceptable to BW was also given. Additionally the Board considered whether changes in the project scope might be achievable.

The Executive undertook to pursue these issues and report further. It was accepted that time was pressing but a short further delay in the decision on whether to proceed was justified in view of the significance of the restoration.

The board report details the costs and income and sets out the following:-

“This very considerable variance from our previous constings is due almost entirely to the unravelling of the property transaction assumptions. In all previous costings, the net cost of the property has been used and this hid some over optimistic assumptions about the value that could be achieved from our land holdings post canal construction.

In essence we need to realise £1 million per acre from our developable land and this would only be achievable if we got planning permission for relatively dense housing. After full consultation with Stroud District Council, it is clear that Stroud already have sufficient land allocated for housing to meet their planned needs and that our land is in the flood plain which would mean we would have to prove no other suitable land is available. The reality is that we will not be able to achieve the sort of value we had assumed in earlier appriasals.

I have met with David Hagg (Chief Executive of Stroud District Council) and agreed we need to plan for both an exit strategy and an alternative proposal. (The alternative proposal was for SDC to develop Brimscombe Port).

Recommendation was to get everything sorted by end of April and comments “much of the blame will be put down to the cut in grant. The executive will prepare a comprehensive PR plan in these circumstances.”

NOVEMBER 2006 BOARD MINUTES

Restoration Report (BWB 3258)

06/158—The Board considered a project submitted for approval.

Cotswolds Canal Phase 1. To restore to full navigation the canals between Brimscombe Port and Stonehouse and create a trail between Stonehouse and Saul Junction.

In the discussion, the Regeneration Director confirmed to Mr Sutherland that he was confident that the Waterway Trust would raise its commitment of £469,000 over the term of the project.

The Board accepted there were significant risks, but on the basis that these were capped and with the project scoring highly in the core activity of regeneration, it was resolved to proceed as follows:

- BW's total contribution to be set at £3 million;
- The Executive to be tasked to reduce the current risks of overspend or achieve additional income to deliver the project within the BW contribution of £3 million;
- Approval be given to sign the HLF funding contract and cash drawn down to commence;
- Approval be given for construction to commence with expenditure subject to clawback limited to £3.2 by March 2007;
- The Executive to be instructed to advise the Board at or before the end of March 2007 that they can deliver the project within the agreed £3 million BW contribution and that they are therefore proceeding to completion;
- If the Executive cannot reduce the risks, then BW will not proceed, the project will be abandoned, recognising the significant reputational risks and the risk of having to repay £1.6 million of funding.

The report released under the FOI request lists three property development issues.

“Our Pub Partnership has identified opportunities at Stonehouse and Brimscombe Port, both on Brownfield sites”

“ISIS has been involved in Brimscombe almost from the outset and is currently undertaking a capacity study on our existing holding and the adjacent Brimscombe Mills (where there is already developer interest). Isis are expected to confirm their interest in November.”

In relation to future maintenance costs it comments that Gloucestershire County Council has gifted them land which the District Valuer has valued at £1 million and goes on to suggest that they are able to realise about £45,000 per annum from the site (assumed to be Wallbridge) for a pub.

BOARD MINUTES JULY 2006

06/131—The Board considered BWB 3252 and approved the following projects:

. . . Updates on the following were also noted: Cotswold Canal Phase 1A and 1B, Droitwich, Liverpool Canal Link, Manchester, Bolton & Bury and Olympics and Bow Back River Restoration.

BOARD MINUTES FEBRUARY 2006

Restoration update (BWB 3210)

06/13—The Board congratulated the bid team on the successful funding applications to the Heritage Lottery Fund and South West Regional Development Authority (SWRDA) towards the cost of restoring the Cotswold Canal. The Chief Executive advised that after careful review, it had been decided that the SWRDA requirement to pay their funds as capital (ie land) and not revenue could be accommodated. It was noted that HLF's grant conditions included Stroud District Council being a co-signatory.

The Chairman undertook to consider an approach to the Council.

BOARD MINUTES NOVEMBER 2005

Regeneration projects [BWB 3204]

Progress on the following projects was noted:

- Cotswold Canals;
The Executive confirmed that linking the canal to the network was a priority;

BOARD MINUTES SEPTEMBER 2005

Cotswold Canal Restoration (Minute 05/92)

05/104—The Commercial Director confirmed that the prospects for commercial sponsorship of the canal restoration had been assessed, but were not significant in terms of the total funding gap. (See also Minute 05/108).

Cotswolds Canal

05/108—The Chief Executive gave an update on the meeting with major stakeholders on 15 September when the project funding gap of £9.2 million had been discussed. Mr Evans advised that the meeting had been constructive, but that the prospect of increased funding was not good. Several stakeholders had, however, suggested they might help underwrite the risks. The possibility of reducing some of the quoted costings for the works had also been raised. His response to this was that he had to work on the basis of the costs as they stood unless there was reliable evidence to do otherwise. If the partners were able to come close to funding the gap, then he would be prepared to ask his Board for a contribution.

The Board endorsed the Chief Executive's approach and that every effort should continue to bridge the gap. It was agreed that any underwriting of risks would have to be contractually sound. It was recognised that a potentially most difficult decision was only a few weeks away.

BOARD MINUTES JULY 2005

Operational projects (BWB 3194)

05/92—The Board considered progress reports on two prospective projects:

.....

Cotswold Canal Restoration

The Managing Director, South, in introducing the progress report highlighted the likely £1 million shortfall in funding which had now been identified together with additional costs in the order of £5 million. The implications for the project were fundamental since BW would not be able to fund this itself, given other competing priorities. Discussions were in hand with the HLF and SWDRA on funding options. Also every endeavour was being made to secure voluntary and private sector funding, although prospects were not good. The Commercial Director referred to BW's current commercial sponsorship project and undertook to consider whether it could assist with the Cotswold Canal.

The Board agreed that the downgrading of the prospects for the project would need sensitive communication to all involved, internally and externally. It was accepted that the presentational balance between leading a project campaign and undertaking the objective assessment of its prospects and the risks involved was a difficult one. The restoration process endorsed by the Board at its previous meeting for immediate implementation would be helpful in that respect.

JANUARY 2005 BOARD MINUTES

Restoration of the Cotswold & Droitwich Canal;

On the Cotswold Canal, the Board endorsed the arrangements to take the restoration up to Stage II at no cost to BW. The Board noted that in the event that it proceeded with the projects, BW would bear any unfunded elements of both the Droitwich and Cotswolds restorations. It was felt the implications of accepting this risk should be considered further in terms of achieving strategic business planning objectives and especially greater self-sufficiency and achieving the vision. Middlehaven was also relevant in this context. There would be a further discussion at the next Board Meeting.

Stroud Town Council

March 2008

Memorandum submitted by Gloucestershire Society for Industrial Archaeology

EXECUTIVE SUMMARY

The Gloucestershire Society for Industrial Archaeology (GSIA) is very concerned that the changes made to Defra's budget are highly detrimental to British Waterways' role in regeneration and restoration. In particular, the Society deplores that these changes have led to British Waterways withdrawing as lead partner from the Cotswold Canals Restoration Project. This action severely jeopardises the future of the project which is now making significant progress and is so important for the regeneration of the Stroud area.

The GSIA urges the Committee to recommend that additional funding is found so that British Waterways is able to continue its regeneration and restoration role in general, and its involvement with the Cotswold Canals, in particular.

1. The Gloucestershire Society for Industrial Archaeology (GSIA) fully supports the ongoing restoration of the Cotswold Canals. The benefits of restoration extend far beyond simply reopening the waterway for boats. Canal restoration schemes bring significant social, economic and environmental benefits to the urban and rural areas along the canal corridor.

2. Very significant progress towards the restoration of the Cotswold Canals has been made in recent years by the combined efforts of a large number of organisations working together as the Cotswold Canals Partnership. The project has gained the support of the Heritage Lottery Board, the South West of England Regional Development Agency, Gloucestershire County Council and Stroud District Council who are all making large financial contributions. Members of the Cotswold Canals Trust and other organisations have carried out a vast amount of voluntary work over the years in support of the project. GSIA members have completed or started nearly 30 heritage projects related to the Cotswold Canals in the past year (www.gsia.org.uk/canals).

3. The restoration project has been severely jeopardised by the recent withdrawal of British Waterways as lead partner for financial reasons. GSIA, therefore, deplores the changes made to Defra's budget which have had such a major detrimental effect on British Waterways role in regeneration and restoration.

4. The GSIA urges the Committee to recommend that additional funding is found so that British Waterways is able to continue its regeneration and restoration role in general, and its involvement with the Cotswold Canals, in particular.

Gloucestershire Society for Industrial Archaeology

March 2008

Memorandum submitted by Grantham Canal Restoration Society Limited

1. We wish to express our utmost concern for the future of British Waterways (BW) restoration and regeneration role. The fact that BW have had to withdraw from the Cotswold Canals Partnership, in order to divert large funds to progress the urgent first phase of a repair programme for the Monmouthshire & Brecon Canal expected to cost around £15 million over four years is significant. Refer to our memorandum (BW 78) Ev 367/8 fourth para.)⁴. This withdrawal from BW participation in a major canal partnership could be the pattern for similar canal partnerships elsewhere in the areas of BW administration throughout the UK.

2. Most of the canals within BW jurisdiction were built by independent canal companies during the so called period of "Canal Mania" between the 1770s and the turn of the 19th century, and are over two hundred years old. There are a few exceptions in a very small minority. Many companies built to their own size specifications, which would later help to their own downfall. One thing they all had in common was that they were designed to operate with horses/mules/donkeys towing the boats suitable for each navigation, ie barges, narrowboats, tub-boat strings. Consequently each canal had a towing path, in some rare cases one on each side. Accordingly most canals ran along contours where possible, but where not practicable, on embankments, crossing streams and rivers on aqueducts of varying lengths according to necessity. Other sections wound around the sides of hills, embanked on the lower sides, cut into them on the upper sides. Not many lengths or sections were cut into ground completely level on both sides. Quite a number of canal tunnels were built, some with towpaths through and some where horses were led over the tunnelled hills whilst the boats were "legged" through. Maintenance was carried out by all the canal companies, but costs were comparatively low. Horse drawn boats left little disturbance or wash as they travelled along at 2 or 3 mph at best. Large tonnage capacity was far more important than speed, and once a supply chain of boats was established, deliveries to depots and wharves became continuous and reliable.

⁴ House of Commons, Environment, Food and Rural Affairs Committee, *British Waterways*, Seventh Report of Session 2006-07, Volume II.

3. The preceding paragraph sets the scene which eventually became BW's responsibility and problem. Whilst the canal companies were trading successfully, funds were available for ongoing maintenance. With the coming of the railways from around the 1840s, canals started losing trade, and many canal companies were purchased and absorbed by railway companies. Some canal beds were converted to railway tracks, but many canals soldiered on, slowly losing more trade as their railway owners (with the exception of one or two) looking to run the canals down to cut out competition. Maintenance was poor and largely carried out when crisis demanded, rather than on a prevention basis.

More and more repairs were required as many of the barges and narrowboats were converted to, and built first with steam engines propelled with shaft and screw and later with diesel engines. The canals had not been built to withstand the wear and undercutting of banks by propwash, and maintenance standards were still declining. As trade continued to decline, more and more canals became silted and weedy, and many were abandoned by Act of Parliament. After World War II, along with road and rail, the canals were nationalised, and the waterways became the Cinderella of the Transport network. The long winter of 1963 was the death knell of most canal workboat trading, and BW inherited a very run down system when it was formed to become the owners and custodian of a large part of the UK's canal and river navigations. Under the 1968 Transport Act, navigations were re-classified under three headings. Commercial (those still carrying on commercial trading and to be maintained and dredged to appropriate standard), "Cruiseway" (those still navigable but with little commercial carrying, and being used by growing numbers of pleasure craft and to be maintained to a necessary standard, but not dredged to more than 3' 6"), and all waterways classified disused or abandoned defined as "Remainder" and only to be maintained as far as health and safety required, and if need be, disposed of in the way most deemed as economical.

4. For many years, BW struggled on with inadequate funding, whilst much of navigation furniture such as locks, gates, bridges and tunnels received minimum maintenance. Much of the system's buildings and works had to perform far beyond their design build. But, as pressure built up from volunteer organisations such as Inland Waterways Association, and local canal societies actively engaging in restoration, often supported in their aims by local authorities and BW participating with them in partnerships, a waterways revival gathered momentum. Major canal restorations succeeded, with canals such as the Kennet and Avon being completely re-opened to through navigation. Other regeneration and restoration projects have also been completed, and many more are working to that end, recovering more and more mileage.

5. Much has been achieved by the present government, allowing BW extra funding to catch up on many decades of maintenance neglect, and in formulating its policy of "Waterways For Tomorrow". But, suddenly, through no fault of BW, funding has been cut to a degree that BW now finds it necessary to "divert" funds to major repairs. This, quite clearly, has to be to the deprivation of restoration and regeneration. There will be other working navigations that will require heavy injections of funds to carry out repairs to breaches, embankments and land slippage. BW will never be able to keep up with its repair bills by "developing" its own assets, or even "selling the family silver".

EXECUTIVE SUMMARY

6. Our canals and the water based leisure, national/international tourism industry, with all its benefits of employment, boat building with all the growing revenue must be supported by proper funding and investment. The whole waterway network is truly a National Heritage site. Its regenerational capacity is enormous. It needs abandoned and disused waterways to be opened up to relieve the pressure points, and to further enlarge that capacity. What must not happen is that the many millions of pounds worth of restoration, carried out by the voluntary sector, to be wasted. Just as a small example, volunteers have carried out restoration work, valued by BW at £7½ million, on the Grantham Canal. Yet, because it is a remainder waterway, BW's budget does not extend to being able to maintain the restoration work completed. This includes 5 locks and 3 swing bridges, fully restored, and blockages to the navigation being removed. Some of our restored navigations still are classified as "remainder". There must be a better method of upgrading to "Cruiseway" than the present parliamentary process permits. In concluding, we have to say to government, please don't wreck the good work achieved during your "Waterways For Tomorrow" policy, for the sake of what in terms of our national GDP is "penny pinching".

Restored "Remainder" canals still requiring upgrading to "Cruiseway" status are :- Remainder lengths of the Kennet & Avon Canal and of the Forth & Clyde and Union Canals. All the more recent restorations have not (yet) resulted in reclassification. BW state they have "in hand", applications for all of the previously mentioned canals for re-classification to "Cruiseway". This does require a Ministerial Order, and this will usually depend on BW demonstrating the waterway is essentially sustainable and the Order will not result in additional grant being required.

The last re-classification from "Remainder" to "Cruiseway" was of the Sheffield & Tinsley Canal in the late 1990's. Before then a batch were re-classified under the BW Act 1983, including most of the Monmouthshire & Brecon Canal. BW add "that there are a whole variety of Remainder Waterways, some of which have always been navigable (just), some which were in poor condition (albeit not closed) but which have since been improved, some of which were closed due to specific blockages that have since been cleared, and some which were wholly derelict and have since been subject to major reconstructions for restoration (and of course some which remain derelict and closed to navigation)."

In reality each Remainder Waterway has (or had) different stretches of any of the above descriptions.

GCRS Ltd. would like to express its thanks to BW's Legal Department for its assistance in providing accurate information with regard to "Remainder Waterways", and express concern that BW are bound by re-classification to "Cruiseway" not resulting in additional grant being required. GCRS Ltd. believe this policy short-sighted by the government expecting BW to take on further redevelopment, restoration and regeneration whilst cutting funding and restricting BW's ability to maintain, properly, its increasing responsibility of maintaining and preventing wear and tear to the canal and river network within its jurisdiction.

Christopher Tizzard
Vice President and Founder Member
Grantham Canal Restoration Society Limited

March 2008

Memorandum submitted by Simon Robbins

EXECUTIVE SUMMARY

1. That British Waterways (BW) should make it a priority to fund repairs to the "Mon and Brec" Canal at the earliest possible opportunity, seems entirely reasonable.
2. That in order to achieve this aim, other projects would be sacrificed and/or postponed also seems inevitable.
3. While on balance it seems reasonable that funding repairs to an existing navigable canal should take preference over a restoration project, it seems many stakeholders feel that rather than working with them to deal with the challenge, BW elected to walk away from the Cotswolds Canals project without notice or warning, leaving the other parties to pick up the mess. I anticipate that such allegations are ones you may look at more closely.
4. Obviously the overall funding situation they face makes the business judgements that BW have to make, particularly in the wake of a major infrastructure failure, more keen than ever. No one doubts that greater financial contributions from government might assist matters.
5. However I do not believe that this difficult financial situation is of itself justification for BW apparently failing to tackle this difficult challenge in a more open and more inclusive way than they have appear to have done.
6. I suggest it is at those most challenging times that involvement and engagement with stakeholders has most value and is of the utmost importance. It may have proved that wider dialogue the outcome would have been the same. However that is in my view no excuse for not showing some courtesy to your partners and stakeholders when taking a decision that directly affects them.
7. I hope this point is one that your current enquiry will examine.

DETAILED COMMENTS

8. My interest in this matter is as a boating customer of British Waterways and a waterways campaigner of many years standing, but also as a witness during your enquiry into British Waterways in 2007. My affiliations and interests are as previously described. I remain a Council Member of the National Association of Boat Owners, a Member of the London Waterways Commission, a member of the Residential Boat Owners Association, the Barge Association and an Associate Member of the Parliamentary Waterways Group. I offer these comments solely in a personal capacity.
9. I welcome the Committee's wish to examine recent decisions about BW's funding priorities in the context of their other restoration and maintenance commitments.
10. What I go on to say below is also in part intended to highlight some of the issues that I raised in my evidence last year, issues which seem to me to be very pertinent to more recent events.

MAINTENANCE

11. In my evidence to the committee last year I commented that despite overall improvements in maintenance, "The network is still fragile in places . . ."
12. Recent events on the Mon and Brec have demonstrated this in stark and devastating terms.
13. There is also no doubt that BW subsequently faced a difficult financial challenge when the extent of the repairs necessary became apparent.

14. It is also no surprise, (especially following last year's evidence to you, and the subsequent settlement for the coming year from DEFRA), that BW apparently have no contingency funds available to address such a significant and unforeseeable infrastructure failure, other than to cut or postpone other projects.

15. The short term impact on other projects is also abundantly clear in this case and one hopes your current enquiry will increase everyone's understanding of these issues.

16. These events also seem to confirm exactly how precarious the maintenance of our waterways remains in more general terms, when a single catastrophic event can lead to unexpected liabilities of the magnitude that have arisen in this instance.

17. There is of course an ongoing anxiety about where the axe might fall in the future if there is a "next time" or if repairs to the Mon and Brec prove to be even more expensive than BW already estimate.

STAKEHOLDER INVOLVEMENT

18. However it is the way in which BW appear to have responded in this case which I find most alarming and to which I direct my remaining comments.

19. It is sadly of little surprise to me that all the reports I have seen suggest that BW's Senior Management Team reached their decision to withdraw funding from the Cotswold Canals Partnership without first taking detailed soundings from those stakeholders most effected.

20. It seems BW did not even go so far as to pre-warn their partners and other supporters of the Cotswolds Canal project.

21. Ironically past experience suggests that in the long term it may be that the Cotswolds Canals Partnership will ultimately become stronger and more effective without BW as an active funding partner. That at least is my hope.

22. However in the meantime many stakeholders feel the decision making process was seriously flawed due to a lack of stakeholder involvement and we are grateful that you may shortly be looking at these issues more closely.

23. When I gave evidence to you last year, in my executive summary I said, ". . . I believe British Waterways must improve performance on Openness and Accountability".

24. I also described further on in my summary a frustration that I detected among stakeholders, which I described as ". . . frustration at feeling excluded from the decision process . . ."

25. If the decision to in part fund repairs to the Mon and Brec, by reneging on the existing commitment to the Cotswolds Canal Partnership, was indeed reached without consulting widely in advance, this appears to be stark confirmation of these concerns about poor and inconsistent stakeholder engagement on BW's part.

26. Events also of course raise the question, when can a promise from BW to be relied on?

27. I do not deny or doubt that BW faced a huge challenge in the matter of funding repairs to the Mon and Brec but complaints about the way they reached their decision in respect of the Cotswolds Canals funding appear consistent with what I am finding in other areas to be what I would characterise as an increasingly arrogant and detached attitude from senior BW managers.

28. Some of the "other areas" were brought to your attention last year. I think particularly of the following items in respect of national policy toward boaters, my greatest area of personal interest.

- BW's unilateral decision to suspend mooring waiting lists and press ahead with the Moorings Tenders Trail, before undertaking any phase of public consultation,
- BW's unilateral withdrawal of financial support for the Boat Safety Scheme, again without prior public consultation,
- BW's attempts last year to forcibly remove boaters from long term linear moorings, without adequate consultation, nationally or with the boat owners concerned.

29. I can also offer a subsequent example which you may not be aware of. BW pre-judged the recent public consultation on Craft Licensing fees by promising a trade lobby to reduce the differential paid by commercial hire boats before the public consultation document was issued. Although many in the inland boating community would I believe be sympathetic to this suggestion, that does not mitigate the lack of courtesy in not asking us before a decision was reached.

30. I must also highlight to you BW's comments in reply to an official complaint from the National Association of Boat Owners (NABO) and which they have repeated publicly to others in the case of the Moorings Tenders Trail. Their letter to NABO includes the comment:

"There may or may not be major obstacles to an auction or tender process working successfully. We don't believe that formal consultation would illuminate these in any further significant degree of detail, but a trial will." (Simon Salem BW Marketing and Customer Service Director in a letter of 21 June 2007).

31. I personally believe that this comment displays contempt for BW's supposed stakeholders. That BW feel they can waive or omit steps in their published consultation guidelines just because they anticipate (rightly or I believe, wrongly) that they will not learn anything new from the process seems to me an extremely risky judgement to make. It also I believe undermines any spirit of inclusion or co-operation with stakeholders.

32. Although the examples above sit outside your direct areas of inquiry on this occasion, I hope my concerns about poor engagement with stakeholders are a theme you will be able to explore further.

CONCLUSION

33. I submit that poor performance on involvement and consultation remains an endemic problem in BW's relationships with many stakeholders and in its business planning generally. The way in which BW's funding was withdrawn from the Cotswolds Canal Partnership appears to me to be a rather stark example of what I feel is a more widespread problem.

34. I hope these comments are of assistance and please revert to me if there is anything I have said which you wish me to expand on.

35. May I also presume on behalf of the wider waterways community to thank the Committee for its continued scrutiny of British Waterways, which I, and I believe many others, greatly value.

Simon Robbins

March 2008

Memorandum submitted by The Inland Waterways Association

EVIDENCE TO THE ENVIRONMENT FOOD AND RURAL AFFAIRS SELECT COMMITTEE ON BRITISH WATERWAYS' RESTORATION AND REGENERATION ACTIVITIES BY THE INLAND WATERWAYS ASSOCIATION

BACKGROUND ON IWA

The Inland Waterways Association (IWA) is a registered charity formed in 1946 to save the inland waterways, and to revive them into the widely used and much loved amenity that they are today. IWA, through its national membership and local waterway societies, campaigns to convince government, local authorities and the public of the need for and value of canals and river navigations. The Association has helped restore hundreds of miles of waterways for use by boaters, walkers and anglers. IWA has been active, and is often a significant force, in waterway restoration projects the length and breadth of the country.

IWA has about 17,500 individual members and nearly 500 corporate members including community groups, restoration bodies and waterside businesses. More than 25,000 volunteer hours are annually donated through our Waterway Recovery Group.

EXECUTIVE SUMMARY

IWA is highly critical of British Waterways' sudden withdrawal from the Cotswold Canals Partnership. IWA believes that BW's action has:

- Jeopardised the hard work and financial commitment of BW's former partners in the Cotswold Canals Partnership, including the thousands of volunteers giving of their own time and money; and
- Undermined the confidence of many other organisations either involved, or anticipating being involved, with BW in other waterways restoration projects.

IWA argues for much stronger direction from Government to BW in leading waterway restoration, and committing to the long-term development and regeneration of the country's waterways.

EVIDENCE

1. The Inland Waterways Association is dismayed by and angry with BW's decision to withdraw without consultation or warning from the Cotswolds Canals Partnership.

2. Members of the Association have been involved in the restoration of the Cotswolds Canals since the 1960s, when the Stroudwater Navigation was derelict and in private ownership. The forerunners of what later became the Cotswold Canals Trust persuaded the owners that the Navigation should be restored along with the Thames and Severn Canal.

3. Serious restoration work started in the 1970s, including voluntary contributions from our Waterway Recovery Group. In 2006, the Heritage Lottery Fund gave approval for an £11.9 million grant towards the restoration of the Cotswold Canals. Other funding came from a range of partners including the South West Regional Development Agency, local authorities, British Waterways and Cotswolds Canals Trust.

4. The Lottery bid had been put forward by British Waterways on behalf of the wider Cotswold Canals Partnership comprising local authorities along the waterway, The Waterways Trust, British Waterways, The Inland Waterways Association, the Environment Agency, Cotswold Canals Trust and other regional bodies.

5. British Waterways agreed to provide financial matching funds of £6 million to the Lottery bid for the restoration between Brimscombe Port and Stonehouse. To date British Waterways has spent £1.5 million of this commitment.

6. In 2007, British Waterways announced it had concerns about its liability for cost overruns from the original cost estimates. The announcement caused considerable problems to the project. This was resolved late last year when Stroud District Council announced it would take responsibility for works around Brimscombe Port.

7. BW's decision to withdraw on the 4th February 2008 came as a huge shock to the Partnership. As it is matchfunding money, the consequent loss to the project as a whole could be significantly more than the £4.5 million alone and already concerns have been raised that works due to start in September may be unable to proceed.

8. In answers to Parliamentary Questions, the Minister Jonathan Shaw indicated that he knew about BW's decision to withdraw funding a week before the decision was announced and said that British Waterways asked for nothing to be made public so that key partners, funders and staff could be informed beforehand. Other than the chairman of the Partnership, who was informed on the evening of the business day prior to the announcement, IWA is unaware of any of these partners being informed prior to the day of announcement. This lack of consultation by British Waterways was ill-judged, ill-mannered and left partners flatfooted and unable to respond with alternative plans when contacted by the media.

9. To date, British Waterways has failed to consult in depth with its partners regarding its decision and has not communicated its thinking, financial situation or other reasons for its decision to withdraw.

10. It appears that British Waterways was unaware of the impact of its decision on its own reputation. IWA believes that, by its actions, British Waterways has seriously damaged its reputation which may affect future regeneration and restoration schemes.

11. The Inland Waterways Association argues that British Waterways needs to revisit its strategy towards waterway restoration. Up until two years ago, British Waterways was far more positive in its attitude towards restoration, in some instances taking the leading role. The past two years have seen a significant decline in support at a senior level for waterway restoration.

12. Evidence at present indicates a BW attitude of "we will join in only if it is profitable for us". There are a number of projects that British Waterways has frustrated, obstructed or been unhelpful about, including the Grantham Canal and Pocklington Canal. IWA believes that British Waterways has an obligation, as the guardian of the nation's inland waterways, to promote and instill confidence in waterways restoration. British Waterways' current over-cautious and retreating stance is shortsighted and ignores the opportunities to develop for the public good.

13. The Inland Waterways Association believes that BW should be given a far stronger lead by Government, with expansion of the system as a key responsibility. Government should explicitly state that its expectation of BW is actively to support expansion of the waterways network. Expansion of the inland waterways should be established as a key Performance Indicator for BW.

14. BW has, without doubt, severe financial pressures, as detailed by the Committee's Report of last summer. Since then, BW has faced increased financial pressures from flooding, notably a major breach which occurred at Gilwern on the Brecon and Abergavenny Canal. On inspection, BW discovered further major works needed along the canal resulting in a requirement for unplanned repairs of £15 million over the next four years. BW has said the main reason for withdrawing from the Cotswolds Partnership was to help fund these repairs. IWA argues that the impact of the floods and the breach constitute a demonstrable need for contingency funding from Government.

15. In conclusion, The Inland Waterways Association believes that British Waterways should take positive steps to restore confidence in its role as an active participant in and supporter of major waterway restoration projects. In this respect, Government should consider directing BW accordingly. Moreover, Government should compensate British Waterways for the huge costs associated with damage from last summer's floods and the cost of repairs on the Brecon & Abergavenny Canal.

The Inland Waterways Association

March 2008

Memorandum submitted by Camden Town Unlimited

BRITISH WATERWAYS RESTORATION/REGENERATION IN CAMDEN. LONDON

1. INTRODUCTION TO CTU AND RELATIONSHIP TO BRITISH WATERWAYS

Camden Town Unlimited is a Business Improvement District (BID) representing over 300 businesses in Camden Town. We were mandated by the businesses via a vote in February 2006 to deliver a five year regeneration programme with the aim of improving Camden Town as a commercial district.

Our regeneration remit includes delivering projects to reduce crime and anti-social behaviour and to improve the quality of the public realm and urban fabric through physical landscaping projects, conservation projects and working with the Local Authority and other key stakeholders on the long term strategy for the built environment.

As a significant stakeholder in the area (the Regent's Canal runs through the heart of Camden Town and is one of our most attractive landscaping assets) British Waterways was actively involved in both the development of the BID (2004 onwards) and have subsequently accepted a place on the Board and voluntarily funded projects that have supported the BID. British Waterways have been a proactive member of the Board, often leading the regeneration agenda, and our successful partnership have led to the successful completion of a number of projects which have significantly benefited the residents, businesses and visitors in Camden Town.

2. SPECIFIC PROJECTS UNDERTAKEN

Regents Canal Lighting project

In 2004, British Waterways, Camden Town Unlimited and London Borough of Camden undertook a heritage lighting project, which sought to re-connect the footpath with users and significantly upgrade the night-time experience for visitors to the towpath. This project included a range of physical measure including new lighting, landscaping works and community safety patrols/maintenance works, including graffiti removal.

The high quality heritage nature environment and the listed status of many of the buildings adjacent to the towpath canal meant the new equipment units, including lighting units, had to be carefully selected to ensure they complimented and enhance the existing environment. This involved the selection of high spec units more expensive than standard, a cost which British Waterways funded. It also involved careful consultation with businesses and residents within and around the project site. This was completed to a high level and to the satisfaction of all involved.

The project was completed at a cost of £250,000 and was widely commended, selected as the Association of Town Centre Managers (ATCM) "Project of the Year" (London region). Footpath usage has increased significantly and one of the most satisfying elements of the project is that mothers and children from a local school now feel able to use the towpath at night as a viable alternative to a longer walk along roads.

Going forward, we have a number of other projects being discussed, aimed at increasing pedestrian traffic on the waterways and improving the quality of the canal environment. We have found British Waterways to be a very useful partner and are delighted with the high standard of the regeneration projects they have undertaken and the expediency with which they were delivered.

I hope you consider our views on this matter.

Camden Town Unlimited

March 2008

Memorandum submitted by Gloucestershire and Herefordshire Inland Waterways Association

INTRODUCTION

1. This submission is on behalf of the 280 plus members of the Gloucester and Hereford Branch of the Inland Waterways Association, who have been consulted and their views represented here.

2. In addition, we have spoken to members of the public.

THE OVERALL EFFECT OF CUTS IN FUNDING TO BRITISH WATERWAYS

3. Since the initial cuts of funding to British Waterways, we have noticed a considerable reduction in service on our Canals in the Gloucestershire area. The Gloucester and Sharpness canal has a considerable number of bridges, which can only be operated by BW staff. Due to financial restraints the canal is now only open five days a week throughout the winter period. Severely restricting use, even though in the same period mooring fees have risen by up to 100%.

4. This area of the country last summer suffered considerable damage in the floods. The Gloucester and Sharpness alone experienced £1 million plus of damage for which BW do not have the finance to repair. Creating a situation where footpaths and cycle ways are now closed and the likelihood that further damage will occur when further adverse weather conditions arise.

5. The effect of this lack of finance further not only damages the future of the canal but also the restoration of the Cotswold Canals by restricting access and use.

6. By continually reducing maintenance and service, we feel that DEFRA is making decisions that could lead not only to higher costs in the future, but possible injury to members of the public . . .

7. It is essential that our heritage be protected. The value of the waterways to an enhanced way of life locally and nationally is considerable and something to be proud of. Visitors from overseas love our waterway system and enhancing it with restoration can not help regenerate areas but improve the UK's image to the world.

8. We believe that BW's capital expenditure this year had been budgeted at around £35 million. Since the breach on the Mon and Brec, this sum now been reduced to perhaps £25 million. How can a system survive which has already had considerable cuts and then has to cancel urgent repair work?

9. We feel that the waterways are a unique national heritage and as such have funding similar to that as English Heritage. On the other hand, perhaps English Heritage should take all the heritage aspects.

WITHDRAWAL OF FUNDING FROM THE COTSWOLD CANALS.

9. To withdraw funding from a scheme that has received widespread support and is essential to the economy of the local area, at such a late stage is unworthy of any government body, but to withdraw without notice even to close partners is appalling.

10. To make the excuse that BW have to fund a breach on the Mon and Brec makes little sense in the overall manner of things. BW should try harder to obtain alternative funding. The Welsh Assembly, Tourist Boards etc come to mind.

11. It is important to emphasis. the strong local support for the Cotswolds project as a whole. The decision by BW to withdraw has created a feeling of strong feeling of mistrust and fury amongst the majority.

12. We feel that BW for some time have been trying to get out of the Cotswold's project, For example they have already withdrawn from Brimscombe. The latest apparent lack of funding is an excuse to withdraw not the real reason.

Gloucestershire and Herefordshire Inland Waterways Association

March 2008

Memorandum submitted by Lee Valley Regional Park Authority

**BRITISH WATERWAYS—AN EFFECTIVE PARTNER
IN THE REGENERATION OF THE LEE VALLEY**

1. The Lee Valley Regional Park Authority (LVRPA) was established by Act of Parliament in 1966 with a remit to promote sport, recreation, leisure and nature conservation along the Lea Valley. The waterways, which comprise the Lee Navigation and associated rivers, form an integral part of the Regional Park in terms of their contribution as a wildlife habitat but more importantly as a leisure and recreation resource.

2. British Waterways has been a supportive and effective partner of the Authority for many years and the organisation is a co-opted member of the Authority's Board.

3. In recent years the Government has recognised the value that the Regional Park brings to the growth area agenda along the length of the Lee Valley. The development of new houses and jobs at locations along the length of the Valley requires enhanced public spaces and improved access. As a result British Waterways has partnered the Authority in securing Growth Area Funding (GAF) from Government to carry out a range of improvement projects to the open spaces and waterways in the Regional Park.

4. Specifically, British Waterways has been a key partner in helping to secure and deliver the following projects over the past 4 years.

- Lee Valley Pathway—since 2004 there have been improvements to the towpath along major stretches at Hackney, Enfield and Ware—costing in the region of £1 million in total. This has been part funding by LVRPA and Transport for London Cycling with British Waterways co-operating and advising at all stages.
- Waterside Centre, Tottenham Marshes—opened in June 2006. British Waterways owns this centre which is used to build links to the local community. They were a key partner in securing GAF Round 1 (£300,000). The centre was developed to bring the community into the Regional Park and onto the waterway and is now community run. It hosts 2 schools weeks each year jointly run by British Waterways and the Park to promote water safety.
- Towpath improvements through River Lee Country Park—LVRPA supported British Waterways in securing and then delivering £700,000 of GAF Round 2 contributions that will improve access along the towpath and into the Regional Park.

5. In addition, British Waterways are undertaking a number of projects that will enhance the Regional Park. These include

- Improving pedestrian access from an ISIS development site at Tottenham Hale into the Regional Park.
- Working with a range of partners to build new lock gates on Prescott Channel in the Lower Lea Valley which will control tidal flows thereby enhancing water quality and allowing increased water freight traffic in the Olympic Park.
- Together with partners such as Thames Water and the Environment Agency, working together to improve water quality in the Lower Lea Valley which potentially has important implications for the quality of parts of the Regional Park.

6. It is anticipated that British Waterways will continue to be a key partner in taking forward future projects that will enhance the Regional Park, improve access to it or extend its area. At present the possible future projects include:

- Towpath improvements along River Stort with funding in the region of £300,000 from GAF Round 3.
- Creation of a new water based activity centre at Broxbourne
- Delivering a cycling route to the Olympic Zone at Walthamstow Marshes for which a grant application is currently being considered by Transport for London for £300,000.

Lee Valley Regional Park Authority

March 2008

Memorandum submitted by Louis Jankel

The Committee will take oral evidence from both Defra and British Waterways (BW) to examine BW's regeneration and restoration role, with particular reference to BW's decision to withdraw from the Cotswold Canal Partnership.

BW have clearly stated that their withdrawal from the Cotswold Canal Partnership is because of reduced funding and the need to husband existing revenue streams.

I respectfully suggest the Select Committee may need to consider the quality of husbandry exercised by BW over their revenue.

A/

1. I refer The Committee of their conclusion number 13 (page 43 HC345–I, Seventh Report). It notes The Committee's disappointment that BW did not share their intention of introducing mooring tendering process.

2. I refer to The Committee of their HC345–I, Seventh Report), page 27, paragraph 74 "Our views" to "6" British Waterways commercial activities. It commences with the phrase "British Waterways is under immense pressure to generate income:".

3. In a stakeholder briefing dated 25th June 2007, BW state "The Government's Framework Document for British Waterways" published by the DETR in February 1999 remains their current policy document to which they continue to work. The relevant paragraph "2.6" is relevant.

B 1/.

1. Since the report of 31st July 2007, British Waterways have introduced the Mooring Tender trial to universal opposition. Commencement in late October was rather later than originally planned. Having been supplied with what information was available under the Freedom Of Information (FoI) legislation, I have extrapolated the figures and determined that British Waterways have, to the end of February 2008, managed a net loss of revenue of some £300,000. This figure is set to grow exponentially as the chronically ill prepared trial staggers from one crisis to the next. British Waterways seem to have set this trial as a matter of principal and refuse to countenance any trial suspension to stop this haemorrhaging. The loss is set to achieve as much as a half million pounds in the trial's first year. Immediate suspension of the trial and a return to the previous system would ensure that the loss could at least be pegged at the £300,000.

2. BW in a directors' briefing dated 30th April 2007, they were informed that the trial set-up costs would be "£20,000 web site software programming, £6,000 legal contract . . ., £5,000 promotion, plus staff time". Six months later BW stated set up costs to be nearly £180,000.

3. In the briefing's next paragraph BW stated they "are" preparing a cost-benefit analysis (CBA), which will be completed after the trial. I was always of the impression that a CBA was produced to establish the viability of a proposed course of action. A CBA after any proposed trial would be better described as a fiscal report on the outcome. From the gaps in the information provided to me under FoI, I doubt any meaningful CBA is possible.

B 2/.

1. Nobody can disagree with the need for BW to husband their resources in a way that takes notice of the taxpayers' money, the stakeholders' needs, the health and safety (H&S) of the infrastructure and The Heritage of Inland Waterways. What we need is a review of the balance practised by the current BW board. If you ask the stakeholders, of which I am one, they will tell you that BW, are wherever inconvenient, ignoring stakeholders' needs and obfuscating their Heritage responsibilities. Their considerations of H&S are to undertake the minimal work they can get away with. This is leading to an increasing maintenance problem that will eventually bite BW, the taxpayers and treasury collective posteriors. BW's income does not satisfy the current maintenance situation and proposed reduction in Grant in Aid (GiA) will only exacerbate that position.

2. There is a government policy directive for BW to protect the heritage of the Inland Waterways. This includes an indisputable need for British Waterways to be involved in their canals' restoration.

3. I expect the committee are anxious to uncover the precise BW policy on heritage.

4. As a single example, I question the effort and time British Waterways have expended on this mooring trial project against the time and effort invested in trying to avoid this terrible peremptory act of vandalism of removing the Cotswold Restoration funding.

C 3/

1. The relevant paragraph 2.6 in "The Government's Framework Document for British Waterways" published by the DETR in February 1999 calls for "directly charge its customers for benefits received consistent with prevailing market rates" it goes on "and only resort to grant-in-aid to fund activities where, in agreement with the Secretary of State, there are wider social benefits or it is impractical or not cost effective to charge directly for services provided".

2. I understand that Defra were involved in the discussion to remove the grant to the Cotswold restoration. I understand that others are requesting the detail of these discussions under the FoI. The question I ask is if the above provision from the Government framework was precisely invoked of the Secretary of State.

3. What is more apposite for this specific clause that such items as the Cotswold restoration.

EXECUTIVE SUMMARY

Withdrawing the funding for the Cotswold Restoration Fund is a BW statement of their priorities.

BW's blind determination to force through the mooring tendering trial into fact, despite, in its first five months, it has already cost them £300,000 is also symptomatic of the BW priorities and fiscal competence.

BW have lost objectivity as to what their core function is about. They are guardians of the British canals— not guardians of canal-side property.

This is the second EFRA Select Committee special call within 12 months. Does this not say something about the course British Waterways are paddling? “New”, “broom” and “clean” are three words that come to mind.

Louis Jankel

March 2008

Memorandum submitted by Jim & Penny Higginson

THE COTSWOLD CANAL TRUST

1. I am writing in connection with British Waterways having withdrawn its support from the “Cotswold Canal Partnership” for the restoration of the canal system from the River Thames to the Gloucester & Sharpness Canal. This canal is a fascinating and interesting link running through a great many miles of rural and beautiful countryside.

2. I have read the article in the Cotswold Canal’s Newsletter No. 8 regarding the possibility that the House of Commons Environment, Food and Rural Affairs Select Committee is set to re-examine British Waterways’ regeneration and restoration role, with particular reference to BW’s decision to withdraw from the Cotswold Canal Partnership and the very short notice that the Cotswold Canal Trust was given.

3. I would like to stress the importance of this restoration to the overall canal system, in that it would add a major round trip link (ring) for the South of England of almost 200 miles, which would include the Gloucester & Sharpness Canal, The Grand Union Canal, The Oxford Canal and the River Thames. It would be extremely beneficial to the great many boats and their users who have moorings in all these areas, as well as adding a spectacular cruising link for boat users from all over the waterways system in the UK.

4. Once again we should like to stress the importance of, and urge you to take a new look at, the Cotswold Canal Trust’s restoration programme, with a view to reinstating the Partnership and financial support to this very worthwhile restoration project. The Cotswold Canal Trust has been working long and hard on this restoration programme, and still are, despite having received the devastating news of the withdrawal by British Waterways.

Thank you for your help and support.

Jim and Penny Higginson

March 2008

Memorandum submitted by Stockton on Tees Borough Council

BRITISH WATERWAYS—A KEY PARTNER IN THE REGENERATION OF STOCKTON.

Since British Waterways arrived in Stockton in 2000 there has always been a willingness to get involved with the regeneration of the Borough. Stockton’s main regeneration asset is the River Tees, thus any strategy for change has been built upon measures to unlock the potential of the River and the development areas fronting onto it. British Waterways staff at both local and regional level have been keen to be involved and to lead in the production of strategies, master plans and individual projects and resources whether staffing or capital resources have been forthcoming in making things happen on the ground.

A brief summary of their involvement is given below:

- Regeneration City Region Strategy Development
- Key partners in the development and successful ongoing regeneration partnership working between the Council’s of Stockton and Middlesbrough through the Stockton Middlesbrough Initiative.
- Master Planning/Feasibility
- River Tees Environmental Strategy
- River Tees Navigation Strategy: undertaken by the consultant arm of British Waterways
- St Marks Basin/ Riversides Sites Master Plan
- River Tees Waterspace Strategy
- Development of the North Shore Master Plan
- Development of the Stockton Riverside Development Framework
- Development of the Green Blue Heart Master Plan
- Assisted with the Boathouse Lane Development Brief

- Transnational Working
- Gave expert advice and participated in Stockton's INTERREG transnational project Watercities International with partners from water based cities around Europe.
- Physical Development Projects
- Key partners in the delivery of 2 new footbridges over the River Tees
- Sponsor for the £3 million Tees Barrage White Water Course Improvements Project which will commence in 2009
- Partners in the delivery of the Eight Bridges Cycleway
- Partners in the annual Stockton International Riverside Festival
- Expanded the level of watersports and other leisure usage of the River Tees based around the Tees Barrage
- Expert Advice Role
- Consultee on all planning applications for development on or around the river
- Were a central player providing advice and evidence to the Council's Scrutiny Committee carrying out a review of Riverside Leisure in the Borough.

As you can see British Waterways have been at the table when all major regeneration issues have been debated over the last 8 years. The Council has welcomed their input and hope that this partnership develops further over the next 5 to 10 year period when the Borough's river front will change dramatically with major developments creating a new and exciting feel to Stockton.

Richard Poundford
Head of Regeneration and Economic Development
Stockton on Tees Borough Council

March 2008

Memorandum submitted by Groundwork London

THE REGENERATION AND RESTORATION ROLE OF BRITISH WATERWAYS

SUMMARY:

- From the industrial revolution, the London canal network played a crucial part in the economic development of the Capital and of Britain as a whole. Its restoration posed formidable challenges, coinciding with a complex set of new regeneration objectives during a period of rapid economic, social and environmental change.
- British Waterways has achieved conspicuous success as a key player in the regeneration of the Capital by working through partnerships with public, private and third sector agencies. This willingness to build partnerships was well illustrated by the London Waterways Partnership, with Groundwork and others, tackling economic renewal and environmental improvement opportunities by engaging communities throughout 50 miles of waterway corridors.
- In the operating environment of a global city region that reflects continuing economic growth and rapid demographic changes, the waterways must again play a major part in regeneration and renewal, including current large scale challenges.
- By demonstrating the potential for new roles for historic waterways, British Waterways is securing a viable future for them. But there will always need to be realism about priorities for the use of limited resources to achieve a balance between many desirable objectives, as London's case has demonstrated.

LONDON'S CANAL NETWORK

1. London's navigable waterways played a seminal part in the development of the Capital City during the industrial revolution, both in terms of its own industrial growth, and as the crucial conduit for goods and trade moving through London between the new industrial heartlands of Britain and overseas via the Thames. The London canal network therefore had a fundamental impact on the evolution of Britain during a period of massive economic and social change.

2. A two-hundred year old legacy of canal construction and decades of former neglect have presented British Waterways (BW) with a formidable set of challenges. Until the 1970's the canals in London were largely closed to public access, although fences merely increased the dangers from unauthorised access and antisocial behaviour. Opening up this invaluable network of corridors to create accessible open space has required a multi-faceted approach to regeneration, in which physical restoration, enhancement of towpaths

and access points, the needs of leisure and tourism, the renewal or re-use of industrial and commercial sites, and the often conflicting demands of pedestrians, cyclists, residential moorings and ecology have all had to be accommodated. While contributing to Government policy on sustainable communities, BW has been required to do so within a culture of commercial viability and economic sustainability.

3. In the Capital, the tasks of restoration and regeneration have not been conducted against a background of a largely constant operating environment. The huge economic growth of London itself in recent decades, especially in the key development zones of the Heathrow Corridor, West London, Paddington Basin, Kings Cross, the City Fringe, the Lower Lea Valley, Limehouse and Docklands—all coinciding with the historic navigable waterway corridors—has created a burgeoning set of commercial challenges and opportunities. They carry with them equally large social and ecological expectations, from population growth and diversity, and high density living conditions in a global city region.

4. BW's response to these drivers for change has been based on partnerships, both social and commercial. The success of that policy is manifest in the remarkable changes achieved over the past decade throughout the canal and waterway corridors. Much remains to be done, and expectations are constantly rising (including opportunities to move waste by water); but BW has demonstrated its ability to adapt to changing circumstances and to work with others to secure sustainable regeneration.

RESTORATION AND REGENERATION THROUGH PARTNERSHIPS

5. In the case of Groundwork⁵, that commitment to a partnership approach is now encapsulated in a national memorandum of understanding, recognising the shared principles and objectives of two different organisations seeking to achieve similar regeneration and renewal aims for the benefit of the public. It reflects close practical co-operation on restoration projects in many areas of Britain over a long period, in which the respective strengths of the two organisations have been combined.

6. In London, BW's willingness to work in partnership with Groundwork and others was demonstrated by the creation of the London Waterway Partnership, a seven year programme of regeneration along 50 miles of waterway corridors, through which £10 million of Government funding was turned into nearly £40 million of regeneration value. As the accountable body, BW led an effective partnership with Groundwork and several public agencies, 15 local authorities and a large number of community groups to achieve an integrated programme of economic investment, community engagement and environmental improvement.

7. The working alliances forged through that regeneration initiative have since become building blocks for constructing wider, long term solutions to aspects of other major regeneration challenges in London including, currently, elements of the East London regeneration programme for the 2012 Olympic Park site.

CONCLUSION

8. The role it has played, as one of the key regeneration and renewal agencies in the development of the Capital, has clearly illustrated BW's commitment to rebuilding a viable future for historic waterways. For that future to be secured, there will always need to be realism about priorities for the use of limited resources to achieve a balance between many desirable objectives, as London's case has demonstrated.

Groundwork London

March 2008

Memorandum submitted by Sheffield City Council

EXECUTIVE SUMMARY

The attached paper provides a summary of the role of British Waterways in the regeneration plans for Attercliffe, Sheffield.

It summarises some of the key features of the situation in Attercliffe, the core values of the approach embedded within British Waterways and how that approach has been practically applied on the ground.

In particular, it emphasises the blend of regeneration and commercial values that are brought together to help both maintain a vision for an area but also to ground it in the reality of implementation.

The paper concludes that this blend makes delivery of a scheme more likely and probably achievable in a shorter timescale.

⁵ Groundwork is the UK's leading regeneration charity, sponsored by Government and working in partnership with local authorities, the private sector, NDPBs and NGOs, to help build sustainable communities in areas of need through joint environmental action with local people.

1. This submission is made as evidence to the Environment, Food and Rural Affairs Committee concerning the Regeneration and Restoration role of British Waterways.

2. The context of this evidence relates to work that British Waterways are undertaking in Sheffield, and particularly in the district centre of Attercliffe. By way of context, Attercliffe is a district centre in the former industrial heartland of Sheffield. The modernisation of the steel industry, and the massive restructuring of the local economy that followed, has caused acute difficulties for Attercliffe as its former economic base has changed radically. However, arising from two significant masterplan exercises—one based upon economic rationale and the other on social and housing rationale, the area is now addressing a future role as a 21st century district centre responding both to a new, emerging economy and developing economic activity in its own right.

3. The role of British Waterways in acting as “the bridge” between the macro masterplan exercises and detailed design and delivery on the ground has been crucial. The role that they have played has been underpinned by the following key facts and attributes:

- A recognition that the canal that runs through Attercliffe provides the key asset and catalyst.
- An early willingness to acquire strategic property holdings adjacent to the canal and in the heart of Attercliffe.
- A recognition that a critical mass of property holdings will be required to make a necessary impact.
- A deep rooted ability to understand the regeneration values and process from the outset balanced with commercial reality.

4. Schemes such as the Attercliffe scheme require patience, a steady nerve and vision. British Waterways in my view have displayed this, and this has been evident from Board level commitment through senior executives to development surveyors working “hands on” on the scheme.

5. Crucially, and in relation to this scheme, the British Waterways presence as a partner with the City Council has enabled practical progress to be made on the ground at a time when it is occasionally difficult to move a scheme from drawing board to actual momentum. In particular, British Waterways have shown a willingness to acquire property as the opportunity has arisen and in the best interests of the scheme, in effect consolidating their landholding in a way that is commensurate with the targeted outcomes. All too often in regeneration schemes, time at which the practical application occurs on the ground is when many of the early property opportunities have receded.

6. The consequence of this approach is that we are now in the final phases of planning and acquisition prior to implementation. This has been achieved through a very close alignment of the efforts of British Waterways with local public sector bodies, and a willingness from British Waterways to engage at all times in creative masterplanning rather than to adopt a challenging role aiming purely to secure best price rather than best regeneration outcome.

7. Lastly, my experience of British Waterways is they manage to best effect the blend between regeneration values and commercial reality. The understanding of regeneration values allows the vision to remain intact; the grounded approach to commercial reality makes that vision much more likely to be implemented.

Sheffield City Council

March 2008

Memorandum submitted by Prima 200

1. Prima 200, the Local Improvement Finance Trust company for North Staffordshire, worked in partnership with British Waterways to develop a mixed use scheme incorporating a primary care centre and residential, on a site owned and controlled by British Waterways adjacent to the Coldon Canal in the Shelton area of Stoke on Trent.

2. British Waterways demonstrated their commitment from the outset to encourage and facilitate a development that would act as a primer for further regeneration in the area. At the point of determining how to use the land in their ownership, British Waterways made a clear choice which demonstrated that commitment. The choice was to ignore the easier and potentially quicker option of creating a single use residential scheme on the site, in favour of a mixed use development incorporating a 2,854 sqm primary care centre. Their motivation was to be instrumental a project that was more beneficial to the local community.

3. They recognised early on that the development was an opportunity to ensure the development would not “turn its back” on the adjacent canal but incorporate it in the scheme’s design to seize the regeneration opportunities, not only to improve the local area but to create something that the local community would embrace.

4. By taking the lead in submitting and running the single, comprehensive planning application for the development, British Waterways drove the scheme forward and ensured that our mutual ambitions to achieve a positive regeneration outcome were realised.

5. During the construction phase of the development, British Waterways continued to offer support wherever possible. This support was demonstrated by their willingness to allow the primary care centre contractor to use their undeveloped site for car parking and equipment storage in order to ease access for local residents.

6. In conclusion, Prima 200 found British Waterways a willing and proactive organisation to work with and one that is wholeheartedly committed to regeneration. This relationship has now resulted in the development of a significant primary care facility serving a patient population of 15,000, in an area that was in desperate need of expanded and improved healthcare provision and development that demonstrates confidence through significant investment.

Prima 200

March 2008

Memorandum submitted by Burnley Borough Council

WEAVERS' TRIANGLE, BURNLEY: BRITISH WATERWAYS EVIDENCE SUBMISSION FROM BURNLEY BOROUGH COUNCIL

BACKGROUND

1. The Weavers' Triangle is an area comprising predominantly 19th Century industrial buildings clustered around a 1.6 km length of the Leeds-Liverpool Canal on the western edge of Burnley Town Centre. The area's history is an embodiment of the growth and subsequent decline of the town's weaving industry—in the second half of the 19th Century, Burnley was the world leader in the manufacture of woven cotton cloth, whereas now there are only a handful of firms in the town producing textiles (none of them in the Weavers' Triangle itself).

2. This relatively rapid growth and decline has left a legacy of substantial, but largely derelict or under-used, industrial buildings that is unique in the North West region. Several attempts have been made in recent decades to regenerate the area, but these have foundered on the sheer scale of the dereliction. However, Burnley Borough Council has recently been successful in a funding application to the Heritage Lottery Fund's Townscape Heritage Initiative scheme, and—with a contribution from its own capital programme, and with financial commitment from the North West Development Agency, from private sector development partners, and from British Waterways—we are now embarking on a regeneration programme with an expected total value in excess of £60 million.

BRITISH WATERWAYS' ROLE AS DEVELOPMENT PARTNER

3. The Council's view is that BW are an essential partner in this regeneration programme for the following reasons:

- The Leeds-Liverpool Canal, as well as providing the main geographic definition of the Weavers' Triangle, lies at the heart of its history and of the plans for its regeneration as a cluster of high quality mixed-use developments;
- Central to the regeneration strategy will be a programme of public realm improvements that will attract investment and visitors. The canal towpath will be the physical and conceptual thread which holds this public realm work together;
- The overall vision for the Weavers' Triangle is for a mix of uses encompassing commercial, residential, leisure and tourism—this last will include substantially increased leisure use of the canal itself;
- British Waterways are the owners of a key development site with the potential to be an important gateway to the area at its South Eastern end, and we are expecting them to bring forward a proposal for this site which will constitute one of the "critical projects" in the Townscape Heritage Initiative scheme;
- The Weavers' Triangle programme is indivisible from wider Council strategies for regenerating the town centre; these will include further plans to maximise the economic, social and environmental benefits of the canal.

4. The importance of BW to the strategy for the area is reflected in their representation on the Partnership Board that is driving the programme forward, as well as in their active involvement over a period of years in the programme's development. Their continued involvement is, in our view, essential to the successful

delivery of the regeneration process—just as we believe they would recognise the importance of their partnership with us in taking forward their wider strategies for the development of the Leeds-Liverpool canal corridor.

Hugh Simpson

Head of Regeneration and Economic Development
Burnley Borough Council

March 2008

Memorandum submitted by Neil Arlidge

1. EXECUTIVE SUMMARY

1.1 The drive of British Waterways (BW) to self-sufficiency has led them to choose to become a property company, overly dependent on income from their portfolio and joint ventures to run the waterways. Their core functions have become subordinate to property development. An apparent lack of due diligence has led to a general over-estimation of income from property deals. This has been a major factor in their withdraw from the Cotswold Canals restoration project.

2. BW: LOSING SUPPORT

2.1 Most supporters of the waterways agree that BW has been badly treated by DEFRA: BW's income has been cut as a result of deficiencies elsewhere in DEFRA. The waterways community offered strong support to BW in an attempt to prevent its grant being cut; the amount of effort put in by the community is an indication of its commitment to the waterways.

2.2 However, several of BW's recent actions, notably its withdrawal from the Cotswold Canals Partnership, have lost it much of that support. Many in the waterways community now feel that there are fundamental weaknesses in BW systems and operations and that these can be traced back to confusion about the nature and purpose of the organisation.

2.3 BW says that: "Our ambition is that by 2012 we will have created an expanded, vibrant, largely self sufficient waterway network used by twice as many people as in 2002."

BW says that its statutory duties include "navigation, stewardship and trustee of the historic waterway system, an environmental body with duties to safeguard the natural environment and landscape character of the waterways and a recreational body with duties to encourage public access to and recreational use of our waterways."

2.4 Expanding the waterways network means restoration of canals like those of the Cotswolds. But to BW, this appears to be seen as a secondary matter, and one to be avoided if possible. Avoidance is achieved by consistently overestimating the costs.

2.5 Regeneration is the social benefit that follows from a restoration, but BW seems to confuse regeneration with the generation of income for itself. Its desire for self-sufficiency, based on income from property development, has led it to neglect core competences, to neglect other potential sources of income and to alienate its potential supporters and partners.

2.6 Furthermore, as a property developer, BW is not notably successful.

3. GETTING RESTORATION WRONG

3.1 In estimating costs of elements of restoration projects, BW produces figures that are up to twice those quoted by other parties.

3.2 For example, on the Stroudwater Canal (part of the Cotswold Canals), Gloucester County Council estimated the cost of restoration of Pike Bridge as £353,000, whereas BW estimated £830,000. The actual cost was £360,000 (all figures 2005 prices), only 2% over budget.

3.3 The estimated cost of Cotswolds 1a jumped from £24 million to £37 million as BW grossly over-inflated the figures by playing up the risk factor.

3.4 The cause of the problem may lie in BW's restrictive procurement policy and in lack of due diligence in managing projects. But the effect is to make restorations seem more expensive than they need be, and thus to make it less likely that such restorations will be undertaken. And fewer restorations means less regeneration.

4. NEGLECT OF CORE COMPETENCES IN WATERWAYS MANAGEMENT

4.1 BW only carries a £3 million contingency fund. With the number of structures at risk and in the dangerous E and F categories, I would expect this to be higher, at least 5% of the annual turnover (£190 million).

4.2 Many ambiguities have been found in the 2007 asset condition list, which does not bode well for the accurate and up to date analysis of structures.

4.3 Repair work, which had finally started on the collapsed bull-nose of Vale Royal small lock on the River Weaver, was stopped: the funding was switched to the Gilwern breach on the Brecon and Abergavenny Canal. This is a waste of funds, as the cost of the Vale Royal Lock repairs will now escalate.

5. NEGLECT OF POTENTIAL INCOME SOURCES

5.1 BW's flat cash settlement from DEFRA was better than other agencies received. But BW relied on tireless campaigning from Save Our Waterways, the IWA and many individuals in the waterways community, making no public attempt of their own to ensure their grant was not cut.

5.2 There has been no apparent attempt by BW to get money from the Treasury Contingency Fund, the Welsh Assembly, local authorities, the European Union or any other body for the Gilwern breach, and no information on BW's attempts to find alternative sources of funding.

5.3 BW did a lot of good work fighting the floods last summer, but did not publicise it. Publicity could have assisted them in getting money from the Treasury Contingency Fund.

6. ALIENATION OF POTENTIAL PARTNERS AND SUPPORTERS

6.1 Recently BW closed the Standedge Tunnel visitor centre, so the Heritage Lottery Fund (HLF) demanded that BW return funding to the HLF. Under duress BW reopened the visitor centre. (It was hardly surprising then that the Cotswold Canals Partnership failed to get Lottery funding for Cotswolds 1b from Saul to Stonehouse.) Now the Cotswold withdrawal is making potential partners reluctant to involve BW in any restoration or regeneration partnership.

6.2 BW have lost support amongst user groups and individual customers too, because of their mooring tendering trials and licence fee increases. There is considerable scepticism about the value of consultation exercises. Many waterways supporters believe that the outcome (eg the amount of a fee increase) was decided in advance and that the process was designed to get customers to accept the pre-ordained figure. Internal reviews are greeted with similar scepticism. BW's latest "leaked" "memo to staff" shows they have completely lost the plot, in that respect.

7. LACK OF SUCCESS AS A PROPERTY DEVELOPER

7.1 For British Waterways to fulfil its role, it needs to be able to budget accurately. But it appears to have difficulty in matching the likely income streams from property with its expenditure streams. Furthermore, it relies on assumptions about economic conditions and growth in the property market.

7.2 In some cases it assumes that it will get planning permission easily, so its own plans and forecasts (as mentioned in Board minutes) are based on continuous "straight line" growth projections. But at Gloucester Quays, BW's joint venture with Peel Holdings was not allowed the predicted housing density.

7.3 There were similar problems with the ISIS joint venture at Commerce Road, Brentford (ISIS was set up by British Waterways (50%), AMEC and IGLOO regeneration fund in 2002). The plans for the site had evident flaws, which the London Borough of Hounslow (amongst others) pointed out to ISIS over five years. ISIS refused to compromise and the case dragged on for years, eventually going to public planning inquiry.

Hazel Blears (DCLG) agreed with her inspector that the development had "fundamental deficiencies" in relation to design and conservation, access and transport and affordable housing issues. She also agreed "that the development would have an overwhelming impact on the adjoining conservation areas and would prejudice the viability of better located town centre sites." Hounslow was particularly pleased to see the inspector calling for "a completely different conceptual framework that would succeed in respecting the capacity of the site."

The result will be a less dense site, with lower income potential, developed in a flat or falling property market. But, in a clear mismatch between income and expenditure streams, income from this project was intended to fund the 2008-9 BW budget; its loss led BW CEO Robin Evans to say at a recent press conference that lower income from joint ventures will create a £5-£10 million deficit in the 2008-9 budget.

7.4 Even on the Cotswolds, BW made mistakes. As part of the funding package for Cotswolds 1a, BW accepted from SWRDA a property valued at £6 million instead of cash: Some land was needed for the canal and the rest was to be sold to fund the restoration. The Board minutes of January 2006 and March 2006

suggest that this decision may have been taken with indecent haste and without due diligence. Was the property worth £6 million? Was it suitable for resale? Was this a convenient vehicle for SWRDA, so it did not have to use its compulsory purchase powers? (No CPO's we used to assemble the land for Cotswolds 1a).

8. CONCLUSION

8.1 BW does need more predictable funding. But the present focus on property development seems to deter BW from engagement in restoration and has caused it to under perform in waterways management and advocacy. BW consistently overestimates the risks and costs of restoration and underestimates those of property development. It relies on matching development income with its own expenditure, ignoring other potential income sources, and without recognising that the two streams are inherently incompatible. To compound the problem, it has made serious errors in property development, thus risking further deterioration in its waterways management and advocacy. Ne sutor ultra crepidam: BW should concentrate on its core functions, the government should fund it properly and property development should be left to the developers.

Neil Arlidge

March 2008

Memorandum submitted by West Lancashire District Council

BACKGROUND

British Waterways are the owners of Burscough Wharf, which is adjacent to the Leeds—Liverpool Canal and A59 intersection in Burscough Town Centre. The site comprises a total area of 0.18 hectares, with a number of buildings making up approximately 1,050m² of accommodation arranged around a central courtyard.

The property was formerly a waterway workshop with associated offices and accommodation. However, the buildings have been largely vacant for a number of years, aside from providing occasional storage space for maintenance equipment and materials.

Over the past 3 years there have been a number of new developments in Burscough, including the new Tesco Superstore and the Bus/Rail interchange, as well as the environmental improvements to the A59 corridor through the village centre. Both District and Parish Councils are eager to continue the regeneration of Burscough Centre and the Wharf Buildings, which form the southern gateway to the village centre, have been identified as a further potential opportunity to enhance the area.

The District Council approached British Waterways to ascertain what plans they had for the Wharf buildings and to see if both parties could work together to deliver the regeneration of this area.

West Lancashire District Council has a number of landholdings adjacent to the Wharf buildings and the Leeds—Liverpool Canal in Burscough Village Centre.

Burscough Old Stables (Site A)

A multi occupied workshop/office development comprising 10 units, 4 of which are presently vacant. In terms of its layout/size and the condition of the premises, the accommodation does not meet the needs of modern business occupiers.

Mill Lane Car Park (Site B)

A free public car park with space for up to 25 cars.

Burscough Library (Site C)

A 2 storey traditional red brick building that is leased to Lancashire County Council.

Smithy Walk Car Park (Site D)

A free public car park with space for up to 45 cars.

Land at Stanley Court/Colbourne Close (Site E)

A site having an area of 1,110m² that is used as an informal car park on an occasional basis.

In discussion with the District Council, British Waterways have indicated their desire to see the redevelopment of the Wharf site that would provide a commercially viable scheme, but where possible retain the existing buildings. Given the close proximity of the site to a number of Council owned sites, it was considered that various options should be explored, including investigating the possibility of a larger development on both British Waterways and District Council owned land.

Consequently, The District Council and British Waterways jointly commissioned Brock Carmichael Architects, to carry out a study to assess the feasibility of the regeneration and redevelopment of their respective land holdings in and around the Wharf area.

The principal aims of both the Council and British Waterways is to secure the sustainable regeneration of the area around the Canal adjacent to Burscough Village Centre, creating social, economic and environmental benefits for local and visiting communities alike.

CURRENT POSITION

The study prepared by Brock Carmichael Architects concludes that the buildings on the Burscough Wharf site, whilst not listed, have considerable architectural charm and a strong historical association with Burscough and are suitable for conversion to a variety of uses.

There is considerable local interest in the Burscough Wharf and British Waterways have been extremely accommodating both to the District Council and other interested parties in allowing access to both the Wharf buildings and in providing information to local interest groups. The local community, through the Market Towns Initiative and independent consultants who produced a Rural Economy Study for the District have identified the potential of the canal and the Wharf building as assets that could be used to improve the attractiveness of the town for inward investment and economic regeneration.

Mr Ian Sprott has made himself available to attend meetings which addressed both the concerns of the local population and provided professional advice about the best way to progress matters.

I would request that the Committee encourages British Waterways to continue its partnership working on regeneration projects.

Jayne Traverse
Executive Manager Regeneration and Estates
West Lancashire District Council

March 2008

Memorandum submitted by the Country Land and Business Association

Following the Environment, Food and Rural Affairs Committee invitation to all interested parties to submit a brief written memorandum setting out their views on this matter the CLA responds as follows.

Most of the 36,000 members of the Country Land & Business Association (CLA) are by definition rural landowners. CLA members' businesses manage land, generate jobs, provide land and buildings for investment and housing for local people, and participate in environmental land management programmes. Land is the principal asset of most CLA members and its value depends particularly upon the use to which it is put under planning policy.

During the last seven years the CLA have acted as advisors to the Cotswold Canal Partnership Board and have neither actively supported nor discouraged the project as our membership includes both those who actively support the restoration of the canal and wish to exploit the diversification opportunities and those who feel the canal restoration would interfere with their: landowning interests; farming practices; quite enjoyment of private dwellings and operation of rural businesses. We have also voiced concern over acquisition of private land principally by compulsory purchase.

Further to announcement, we have concerns over the withdrawal of British Waterways from the Cotswold Canal Restoration Board as they have been the main drivers of the project and have principally been responsible for implementation as well as the ongoing maintenance of the project. British Waterways also contributed their vast wealth of knowledge and expertise to the project and their departure leaves a void which cannot be filled by the remaining members of the board. The CLA feel that it is important to stress that if the Cotswold Canals Partnership want to forge ahead with this project they need to carefully consider the practicalities of the project without the support of British Waterways, especially in relation to realistic funding requirements.

It is of particular concern that in addition to British Waterways abandonment of the restoration project it is also lapsing its commitment to the ongoing maintenance of the canal once restored. The CLA would like a clear management plan for the future maintenance of the canal with a predicted annual budget for repair and ongoing maintenance.

Charlotte Sealy
South West Regional Surveyor
Country Land and Business Association

March 2008

Memorandum submitted by the British Marine Federation

The British Marine Federation is the trade association for the UK leisure marine industry. Our 1,500 members provide the boats, marine equipment, facilities and services that enables nearly 4 million people to enjoy boating and watersports on the coast and inland waterways of our country.

Approximately 40% of BMF members have interests in inland waterways, operating businesses on the canal network, navigable rivers and Norfolk Broads. Operators of hire boats, passenger boats and hotel boats deliver visitors to our inland waterways, including many international tourists. These operators, together with other waterside businesses who build boats, operate marinas & moorings and boatyards contribute significantly to the rural and urban economy. The inland marine industry is wholly comprised of small firms.

Individuals who operate businesses on the canal network depend on British Waterways to manage and maintain the environment in which their businesses exist and can remain viable. On the whole, the BMF and our members enjoy a very positive relationship with British Waterways. This relationship has improved dramatically over recent years and it is something that we wish to continue to develop to mutual advantage.

It is private investment by marine companies that provides the boating infrastructure and particularly the marinas and moorings that are needed for people to make recreational use of our waterways. British Waterways, through its establishment of their New Marinas Unit has done much in recent years to ensure that growth in private sector investment in boating can take place. Latest figures suggest that in the last 18 months over 2,000 new berths have been constructed through investment on our members part with a further 1,100 under construction and about 2,500 in the pipeline.

Our member companies are not usually the prime movers in regeneration or restoration projects. However, the goods and services provided by our members do play a part in the long term sustainability of any restored/regenerated waterway where the boating market develops. Regeneration and restoration therefore undoubtedly benefits these businesses economically and has the potential to create jobs.

British Waterways are being faced with some very tough decisions in the light of their current budgetary situation. We know that many people have been critical of their decision to withdraw from the Cotswold Canal Partnership. A contributory factor in this decision was BW's decision to provide emergency funding to address the situation on the Monmouthshire & Brecon Canal where waterside businesses and wider tourism has been decimated by the major breach to the canal structure that will see the waterway closed for 1 year to 18 months. We would like to thank British Waterways for its decision to fund swift and certain reopening of the Monmouthshire & Brecon Canal. This decision will address the threat to those existing and well established businesses located on the Monmouthshire & Brecon canal. We think that British Waterways should be commended for making a difficult but time critical decision to address the impact on our members and the local economy in South Wales.

We hope that the EFRA Committee will encourage British Waterways to continue its good work on regeneration and restoration within the bounds of its current budgetary situation.

Howard Pridding
Executive Director
British Marine Federation

March 2008

Memorandum submitted by Heritage Lottery Fund

1. THE ROLE OF THE HERITAGE LOTTERY FUND

The Heritage Lottery Fund (HLF) distributes money from the National lottery to heritage projects across the United Kingdom. HLF has committed over £4 billion to more than 26,000 heritage projects across the UK since 1995. Our primary aim in distributing this funding are:

- to encourage more people to be involved in and make decisions about their heritage;
- to conserve and enhance UK's diverse heritage; and
- to ensure that everyone can learn about, have access to and enjoy their heritage.

A further aim is to:

- bring about a more equitable spread of our grants across the UK.

In our policy directions Government have asked us to address regeneration, including:

- the scope for reducing economic and social deprivation; at the same time as creating heritage benefits.

2. COTSWOLD CANALS

In January 2006 the Heritage Lottery Fund Board approved an award of £11,924,000 (total costs £27,641,254) to the restoration of the Cotswold Canals, with British Waterways as the grantee.

Approved Purposes

The project aims to excavate and restore a 9.5km section of the Cotswold Canals from The Ocean at Stonehouse to Brimscombe Port, east of Stroud and create a 6km walking trail on through to Saul junction. The projects benefits were described as follows:

- Length of waterway restored: 9.5km
- Listed structures to be restored: 4
- Heritage features to be restored: 30
- Numbers of locks restored/constructed: 12
- Bridges repaired/improved: 27
- Length of trail safeguarded/upgraded: 9.5km
- Residents within 1 mile of restored length: 48,549
- Additional towpath recreation visits pa: 215,180

The reinstatement and restoration of the historic Canals and their operational structures will be undertaken using carefully considered conservation techniques and appropriate materials. The outcomes are expected to be the re-opening of the Canals to boat navigation and towpath-based users (anglers, walkers, cyclists, etc), along with substantial biodiversity enhancement, greater community appreciation and understanding and access of the Canals, through co-ordinated interpretation, participation and education initiatives as well as training in conservation and other skills for local people, volunteers and contractors.

Project Progress

The grant contract was concluded in June 2007, which included Stroud District Council as contractually engaged in the project. Work on site began in October 2007. Work undertaken to date includes major excavation and reinstatement of the line of the canal adjacent to Oil Mills Bridge. Work has begun on rebuilding the bridge (demolished 1973), using some of the existing brickwork but with a new bridge deck. There have also been a considerable number of "activity" works, including volunteer working days and training.

On 4 February 2008 HLF learned that British Waterways had decided to withdraw from the project, due to funding pressures elsewhere; the breach in the Monmouth-Brecon canal had priority for funding over the Cotswold Canals project.

The consequences of this withdrawal are being discussed by the remaining partners, who are consulting all the key funding bodies. No decision about the future of the project has yet been made by HLF and HLF is awaiting a formal submission from Stroud District Council.

Heritage Lottery Fund

March 2008

Memorandum submitted by The Waterways Trust

1. Role and Remit.

1.1 The Waterways Trust is an independent charity established at the instigation of BW in 1999. The role and remit of the Trust was endorsed by Government in the white paper, *Waterways for Tomorrow 2000* (WfT).

1.2 The Trust has a UK-wide remit to help realise the educational, social, economic and environmental benefits of waterways for all sections of the community.

1.3 Our vision is to see Britain's waterways supported, valued and enjoyed by all sections of the community.

1.4 We previously submitted evidence to the Committee dated February 2007 which sets out a broader explanation of our work in three areas:

- Fundraising, which yields up to £2 million per annum for waterway-based projects that enable people and communities to enjoy, and gain benefit from their waterways
- Regeneration where in partnership with British Waterways, we have enabled over £40 million of new investment in Britain's waterways. We also work to bring together the complex partnerships that underpin waterway regeneration projects
- The National Waterways Museum and Archive. The Trust operates the National Waterways Museum and Archive based at three centres: Ellesmere Port, Gloucester Docks and Stoke Bruerne, Northamptonshire.

1.5 Funding. The Trust has a turnover of £4.6 million pa. The Trust's activities are currently assisted by a funding contract with BW worth £950,000 pa.

2. COMMENTS TO THE ENQUIRY.

2.1 The Waterways Trust convenes and chairs the Cotswold Canals Partnership. Many of the 16 organisations who have supported this partnership over the last 7 years will want to submit evidence in their own right. These comments are on behalf of the Trust rather than the partnership.

2.2 The Committee will, however, be interested to know of the determination of the partnership to continue with the project in the new circumstances. At a special meeting of the partnership on 19 February, the following statement was agreed:

The Cotswold Canals Partnership today confirmed its determination to continue the restoration project following British Waterways' withdrawal due to other financial pressures. Whilst the Partnership deeply regretted BW's decision, there was a unanimous desire to sustain the momentum of the project. Detailed discussions are now underway to ensure continuity of funding in the new circumstances and to find ways to bridge the funding gap created by BW's withdrawal.

The Partnership is determined to build on the investment already made in the project and the broad base of public support that provides a platform for its continued development and future success.

2.3 The transformation of the waterways network in recent years has been a remarkable story and an undoubted policy success for Government in which BW's lead has been vital.

2.4 The Trust is pleased to have contributed to this success, working as a partner with BW on a number of major regeneration projects, in raising funds for community-based projects and sustaining the National Waterways Museum.

2.5 As a result of their work, BW and its partners have built-up a clear and detailed understanding of the benefit of waterside regeneration and waterway restoration, to community development and cohesion, economic development, education and learning opportunities, as well as enhancement and protection of the environment and heritage. BW has also developed a high level of expertise in funding, designing, engineering and delivering of waterside regeneration and waterway restoration.

2.6 This is a precious body of knowledge and experience that has been acquired in the successful delivery of urban and rural waterside regeneration (in places such as Birmingham), as well as waterway restoration projects such as the Rochdale Canal, Anderton Boat Lift, Ribble Link, Huddersfield Narrow, Chesterfield, Kennet & Avon, and Lowland canals in Scotland.

2.7 As a body of work, it represents a major accolade to BW and all organisations involved drawn from every sector and section of the community. It now underpins new waterside regeneration schemes like Sheffield, Gloucester, Edinburgh, Leeds, East Manchester and East London, as well as waterway restoration projects such as the Cotswolds and others such as, Bedford Milton Keynes Link, Bow Back Rivers, Droitwich Canals, Manchester Bolton and Bury, Montgomery and the Helix project in Scotland, many of which are in development and/or moving to implementation.

2.8 The Cotswolds is a very important project, and in particular has become an exemplar in many areas of partnership working—particularly training and skills development and in broadening and deepening the community participation.

2.9 Against this background, the withdrawal from the Cotswolds is greatly regretted by the Trust and other organisations in the voluntary, public and commercial sectors. However, the reasons for the withdrawal need to be widely understood. We must not let the disappointment of the moment spread into a destructive spiral of accusation which will damage the future prospects of other projects.

2.10 We would urge the Committee to concentrate on the underlying policy issues so that all can understand and respond accordingly. There appears to be three key issues which the Committee should consider:

- Under their current constitution, BW has to give priority to its statutory responsibilities on the core network
- Projects like the Cotswolds are discretionary under BW's current remit
- Under present arrangements, relatively short-term funding pressures on one organisation can put complex long term projects at risk. Everyone involved in waterway regeneration will hope that the Cotswold Canal project can be sustained in the new circumstances; this remains uncertain at present. Key partners in the public and voluntary sectors are doing all they can to meet the challenge.

2.11 The challenge to the Committee and all those involved in waterway regeneration is to identify policy improvements to help deliver these enormously powerful and influential public projects. These could include:

- strengthened advocacy for the value of waterways-based regeneration across all areas of public policy so that the breadth of outputs and outcomes is fully recognised
- a broader base of cross-sectoral funding for waterways
- a broader remit for BW beyond its current core statutory responsibilities.

The Waterways Trust

March 2008

Memorandum submitted by The Association of Waterways Cruising Clubs

EXECUTIVE SUMMARY

The Association of Waterways Cruising Clubs (AWCC) represent the interests of over 20,000 club boaters. We are the “self-help” people within the boating fraternity. We are involved in the practical cruising of the inland waterways network. Our concerns cover the social aspects of boating and the affect that reduced resources will have on retired people on fixed income and the ability of the young to enter the sport.

We summarise our additional comments to you in this supplementary memorandum as follows:

- The AWCC regret that British Waterways has found it necessary to withdraw from the partnering arrangements for the restoration of the Cotswold Canals, as this may now place serious doubt on the project;
- However, we sympathise with the dilemma in which BW find themselves and believe that maintenance of the existing track does take a higher priority;
- We agree that the “Mon and Brec” should be repaired as quickly as possible, because much of the rural economy there now depends on it; and,
- We would like to see the Select Committee prompt the Government into clear thinking both about the future structure on British Waterways and how wider rural regeneration objectives are to be met and resourced.

INTRODUCTION

1. The Association of Waterways Cruising Clubs (AWCC) exists primarily to foster the interests of cruising on the inland waterways. We have a direct interest in the continuing regeneration and development of an integrated system of waterways in the UK and its organisation through the major Navigation Authorities (NAs). We are an Association of over one hundred cruising clubs with more than 20,000 affiliated members. We represent the interests of self-help people within the boating fraternity and promote our cruising aims through a policy of mutual assistance exercised through our clubs. We enter consultations and negotiations with British Waterways (BW) and the Environment Agency (EA), and other bodies at national, regional and local levels. We join with other national waterways user associations as an Associate Member of the Parliamentary Waterways Group (PWG). The AWCC has a positive view of the future development, maintenance and use of the waterways, which we have expressed before previous sittings of the Select Committee over several years.

2. The AWCC previously provided evidence to this Select Committee Inquiry (Seventh Report of Session 2006–07, HC 345–I) in the form of a Memorandum dated 14 January 2007 and a Supplementary Memorandum dated 13 March 2007. We now provide a further Memorandum, as invited, for the one-off evidence session to examine BW's regeneration and restoration role, with particular reference to BW's decision to withdraw from the Cotswold Canal Partnership.

BACKGROUND

3. In the late summer of 2006, Robin Evans, Chief Executive of BW, met with the Chairmen of AWCC, IWA and NABO (at their request) to discuss the crisis caused by the in-year reduction of cash grant by DEFRA. After some detailed discussion on the actual situation, Robin Evans asked in a spirit of genuine enquiry, "what shall I do"? After further discussion, it was agreed all round that the closure of canals already open should not be an option. The position of restoration and rural regeneration in BW's priorities was discussed at some length. Our consensus was that these aspects were also important and needed to be considered in the scheme of things, but in the final analysis they took a lower priority than maintaining the existing track. However, we concluded this part of the discussion by telling the Chief Executive that the Cotswolds restoration was an important strategic link and should be the last thing to be cut. This was because so much effort had been put into developing the partnership arrangements and that they would be almost impossible to put back together if cut or delayed. He agreed with us at the time.

THE COTSWOLD CANALS PARTNERSHIP—ASSESSING PRIORITIES

4. The decision by BW to withdraw from the partnership has provoked much discussion within our membership. There is clearly much annoyance that BW has found it necessary to pull back from a firm commitment entered into with many partners. There is a general desire to see the restoration of this important strategic link through the heart of the English countryside. There is a genuine appreciation of the benefits to rural regeneration; to the rural economy, and to tourism, and we wish to see the project completed, however long it takes. We point to such projects as the Wey and Arun as an example of what is being achieved under adverse circumstances. However, the AWCC believe that when the going gets tough, as is now the case, the top priority that BW must give to the use of its scarce resources must be to maintaining the existing track, which includes canals already restored and opened.

5. Which is the more important, Cotswolds or Mon and Brec, is a question that featured in our minds? It is so easy to say that the isolated section of canal that is the Mon and Brec, may continue to give technical problems and that throwing money at it is not a good use of scarce resource. However, that was not our general view. The Mon and Brec shows exactly what rural regeneration is all about. It is a popular and picturesque waterway and many people's livelihood now depends upon it. It is fairly clear to us that the repair work now needed, albeit expensive to carry out, has to be given priority and the work done promptly.

WIDER CONCERNS

6. There is clearly an amount of displeasure in some circles with this and other decisions made by BW and some have called for more controls to be placed on BW, as was evident at the last Parliamentary Waterways Group meeting. The chairman of IWAC in reply very specifically said that there should be a loosening of Government constraints on the management of BW, eg to allow BW to borrow on the open market. Targets should be set and the management of BW should be left to get on with it. We very specifically agree with the IWAC Chair and would deeply regret any increase in Government or Parliamentary control that may arise from the investigation of the current situation. Our view should be very clear from our previous submissions that the removal of the nationalised industry constraints and creation of BW as a public corporation in 1999 was a massive step forward in the efficient organisation of a treasured public asset. The AWCC believe that there should be no turning back on this way forward. British Waterways should continue within public ownership, but be allowed an even more efficient structure appropriate for the 21st Century. We look forward to the discussion soon to be had in the British Waterways Advisory Forum concerning the BW Strategic Review.

7. The AWCC appreciate that rural regeneration is an important Government priority and believes and agrees that their objectives should be taken seriously. However, the message that we would like the Select Committee to send to the Government is that it should consider in the widest context how these objectives are to be best met and where the resources to meet these objectives are to come from. In the meantime, BW should not be overly criticised for sticking to their primary objectives.

8. Personal Note. I was brought into waterways campaigning some years ago when I was responsible for a Whitehall department procuring applied research. It was at a time of diminishing resources and there was a need to strictly prioritise planned research on absolute need rather than a nice to have basis. It can be a heartbreaking task to tell a scientist and his team that their work, which may have occupied several years of their lives, is no longer required and can no longer be afforded. It is these sorts of tough decisions that are currently required and, on behalf of the AWCC, I hope that the Select Committee will take a positive role in ensuring an appropriate future for British Waterways.

David Pearce
National Chairman
Association of Waterways Cruising Clubs
March 2008

Memorandum submitted by Ken Bailey

BRITISH WATERWAYS—COTSWOLD CANALS PROJECT

1. Now 2 Years into a three year project :
 - a. Only one planning application for works submitted in that time, Six months after project HLF approval.
 - b. Only one project has been started, Eighteen months after project approval.
2. Virtually no additional funding sources has been identified by BW from the start of this project.
3. Delays in the project have resulted in a large amount of money being lost due to inflation over the period. A lot of straight forward dredging and lock chamber repair work could have been carried out and paid for with limited input from British Waterways project staff.
4. Considerable time and effort has been spent on re-costing the project with increases each time.
5. British Waterways have generally refused to put work out to tender, insisting on using their preferred contractors.
6. Lack of senior Engineering Project manager until January 2008.
7. High staff turn-over in all areas and low morale within British Waterways project team.
8. Lack of high level (director) push behind such a major project.
9. Reluctance to use the knowledge or information available from long standing Cotswold Canals Trust members.
10. Reluctance to allow significant volunteer involvement on the ground until recent months.
11. Very little progress with land owner negotiations for other than those with Company of Proprietors of Stroud water Navigation and also Glos County Council.
12. Response to Maintenance problems has been some what lacking, such as a failed sluice gate which took several weeks to repair resulting in the death of a considerable number of fish. Volunteer offers to make either temporary and permanent repairs were declined.
13. When BW announced that they would be withdrawing from the project they apparently asked DEFRA “for a one week period to notify staff and other project partners” as reported in Hansard in response to a question asked by David Drew MP.
 - a. Stroud District Council were informed some 30 mins before press.
 - b. Cotswold Canals Trust 10 mins before the press.
 - c. Company of Proprietors of Stroud water Navigation have yet to be notified formally . . .
14. A considerable number of projects, both private and publicly funded”, have been build round the “restored canal” which may fail if the project stalls.

15. BW withdrawing may will not only result in the loss of their own fairly small outstanding financial contribution. but may also mean that HLF funding will not be available to others to continue the work.

Ken Bailey

March 2008

Memorandum submitted by Preston City Council

1. Preston City Council have worked and are continuing to work with British Waterways on a number of major city and regional regeneration initiatives.

2. Over the last ten years the Council has worked in partnership with British Waterways on :-

- The Ribble Link—the last new canal to be built in England which connects the Lancaster Canal to the Leeds Liverpool Canal via the River Ribble and which has created a whole new area for tourism, leisure and amenity in the region;
- The second phase of redevelopment at Preston Riversway Docklands (Quayside). This will create some ten hectares of new waterside development sites and will add value to a further 15 hectares of existing waterside areas. These areas together will constitute a major commercial residential and leisure destination for the city of Preston and will act as a catalyst for economic growth to the west of the city centre.
- The study to reopen the disused southern reaches of the Lancaster Canal (Canalside) where it leads into the City Centre. This proposal is being developed to provide a new waterside village adjacent to both the city centre and the University of Central Lancashire.
- The Riverside Project—This is designed to make the River Ribble the focus for Preston's emergence as the third city of the North West. In the medium to long term this will provide waterside parkland settings adjacent to the city centre around which new housing and related facilities can be located : all within walking distance of the city centre.

3. All of these projects are major planks of Preston's City Vision for the 21st Century.

4. The Council is pleased to work with British Waterways in these areas and is confident that it has unrivalled experience in waterside regeneration and can call on a wide range of expertise from its consultants' panel, including marine engineering, environmental issues, masterplanning and leisure management.

5. The Council has been extremely satisfied with the service and support that it has reserved from British Waterways across a wide range of projects over a long time scale and would urge that they are encouraged to retain their role in water related regeneration / renaissance developments.

Preston City Council

March 2008

Memorandum submitted by Northamptonshire Enterprise Limited

In response to the four areas you have asked for evidence please find our comments below:

1. Our contact with BW has predominantly been in relation to collaboration on activities that support the tourism and economic potential of the waterways. As such we have worked quite recently with BW on a specific project to enhance the Stoke Bruene Canal in Northamptonshire in an effort to increase the numbers of visitors to the facility.

2. In our view based on experience with working with BW, they provide a strategic co-ordination role to maximise the role of the waterways. The regeneration and tourism potential of the waterways is widely recognized and BW have a critical role in facilitating those benefits across the country in a consistent manner.

3. Our engagement with BW has been very positive, with BW providing a valuable project management lead to deliver a significant project to the Sub-region. They bring strategic co-ordination and expertise regarding the role of the waterways to the table within the context of a much wider agenda regarding regeneration and economic development of communities.

4. As such we would encourage you to continue to be supportive of BW in a manner so that their valuable role is not compromised or undermined.

Northamptonshire Enterprise Limited

March 2008

Memorandum submitted by Sustrans

LETTER IN SUPPORT OF BRITISH WATERWAYS

Sustrans is the UK's leading sustainable transport charity. Our vision is a world in which people can choose to travel in ways that benefit their health and the environment. Every day we are working on practical, innovative ways of dealing with the transport challenges that affect us all.

The charity is probably best known for its role as the co-ordinator of the National Cycle Network. Offering over 12,000 miles of walking and cycle routes on traffic-free paths, quiet lanes and traffic-calmed roads, the Network now runs within two miles of around 75% of the UK population.

Some 500 miles of the National Cycle Network runs along the UK's canal network, much managed by British Waterways. Sustrans has been grateful for British Waterways' support and can quote many examples of ongoing partnership working that benefits walkers and cyclists.

For example, between Birmingham to Redditch, British Waterways have undertaken interim towpath improvement works in the vicinity of Hawksley Tunnel in south Birmingham. This has made the network in this local area much more user friendly.

In North Wales a £80,000 project has been put together with support from Sustrans, British Waterways and other partners to create the latest section of a continuous canal side walking and cycling route out of Newtown. The path is designed to be accessible to all—from cyclists and walkers to wheelchair and pushchair users—making it a valuable local asset.

We look forward to continuing to work with British Waterways both on the National Cycle Network and on Connect2, Sustrans' project to revitalise walking and cycling in 79 communities across the UK by creating new routes for the local journeys we all make every day. In December 2007 this ambitious UK-wide project won the public vote in the Big Lottery Fund's: The People's £50 million contest.

In total 17 of the Connect2's 79 schemes will rely on the support of British Waterways if they are to be successfully delivered. For example, on 29th February 2008 John Grimshaw, Chief Executive of Sustrans, joined representatives of Rochdale Council and British Waterways to update residents about the exciting plans for the £1.2 million Rochdale Towpath Connections scheme which will create new walking and cycling paths between the Rochdale canal and the townships of Rochdale, Middleton, Heywood and Oldham.

Sustrans would urge the Committee's ongoing backing for the British Waterways' work in the restoration of our waterway heritage.

Andy Wistow
National Cycle Network Director
Sustrans

March 2008

Memorandum submitted by Igloo Regeneration and Muse Developments

IGLOO AND MUSE

1. The Igloo Regeneration Fund (Igloo) has been described by the United Nations as the world's first responsible property fund. Igloo invests, on behalf of a group of major fund managers, pension funds, charities and ethical investors in well designed, environmentally sustainable, mixed use urban regeneration on the edge of the UK's top 20 city centres. Igloo's fund manager is Morley, a wholly owned subsidiary of Aviva plc.

2. Muse Developments (Muse) is one of the UK's leading exponents of mixed use regeneration with an unrivalled track record in the delivery of major developments through public-private partnership including such flagship schemes as Newcastle Quayside, Hulme Regeneration and Barbarolli Square in Manchester; a forward development programme of nationwide regeneration projects valued at £5 billion; and the role of development manager to the innovative and very successful English Cities Fund. Muse previously traded as Amec Developments and is now a wholly owned subsidiary of Morgan Sindall plc.

ISIS WATERSIDE REGENERATION

3. Igloo and Muse have formed a joint venture to invest in Isis Waterside Regeneration, a joint venture with British Waterways (BW) in which BW have 50% and the Igloo/Muse JV has 50%.

4. Isis Waterside Regeneration was a significant innovation when it was formed in 2002. It provided British Waterways with a way of engaging long term private investment finance and development management skills to release the financial, social, environmental and waterside value of its larger and more complex property assets.

5. Isis has delivered financial returns to British Waterways to help maintain the canal network, delivered urban regeneration in places like Manchester and Leeds and is delivering significant enhancements to the waterside environment.

WATERWAY ENHANCEMENT (COTSWOLD CANAL)

6. Isis provided support to British Waterways in undertaking its analysis of the viability of the re-opening of the Cotswold Canal and as Isis's private partners we were, and are keen to support this initiative if it can be made viable.

7. We have been impressed by the innovative approach of British Waterways in forming Isis and in the extent of activity they have been undertaking during the course of Isis's existence in restoring, expanding and enhancing the canal network.

8. An holistic approach to waterways restoration, re-opening and construction, which recognises the public benefits as well as the commercial viability of these initiatives and uses the latter in part to achieve the former is something we wholeheartedly support. We believe the waterways contribution to wellbeing, sustainability and other public policy goals in the UK is under-valued and that a more proactive and strategic engagement through vehicles like Isis would help to reap these benefits.

BRITISH WATERWAYS

9. British Waterways has also developed its own skills in this period and while it is unlikely ever to have the culture, resources or competitive advantage to undertake the physical development element of urban regeneration it is developing its skills and its internal resources both to maximise the value it is capable of achieving from its assets and its ability to act as a partner with both the other public and the private sectors.

10. However to present a balanced picture we should also air some of our concerns. We are acutely aware of the recent financial pressures on British Waterways and this has caused difficulties for Isis as it seeks to balance financial returns (and in particular consistent cash flow to BW from what is still a relatively small portfolio of projects from a relatively young venture with a necessarily lumpy cash flow profile) with social, environmental and waterways benefits.

DEFRA

11. We have been surprised that DEFRA has not been more pro-active in working with BW to maximise the potential of BW's activities to achieve social and environmental benefits in particular. Given DEFRA's primary policy objectives around sustainability as well as the government's wider policies it seems strange that BW appears to be primarily focussed on securing revenues to minimise grant in aid investment in the waterways when there are major policy wins in areas like urban regeneration, new housing, design quality and sustainability that are relatively easy to secure and promote.

SECURING POLICY OBJECTIVES THROUGH PUBLIC PRIVATE REGENERATION PARTNERSHIPS

12. We have also been aware of a reluctance within BW to embrace these policy agendas and to promote the role of BW, and of its initiatives like Isis, in securing their delivery.

13. Igloo is also involved in a similar public private partnership in the East Midlands with the East Midlands Development Agency (emda) and English Partnerships and our experience is that Blueprint has been better at achieving both financial and public policy goals in its activities which are essentially identical to those of Isis.

CONCLUSION

14. In conclusion we find British Waterways good and generally improving, though not yet perfect, partners and we believe that, if appropriately incentivised and resourced, they could be a major force for good and for the achievement of a number of important public policy objectives in the UK through the range of their activities and particularly through their waterside regeneration role.

Submission by *Chris Brown*
Chief Executive of Igloo Regeneration; and

Nigel Franklin
Managing Director, Muse Developments

March 2008

Memorandum submitted by Chester City Council

1. Chester City Council has been working with British Waterways involving the sustainable regeneration of the Canals in Chester for ten years. The canal through Chester has been improved with investment of more than £3 million in a Greenways project to create a safe green route of 12km between the City and surrounding countryside for the use of the community and visitors to the city. British Waterways were an important local partner on an Interreg tourism project and a cross-border initiative between Cheshire and Shropshire as part of a very successful Leader+ programme; and most recently on the restoration of an historic boatyard close to the city centre.

2. British Waterways is also in the process of a major canal side regeneration scheme within the City at Tower Wharf. On completion of this a new mixed use development around the north basin will provide a new visitor quarter and complement the City centre regeneration.

3. During this period of partnership we have achieved a significant investment into the canals of Chester which have brought benefits to the local economy through increased opportunities for tourism product development. But there has also been significant benefit to local residents through the provision of safe, non-car routes to work and school; and environmental and public space improvements as well as improved access to and enjoyment of the environmental assets of the canal corridor. British Waterways has made a significant transition from an Engineering-led organisation in the mid-90s to a committed and capable partner with a track record of delivery for social and economic benefit. And we have been pleased to work with a very able and professional team.

4. British Waterways has been a valuable partner in the regeneration programme in Chester over the past decade and the City Council expects it to play a key role in the future as a partner in our aspiration to be a “Must-see European Historic City Destination”. The canal system through Chester makes a significant contribution to our strategic open space, visitor economy and green transport infrastructure; and has the potential to provide a key link between Chester City Centre and Chester Zoo which has Northwest Development Agency support to develop into a “superZoo” which will contribute towards the success of the Region.

5. Chester has embraced the concept of partnership since the early 1990’s. British Waterways was an “early adopter” of the approach we fostered. Like any partnership, there have -sometimes- been disagreement resulting from tactical decisions dependent on arrange of different drivers. But, strategically, we have developed a mature partnership which has allowed us to overcome occasional differences in order to achieve a joint agenda. We have a demonstrably successful partnership in Chester focussed on the contribution the canal network makes to the City. Long may it continue.

Mike Dix
Distinctiveness & Place Marketing Manager
Chester City Council

March 2008

Memorandum submitted by Central Salford Urban Regeneration Company

RE: BRITISH WATERWAYS—MANCHESTER BURY BOLTON CANAL

I write further to recent discussions with British Waterways and the Efra Select Committee decision to examine British Waterways’ regeneration and restoration role on the back of British Waterways’ decision to withdraw from the Cotswold Canal Partnership.

Central Salford Urban Regeneration Company (URC) was set up in February 2005 with a remit to facilitate the delivery of a major £4 billion private sector investment programme, including mediacity.uk. The URC’s Vision and Regeneration Framework sets out the regeneration vision for five transformational areas. One of these transformational areas is the Strategic Transport Programme, which includes the canal corridors within the URC area. The restoration and reopening of the Manchester Bury Bolton Canal forms an integral part of the URC’s Strategic Transport Programme.

The URC and British Waterways are working with a number of public and private sector partners to deliver the restoration of the Manchester Bury Bolton Canal. Delivery of Phase 1 of this project is already on site and is due for completion in April 2008. The Phase 1 of the project forms an important element of the English Cities Fund’s Chapel Street Regeneration Initiative.

The restoration and regeneration of Phase 2 of the Manchester Bury Bolton Canal underpins the Crescent masterplan that has being prepared by John McAslan’s Architects at present and will form a strategic spine through the site and it is this waterside link that will underpin the comprehensive mixed-use redevelopment of the area. The redevelopment of the Crescent area has the potential deliver a major expansion of the University of Salford. The University site is presently being masterplanned by Urban Initiatives. British Waterways are one of a number of key stakeholders involved in this exercise and have to date brought considerable knowledge and experience to the both masterplanning exercises.

In looking at how the public sector could deliver the Crescent masterplan, the URC and Salford City Council have had initial discussions the principles of a partnership with British Waterways, in the form of a public sector Joint Venture and working alongside a private sector development partner to deliver this comprehensive regeneration project which will contribute to the expansion of the Regional Centre, Manchester.

In terms of the delivery of the URC's Vision and Regeneration and in particular the restoration of the Manchester Bury Bolton Canal, the URC see British Waterways as a key stakeholder and one that not only brings a great deal of experience and knowledge to the partnership but also has the potential to unlock funding to contribute to the deliver of this major project.

The URC is happy to be working in partnership with British Waterways to deliver Phase 2 of the restoration of the Manchester Bury Bolton Canal.

Nik Puttnam
Senior Development Manager
Central Salford Urban Regeneration Company

March 2008

Memorandum submitted by Powys County Council

I write to advise you that Powys County Council has been working with British Waterways on the sustainable regeneration of the Montgomery Canal in Wales for the past 18 years, including the development of the ground-breaking Conservation Management Strategy for the canal corridor by the Montgomery Canal Partnership, led by British Waterways, the implementation of which is delivering improvements in European-protected biodiversity, nationally important built heritage, recreational use by local people and the contribution of the canal to the local economy.

During this period of partnership working we have achieved a significant investment into the canal corridor and recently the Partnership has been successful in securing some £500,000 of Welsh Assembly Government and European-development funding for the Powys Canal Tourism project. We are continuing to work with British Waterways to raise awareness of the regeneration benefits of inland waterways nationally in Wales and British Waterways has been a committed and capable partner with a track record of deliver, with clear expertise and professionalism in their field.

The County Council values the relationship with British Waterways and as a consequence would ask the committee to recognise the positive work being undertaken within Powys in relation to the regeneration of canals for tourism use and the local economy. We accept the pressures on all public sector organisations at this time, and can understand the difficult decisions that have been taken, however in our view this in no way should undermine British Waterways' ability to act as a valuable partner in regeneration initiatives within Powys.

J Gareth Thomas
Economic Regeneration Manager
Powys County Council

March 2008

Memorandum submitted by Urban Vision Partnership Limited

I write with reference to the Select Committee session regarding British Waterways (BWB). Urban Vision Limited represents Salford City Council in property and regeneration matters and has had extensive dealings with BWB in connection with the Manchester, Bolton and Bury Canal.

The City Council has established regeneration aims and objectives covering the whole of the City and in particular, those areas more towards the eastern end of the City, which are showing signs of substantial community decline and large areas of brownfield, former industrial accommodation. The City Council has been very successful in transforming the former Manchester and Salford docks into Salford Quays, which is a world renowned waterside development, much praised by many bodies and individuals. Working with both the private sector and other public bodies, the City Council is keen to ensure that maximum opportunity is made from all waterside developments and to capitalise upon the catalytic effect that water can have within a redevelopment scheme of almost any magnitude.

The former Manchester, Bolton and Bury Canal has been largely infilled in the easterly part of the City, although it still remains in water in the west part of Salford and onwards into Bury and Bolton. The upcoming regeneration plans for Salford Crescent demonstrate through the consultation process and through the Masterplanning process which completed last Autumn, the importance of being able to re-open this length of canal, in order to provide variety and interest within what could become a dense urban landscape. The public sector landowners in this area, (the City Council, British Waterways and Salford

University) must work together to achieve the tangible goals through creative use of existing landholdings and the integration of new water features, plus the re-establishment of the former canal as a significant water feature in its own right. If we fail to achieve this, the resultant development will be substantially depreciated in its quality for the long term.

Our track record on working together over 5 years in re-establishing the first 450m stretch of regenerating the Manchester, Bolton and Bury Canal through the Middlewood locks commercial and residential development scheme, should stand us in good stead for establishing work practices over the next few phases to take us up to Salford Crescent, which is referred to above and can be seen as a major regeneration goal. The close relationship between the City Council, Urban Vision, the Central Salford URC and BWB has been essential in demonstrating to the private sector the necessary commitment to develop true public/private partnership working.

The City Council is now working with Central Salford Urban Regeneration Company and North West Development Agency to acquire the Regent Trading Estate, which is a significant blockage on the route of the canal, which will be effectively removed through the joint working of the various bodies. This again is a major step forwards and we hope to work with BWB and the private sector to realise the next stages of the opportunity that is before us in terms of bringing the beneficial effect of water into our schemes.

A sustainable community should be one of which people are happy to live, work and visit and as such, we need to provide a range of facilities including housing, jobs, recreation areas and schools. Key amongst these, is recreation and linkages between communities which canals and riverside walkways are extremely well positioned to achieve. We must continue to work together on the variety of schemes currently either in train, or in preparation in Salford and I look forward to developing further schemes with you in the coming months and years.

If I can assist further please contact me.

Richard Wynne
Director of Property, Urban Vision Limited
Urban Vision Partnership Limited

March 2008

Memorandum submitted by RENEW North Staffordshire

North Staffordshire Regeneration Partnership has been working with British Waterways on the regeneration of the canal corridor through Stoke-on-Trent for the past 5 years. During this period we have undertaken extensive improvements to the canal corridor to bring sustainable long term benefit to the area. The renewal of the waterside corridor, financially supported by Advantage West Midlands and GOWM (Objective 2 ERDF), has seen British Waterways as an important strategic key partner in the economic and social regeneration of North Staffordshire.

During our period of partnership working we have achieved a significant investment into the canal corridor which has increased visitors to the area which in turn has benefited the local tourism and associated local economy. British Waterways has been a committed and capable partner with a track record of delivery and with clear expertise and professionalism in their field.

As an organisation who values our relationship with British Waterways we would ask the committee to recognise the positive work being undertaken within this sub-region relating to the regeneration of canals for tourism and the local economy. Understanding the pressures on all public sector organisations at this time, we can understand the difficult decisions that have been taken however in our view this in no way undermines British Waterways as a valuable partner in regeneration in North Staffordshire.

Hardial Bhogal
Director
RENEW North Staffordshire

March 2008

Memorandum submitted by Hyndburn Borough Council

**BRITISH WATERWAYS AND HYNDBURN BOROUGH COUNCIL:
DEVELOPMENT OF THE CLAYTON TRIANGLE**

1. EXECUTIVE SUMMARY

1.1 Together with West Accrington and Church the small town of Clayton le Moors is within the Department of Communities & Local Government Housing Market Renewal (HMR) Pathfinder programme. Hyndburn Borough Council has prepared an Area Development Framework (ADF) as the investment strategy for the town. The ADF recognises the Clayton Triangle as a key project, whilst the subsequent Regeneration Plan, also commissioned by Hyndburn Borough Council, proposed that the development of the triangle was the key means of achieving sustainable regeneration within the town and borough.

1.2 The development site is approximately 7.9 acres, located on the Leeds and Liverpool Canal, Clayton le Moors, Accrington, Lancashire. The site is split into three land ownerships—British Waterways, Hyndburn Borough Council and a private land owner, which forms the partnership group.

1.3 The partnership group has agreed a means of achieving the development of the site, including the joint appointment of consultants, the preparation of the planning application, further land assembly, and community consultation.

1.4 The partnership between British Waterways and Hyndburn Borough Council has prepared the way for considerable private sector investment into the deprived ward of Clayton le Moors. The net regeneration benefit for the ward and borough is immense, the role of British Waterways in the process cannot be underestimated, the partnership with British Waterways has bought skills and experience that would otherwise not have been available to Hyndburn Borough Council.

1.5 Hyndburn Borough Council considers that the partnership with British Waterways offers a means of achieving the wider regeneration of the canal, and the canal corridor, not only within the context of the Clayton Triangle but also within the Borough and Pennine Lancashire.

2. CONTEXT

2.1 In December 2003, as part of the East Lancashire Housing Market Renewal (HMR) pathfinder processes, Hyndburn Borough Council and partners commissioned the production of an area development framework (ADF) for the Clayton le Moors and Enfield area. The ADF incorporated extensive stakeholder consultation and was produced in December 2003. It very clearly highlighted the potential, the opportunities and the constraints faced by partners in attempting to deliver renewal activities.

2.2 The nature of the ADF is one of identification of local issues and priorities for action. The ADF is not concerned with identifying feasible activities. The primary purpose of the ADF is to act as the guide for public investment in the area. In the first instance, the ADF formed the backdrop to a 2004 comprehensive bid to the HMR strategic body, ELEVATE, for substantial funding to tackle the issues highlighted.

2.3 The ADF indicated the potential for the redevelopment of the Clayton Triangle. The subsequent feasibility Regeneration Plan study reinforced the potential role of the Triangle as the most important strategic catalyst for the regeneration of the area, due to its potential to:

- Significantly improve the environment of the Triangle itself.
- Open up this length of the Leeds Liverpool Canal for public enjoyment.
- Provide a potentially high quality housing area within Clayton le Moors.
- Bring a significant number of new residents into this characterful, but increasingly deprived, area of Hyndburn.
- Provide further support for existing local facilities and services in Clayton le Moors which desperately need it.
- Help to enhance the image of Clayton le Moors as an attractive place to live.

3. THE PROJECT

3.1 This paper provides an outline brief on the proposed development of the Clayton Triangle, linking this into the wider regeneration of Clayton le Moors.

3.2 The Clayton Triangle area which forms the basis of this brief is located adjacent to the Leeds and Liverpool Canal, to the North of the A678 Blackburn Road, Clayton-le-Moors, in the Borough of Hyndburn. It lies approximately 2 minutes from Junction 7 of the M65 motorway and is bounded to the east by the A680 Whalley Road.

Situated in an area of mixed use, the site comprises approximately 3.18 hectares (7.87 acres) which are in the ownership of the members of the partnership group. The site comprises areas of cleared grassland and open space, a small manufacturing unit and a specialist vehicle recovery facility. In addition, the site incorporates two listed buildings—one warehouse with an attached office and house on the western side of the Canal, and a former stable block on the eastern side. Both are Grade 2 listed. Combined the two buildings comprise four separate grade 2 listings.

3.3 The Clayton Triangle is a key opportunity to secure substantial private sector investment and thereby facilitate the sustainable regeneration of the Clayton le Moors HMR area. While a mixed development would be preferred, for the most part, this development opportunity needs to encourage housing, in order to:

- Maximise the economic return to the current landowners, some of which can be reinvested in other local projects, thus securing sustainability.
- Provide highly visible regeneration that will encourage other investors and other forms of investment in the area.
- Increase demand for local services—retail, health, school places, nursery places, etc.—arising from the increased number of local households.
- Provide an improved sense of community and community investment.

3.4 The opportunity now exists to facilitate and encourage this major development:

- BW, the Council and the private land owner have prepared a joint development brief.
- Urban design consultants have now been jointly appointed by the partnership, the plans are well prepared to draft stage, with community consultation and planning application expected by early summer.
- BW has purchased a mill site immediately adjacent to the site with a view to assembling a larger and more useable site—a more strategic approach.
- HBC has identified alternative sites for land owners commercial interests.

4. CONCLUSION

4.1 The regeneration opportunity exists to exploit the redevelopment of the Clayton Triangle as a catalyst for the strategic regeneration of Clayton le Moors and the borough of Hyndburn. Present activities in the area such as low grade employment uses underplay the potential of the waterside and strategic thinking is required to ensure that the Triangle does not inhibit future regeneration opportunity in this wider area. The Leeds and Liverpool Canal is a unique resource for Clayton le Moors and the regeneration of the Clayton Triangle represents a significant opportunity to enhance the canal corridor, integrating it with the district centre and increasing the awareness and usage of it by the local community.

4.2 The partnership between Hyndburn Borough Council and British Waterways presents a significant opportunity for joint working and delivering regeneration objectives. It is anticipated that the partnership with British Waterways will be enhanced where possible to include wider regeneration objectives.

4.3 The Committee is requested to encourage British Waterways to continue its regeneration work in the nature described above.

Hyndburn Borough Council

March 2008

Memorandum submitted by the Kennet and Avon Canal Partnership

1. The Kennet and Avon Canal Partnership is a grouping established to steer the regeneration and restoration of the Kennet and Avon Canal. Its membership consists of the riparian local authorities, The Kennet and Avon Canal Trust, the Waterway Trade Association and British Waterways. Its work as a partnership continues even though the waterway restoration works have been completed. The present focus for the group is principally to provide strategic guidance and assistance to the managing bodies on waterway matters of recreation, development and access.

2. The groups membership recognise strongly the significant benefits that has accrued to its members and communities since the completion of the waterway restoration.

3. The Kennet and Avon Canal Partnership consider that the withdrawal of British Waterways from the Cotswolds Canal Partnership presents a huge issue and will no doubt put the project at risk. This will mean that the social, economic and environmental benefits similar to those enjoyed now along our waterway will be lost to the communities of the Cotswolds.

4. It is strongly requested that the Department finds ways to assist British Waterways finance and rejoin the Cotswolds Canal Partnership.

Terry Kemp
Chairman
The Kennet and Avon Canal Partnership

March 2008

Memorandum submitted by The Kennet & Avon Canal Trust

1. SUMMARY

We understand that The Environment, Food and Rural Affairs Committee will hold a one-off evidence session on British Waterways (BW), to follow up its work in this area last year (Seventh Report of Session 2006–07, HC 345–I). The Committee will take oral evidence from both Defra and British Waterways to examine BW's regeneration and restoration role, with particular reference to BW's decision to withdraw from the Cotswold Canal Partnership.

The Kennet and Avon Canal Trust considers that the Government has not taken due account of the environmental, social and economic benefits that would accrue to the communities through which the Canal passes as a result of the successful completion of the project. These benefits are now in doubt because of the withdrawal of British Waterways as the lead partner.

We would ask that the Department reconsiders its decision.

2. THE KENNET AND AVON CANAL

By way of example to the Department when considering its decision in the light of our submission and others, we draw on the parallels offered by the Kennet and Avon Canal Trust and its partners including British Waterways, in demonstrating the achievements obtained by pursuing a similar project as the Cotswold Canal to completion. All parties to the K&A partnership, have successfully restored and returned the canal to the nation in attractive condition and working order, as a vital resource for employment, leisure and Tourism. The Kennet and Avon Canal which runs for 87 miles and connects the River Avon at Bristol with the River Thames at Reading was in its heyday and is once more, a waterway of strategic importance connecting London with Bristol and forming part of a group of canals in the South West which are a focus for restoration (the Wiltshire and Berkshire, the Cotswolds, the Herefordshire and Gloucestershire, the Exeter, the Bude, the River Tone and the River Parrett).

The culmination of the successful restoration of the K&A was its official re-opening to through navigation in 1990 by HM The Queen. However, the waterway still suffered from significant and long-standing structural problems of water leakage and embankment stability which, unless they were addressed, would have threatened future usage of the canal.

A second major phase of restoration was subsequently undertaken, following a successful £25 million bid made in 1996 to the Heritage Lottery Fund (HLF) for funding to complete the restoration of the canal. Matched funding, totalling an additional £4.24 million, was provided by British Waterways, the Kennet and Avon Canal Trust and riparian local authorities. Work began in 1997 and involved:

- Ensuring an adequate water supply to sections of the canal through Devides, including the Caen Hill Lock Flight
- Stabilising the embankment within the Bath Valley
- Improved access and interpretation plus nature conservation, heritage and landscaping projects throughout the length of the waterway

Work was completed in December 2002 and the works completion was celebrated by the visit of HRH the Prince of Wales in May 2003.

3. EVIDENCE OF THE BENEFITS OF A SUCCESSFUL RESTORATION

A successful restoration brings many tangible benefits many are achieved during the life time of the restoration as well as afterwards. The Kennet and Avon Canal Trust and its partners led the way in canal restoration and the understanding of its benefits. After the successful completion of the Heritage Lottery Fund Project, in the process, gaining a sustainable future for the waterway, research has found that there are significant National, Regional and Local benefits.

The following is just an extract of the recent research—Ecotec 2006

The economic impacts associated with the Kennet and Avon Canal are substantial, and have grown significantly since 2002:

- Tourism and leisure activity along the canal corridor supports a diverse array of tourism and leisure businesses and connected employment in the areas through which the canal passes. Almost half of all tourism and leisure businesses within the canal corridor say that the canal is important to their business. On average, around 10–20% of the turnover of tourism and leisure businesses within the canal corridor is likely to be attributable to expenditure by canal users. This expenditure directly supports between 770 and 930 full-time jobs in the tourism and leisure economy within the canal corridor.
- Visitor numbers to the Kennet and Avon Canal have increased between 2002–2005. Evidence suggests in particular that the number of informal visitors to the canal towpath has increased at a greater rate than countryside visits nationally. Tourism and leisure businesses report that informal visitors to the canal have become increasingly important to their businesses since 2002.
- In the future, the upward trends in visitor numbers and consequent expenditure are likely to continue. A number of marina developments are in the pipeline, and should they go ahead, these developments will relieve pressure on the substantial waiting lists for moorings that currently exist. Over one third of businesses say that the canal restoration has benefited their business, while 18% believe that the canal will become more important to them in the future.
- The Kennet and Avon Canal continues to act as a significant attraction to property developers, despite the planning restrictions that exist along substantial stretches of the canal's route. In the future, the canal will form the centrepiece of the redevelopment of Newbury town centre.

The Kennet and Avon Canal continues to deliver significant economic benefits to the local economies through which it passes. These economic benefits have increased since 2002, and, based on current trends, are likely to continue to increase in the future.

4. THE COTSWOLDS CANALS PROJECT

Direct parallels can be drawn from The Kennet and Avon Canal's regeneration. A similar model is being used for the regeneration of the Cotswold Canal and similar benefits are expected by that Partnership within the communities the canal passes through.

We submit that no other form of investment of a similar sum of money as is involved in the funding cut currently inflicted, will provide such a plural and inclusive form of long lasting benefit on the scale the Cotswold Canal Partnership are working towards either in its adopted timescale or in any other, shorter or longer.

It should also not be forgotten that the economic model used in the restoration work on this particular Canal, relies on the funding of British Waterways and money donated via the Cotswold Canal Trust and other community channels to act as a primer. These funds liberate a far greater resource in labour and volunteer effort applied in the restoration of the Canal. That effort in turn acts as a catalyst in the economic growth of the Canal corridor. If DEFRA had to go out and procure the same effort it would have to pay several times more than the current value of the cut for the same work. In short DEFRA could not obtain the same social and economic value for its investment as it does through British Waterway's participation in the Cotswold Partnership.

The Kennet and Avon Canal Trust and its partners therefore object strongly to the decision that British Waterways withdraws from the Cotswolds Canals Partnership.

It would be short sighted and put in jeopardy the long term economic and social prospects of the communities through which the Cotswold Canal passes. We appeal to DEFRA to consider the investment cut not only in strict monetary terms but in terms of how much additional resource and effort that the cut in funds actually represents and which will now go to waste leaving a committed community without a major focus and a loss of purpose whose value is far greater to the region than the face value of the monetary cut.

Alongside the potentially crippling loss in momentum within the project built up over many years of dedicated focus which the cuts will bring at a stroke, employment will be lost, volunteer workforces will dissipate to the loss of the community, valuable leisure amenities will not now be created. Employment prospects will directly diminish in the region as a result.

We feel that ways should be found to allow dedicated finance to be allocated to British Waterways which will allow them to continue their participation in the group and to continue to deliver the many benefits which the community has already benefited from as a result of this project progressing and those which await a rural community on completion of such a project, in line with those that we along the Kennet and Avon Canal have achieved.

The Kennet & Avon Canal Trust

March 2008

Memorandum submitted by the Associate Parliamentary Waterways Group

BW's regeneration and restoration role, with particular reference to BW's decision to withdraw from the Cotswold Canal Partnership.

Please refer to the adjournment debate of 11 December 2007 (appendix 1) and to our submission to the previous EFRA select committee (appendix 2). These cover many of the concerns about possible changes to BW's regeneration and restoration role, fears which are realised in the withdrawal from the Cotswold Canal Partnership. If this prestigious, flagship project in which so much resource has been invested can be abandoned at short notice, what hope is there for other projects?

Both what was done and how it was done have attracted much criticism. If the financial constraints are so great as to make walking away from this project a good decision, then the temptation for asset disposal—despite the unfavourable current market, must be very great.

There are three main concerns:-

The damage to the reputation of BW

There is a risk BW will not be trusted in existing and future partnership projects to the extent they were. They will have less value as a partner in addition to their reduced ability to absorb the financial risk of underwriting projects. This is likely to result in fewer projects being started at all and others stalling or being abandoned.

BW's strategy on property development

Considerable sums were invested in Brimscombe Port, presumably sacrificed without any return. The property market has slowed considerably. Are there other investments that will be abandoned? What is the impact on budgeted returns for both rental and disposal? And what is the knock on effect on the deficit from these changes? All the anxieties voiced in appendices 1 & 2 about the inability to tackle maintenance arrears, respond to major disasters such as breaches and flooding.

Protection of the property portfolio as a public asset was covered in our submission to the previous committee. Ensuring BW does not feel forced into making disposals that the nation would live to regret and that could compromise effective future management has become urgent.

Social inclusion

It is difficult to interpret the canals fully without canals being used by boats and all users, including waterside property developers, enjoy seeing boats. Boating also of course delivers much of the regeneration benefit through tourism of the boat users themselves and people wishing to watch the boats, especially at the many notable engineering structures. Boaters are all year round users of waterside businesses.

If the only available income stream where prices can be hiked at short notice annually is boaters, then owning or hiring a boat becomes a luxury only open to very few. If boat use is perceived as very expensive the customers attracted will expect the highest standards of provision and maintenance just at the time basic standards are becoming harder to maintain. Boating should be an attainable aspiration for those on average income and a life long relationship with canal users possible and nurtured.

The moorings tendering pilot has attracted much criticism as being perceived as an attempt to raise prices unreasonably and for being an opaque process that is complex and risky to participate in.

Appendix 1

Adjournment debate 11th December 2007

<http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm071211/halltext/71211h0001.htm£07121143000001>

Appendix 2

Extracts from submission to EFRA Committee

(Environment, Food and Rural Affairs Committee, Seventh Report of Session 2006-07, British Waterways, HC 345-II, Ev 186)

<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmenvfru/345/345ii.pdf>

Associate Parliamentary Waterways Group

March 2008

Memorandum submitted by KPMG

ENVIRONMENT, FOOD & RURAL AFFAIRS COMMITTEE KPMG WRITTEN SUBMISSION CONCERNING BRITISH WATERWAYS STATUS OPTIONS REVIEW

INTRODUCTION AND CONTEXT

This short paper provides a summary of the basis for the current Status Options Review of British Waterways (the Review). This written submission has been prepared by KPMG LLP (KPMG) at the request of the Environment, Food & Rural Affairs Committee of the UK House of Commons (the Committee). The Review was undertaken by KPMG, with input from Merrill Lynch on investment banking and capital markets issues where appropriate.

SCOPE OF THIS SUBMISSION

This submission is necessarily at a high level and is intended solely for the purposes of providing the Committee with summary information about the Review. The draft findings of the Review are currently being considered by British Waterways (BW) and no decision has yet been taken by BW as to its preferred way forward (for discussion with Government and other interested parties). For these reasons the submission does not cover the draft findings of the Review. However, it does address the following specific questions put to us by the Inquiry Manager, each of which is considered in turn below:

- (a) KPMG's remit/the options we are considering
- (b) the timescale of the review
- (c) the consultation process
- (d) How the final review will be structured/results presented
- (e) If the various options are set to be prioritised, how will this be decided and by whom
- (f) How this work compares to previous reviews KPMG has undertaken on similarly-structured organisations to BW (if at all).

KPMG'S REMIT/THE OPTIONS UNDER CONSIDERATION

The Terms of Reference for the Review were published by BW in September 2007 (a copy is attached). These set out the framework within which the Review has been conducted and limits to the topics considered in the Review. We understand from BW that DEFRA and the Scottish Government provided input to the drafting of the Terms of Reference and agreed the final version.

With regard to the options under consideration, the intention has been to consider all feasible options, but bearing in mind the specific requirements in the Terms of Reference that: "any option must maintain the core waterway assets of British Waterways in long term public ownership" and "recommendations arising from the review must be acceptable to BW's key stakeholders and have a realistic prospect of implementation". Some options have been identified but not pursued in detail as they do not satisfy one or more of the goals for BW set out in the Terms of Reference. The options considered include the scope to modify BW's current governance arrangements as a Public Corporation, and a number of options where operational and commercial activities (but not core waterway assets) would be hived down to an entity positioned outside the public sector, to give BW greater commercial and financial freedom, whilst ensuring security of the core waterway assets in public ownership.

THE TIMESCALE FOR THE REVIEW

Work on the review began in September 2007. Our detailed fieldwork was completed during December 2007. Initial draft output from this completed fieldwork was presented to a Project Board (a committee of Board members, senior management and an external independent person, having oversight of the Review) in Mid January 2008. Further work has since been undertaken to refine the analysis and conclusions of the Review. Refined draft conclusions have now been submitted to BW for consideration, first at a Board meeting on 19th March. Output from this Project Board discussion may involve further discussion and analysis prior to an initial consideration of the Review's conclusions by the BW Board at its meeting in May 2008.

THE WORK KPMG HAS BEEN UNDERTAKING

Our approach to the Review has been to carry out the work in three stages:

- (1) Analysis of the current, recent and projected financial and operational performance of BW, including projected levels of maintenance expenditure and commercial income generation, to identify any key issues facing the business that could influence the optimal institutional model

(2) A review of the current institutional model and its governance structures, to identify any limitations affecting BW's ability to achieve its objectives

(3) Identification and assessment of feasible alternative institutional models and their ability to deal with any issues identified in 1) and 2) above.

THE CONSULTATION PROCESS

As part of our work we have carried out confidential consultation with a range of key BW stakeholders in order to understand the issues of importance to them, and to test emerging concepts from the Review process. Consultees with whom we have held discussions include: DEFRA, Scottish Government, HM Treasury, The Shareholder Executive, Partnerships UK and the British Waterways Advisory Forum. We have also held discussions with a number of the senior management and Board members of BW.

HOW THE FINAL REVIEW WILL BE STRUCTURED AND RESULTS PRESENTED

The review has been structured using the approach summarised above. The output will be in the form of a report to the Board of BW structured as follows:

- (a) Executive Summary, highlighting the key findings from the entire Review and our conclusions and recommendations
- (b) Business analysis
- (c) Institutional Models and Funding Options analysis.

The report will include KPMG's views on the issues facing the business, how these might be addressed within the current structure and alternative institutional structures, the potential merits of such alternative structures and whether any alternative structures could (as required in the Terms of Reference): "more effectively secure a sustainable long-term future for its inland waterways as valued national assets in each of the nations in which it operates".

We will include recommendations where we believe these are appropriate, including identification of any relevant issues for further consideration, but it will be for the Board of BW to assess our findings, analysis and any recommendation we make and determine its preferred course of action prior to formal discussions with DEFRA, Scottish Government, HM Treasury and others.

PRIORITISATION OF OPTIONS

Our work has included a critical review of options and our final report will include a suggested prioritisation of those which we believe have the best prospects of delivering the objectives as set out in the Terms of Reference. However it will be for BW to decide whether it wishes to pursue any alternative institutional model and take one or more models forward into discussion with Government and any wider consultation.

HOW THE WORK COMPARES TO PREVIOUS REVIEWS KPMG HAS UNDERTAKEN ON SIMILARLY STRUCTURED ORGANISATIONS

The general principles of the Review are very similar to those which we have encountered on other similar exercises, although inevitably the specific requirements and circumstances of each study are different.

Annex 1

British Waterways Status Review

TERMS OF REFERENCE

1 Purpose of Review

1.1 To identify whether a different institutional structure for British Waterways could more effectively secure a sustainable long-term future for its inland waterways as valued national assets in each of the nations in which it operates; and

1.2 to make recommendations supported by comparative analysis and rationale.

2 Principal factors to be considered in assessing options

Desired Outcomes- in assessing the merits of various alternative institutional structures, the ability to deliver or enhance the following capabilities or characteristics shall be key considerations:

2.1 Capability for delivering long term enhancement of infrastructure condition, improved operational delivery and certainty in asset maintenance (stewardship);

2.2 Capability for enhancing the contribution from commercial activities and other methods of achieving greater financial independence;

2.3 Potential for improving the efficiency of BW's capital structure;

2.4 Ability to raise debt/equity in support of business objectives;

2.5 Capacity (within each nation considered separately) for improving clarity on grant funding through medium to long term contracting arrangements;

2.6 Capability to maintain and develop the integrated business model in order to optimise the synergies available from it; and

2.7 Capacity to deliver improved accountability and transparency for governance.

Additional key considerations- in addition to the above desired outcomes, alternative structures must be assessed as to their respective merits in addressing the following other key considerations:

2.8 Impact on public/stakeholder confidence in the protection of the waterways as national assets (custodianship);

2.9 Ensuring sufficient institutional flexibility to meet differential needs of two governments, including their ability to "buy" additional public policy benefits;

2.10 Impact on access to third party, lottery, local government, EU and other public or community funds;

2.11 Taxation (including Rates) and accounting impacts;

2.12 Impact of statutory and regulatory framework; and

2.13 Pension fund implications.

3 Scope of the Review

BW does not wish to be prescriptive as to the range of options to be considered (which must include the 'no change' option, tested for its capacity to deliver the outcomes described above). However, it is a requirement that any option must maintain the waterway assets of British Waterways in long term public ownership in a manner that ensures their long term financial security.

Subject to this, any option that has a clear potential to deliver much improved economic sustainability for the waterways as national assets should be considered. Recommendations arising from the review must be acceptable to BW's 'shareholders' (the respective governments) and have a realistic prospect of implementation.

KPMG

March 2008

Memorandum submitted by Inland Waterways Advisory Council

IWAC'S APPROACH

As British Waterways (BW) has acknowledged, the decision to withdraw from the Cotswolds restoration is "a huge disappointment". Others will no doubt give their views on whether they believe BW's decision was justified. However IWAC's role is to provide strategic advice and IWAC can best discharge that responsibility by drawing attention to the lessons that can be learnt from the current controversy.

BW'S RECORD

Fifteen months ago IWAC's predecessor body surveyed the waterways restoration work being undertaken across Great Britain.⁶¹ The report paid tribute to BW's commitment to restoration, noting that

"BW has been widely and purposefully active, both in the lead and as partners, in most of the major projects which are making progress".

However the report also carried the warning that, with increasing financial pressures,

"BW may be forced to make hard choices in trying to maintain all its current projects and will certainly be inhibited in embarking on new projects."

IWAC recognises that the choice, as BW saw it, between reopening the full stretch of the Monmouthshire and Brecon Canal in 2009, with the consequential advantage to the economy in Wales, and continuing with the Cotswold Canal Partnership, with its corresponding regenerative effects to the economy in the region, was extremely difficult. IWAC accepts that BW would have much preferred to continue with both projects

⁶¹ Inland Waterway Restoration & Development Projects in England, Wales & Scotland, published by IWAAC December 2006

and only came to the conclusion that it did not have the necessary resources to fund both after careful analysis and consideration. BW has drawn attention to its duties under the Transport Act 1968, and IWAC understands that Defra supports the conclusion that BW's primary obligation is to maintain its existing network.

However, IWAC believes that BW should recognise that its decision to withdraw funding from the Cotswold restoration may have a potential damaging effect on BW's reputation and lead to a lack of confidence amongst future waterway restoration partners in the future. Therefore, BW should consider taking clear steps to provide reassurance on its commitment to restoration projects in the future, within its budgetary constraints.

IWAC urges the Government to be clear and supportive about BW's restoration role in the future.

BW should also be alert to the second risk to its reputation. After BW had worked through its backlog of repair and refurbishment, there was a general expectation that the network was in good condition. The Mon and Brec breach was a very unpleasant shock and the subsequent revelation that other parts of that canal need substantial work raises unfortunate questions about the efficacy of BW's safety inspection work. BW will want to reassure itself, the Government and the waterways communities that the breach in the Mon and Brec is not symptomatic of a wider problem.

FINANCIAL RESILIENCE

By any reasonable judgement the outcome is extremely unfortunate. A major restoration, which is generally regarded as being highly desirable, is now in jeopardy and the expected regeneration benefits may not materialise. To avoid a similar problem occurring in the future IWAC believes that important lessons should be learnt and remedial action should be taken. In particular IWAC believes that this incident brings into sharp focus the need for BW to have a financial structure which provides greater resilience against sudden shocks like the breach in the Monmouthshire and Brecon Canal.

Although BW is required to operate commercially, the company has to manage within constraints that restrict its ability to respond to unexpected events. BW's Grant in Aid allocation is not guaranteed beyond the current year and BW does not have an easy opportunity to borrow on the open market. Both constraints mean that BW has to take a very cautious view of its forward spending commitments. These constraints are not offset by any contingency arrangements that would allow BW to increase its GIA in any year when unexpected operational and financial pressures occur. So BW inevitably has to adopt policies that have a shorter time horizon and a lower risk than is reasonable in an organisation charged with managing a national asset that, for reasons of its nature and its age, is liable to suffer unexpected collapse with the need for urgent and costly repair.

IWAC believes that urgent consideration should be given to implementing policies that give BW a greater degree of financial resilience.

VALUING THE BENEFITS

Of course IWAC accepts that greater financial flexibility will not remove the need, from time to time, for Government and BW to make hard choices between projects, whether these projects involve repairs or extensions to the system. In evaluating options, both Government and BW should have access to high quality information about the benefits that are likely to arise from different forms and levels of investment. Unfortunately such high quality information is not generally available.

The Efra Sub-Committee has recommended that research should be undertaken to establish the benefits of the waterways. IWAC has made a similar recommendation and has developed a research programme to fill the gaps in existing knowledge. IWAC is now working with Defra on a 2-3 year programme of research which will help to inform future policy making across Defra and other Government Departments by evaluating the potential benefits of investing in the waterways, by identifying the main beneficiaries of such investment and by indicating how the greatest benefit can be realised. The research will also generate a national value for the waterways sector.

IWAC urges the Efra Sub-Committee to support this important programme of research.

FUNDING THE WATERWAYS

It is important to see BW's decision to withdraw from the funding of the Cotswolds restoration in the context of recent events. After a decade of quiet progress, the past two years have been characterised by a series of disputes and controversies about the funding of the waterways. These disputes have exposed the uncomfortable fact that the present system owes more to custom and history than to any rigorous analysis of need and opportunity. In the light of the recommendations in the Efra Sub-Committee Report and with

so many members of the waterways communities questioning the current arrangements, IWAC believes that the time is right for a reassessment of funding methods and for a serious consideration of a wider range of options.

To start the process IWAC is planning two fact-finding projects over the coming year:

On the basis of these studies and other work IWAC expects to produce a major report early in 2010 advising Government on the funding options relevant to the inland waterways in Britain.

IWAC very much hopes that the Efra Sub-Committee will give its support to this initiative.

Inland Waterways Advisory Council

March 2008

Memorandum submitted by Argyll & Bute Council

Argyll & Bute Council are delighted to be working in partnership with British Waterways to progress development plans to enhance Ardrishaig's waterfront and the area surrounding the Crinan Canal.

The Ardrishaig Masterplan, developed in partnership with Ardrishaig's Community, Argyll and Bute Council, Highland & Islands Enterprise Argyll and the Islands and British Waterways Scotland, provides a development framework which will guide the redevelopment of the Ardrishaig's waterfront. Integral to the plan is the opportunity to enhance the built environment maximising residential, business, leisure, tourist and yachting potential.

The masterplan provides a clear framework of the partner's shared aspirations, upon which detailed architectural designs can be worked up.

British Waterways Scotland is considering options to ensure the scheme can be developed to deliver its regeneration aspirations for Ardrishaig.

Argyll & Bute Council looks forward to continued working with British Waterways and Ardrishaig's community to ensure what we deliver benefits for those who live in, work in, and visit Ardrishaig.

Yours faithfully

*James McLellan, Chief Executive
Argyll & Bute Council*

March 2008

Memorandum submitted by Nicholas MacWhirter

BRITISH WATERWAYS FUNDING CRISIS

In 2006, British Waterways commissioned the consultants Oxera to examine the carriage of freight on inland waterways. The stated background to the report was that "*BW is concerned that it effectively subsidises freight traffic, and that the benefits of freight traffic may not be as substantial as policy makers and funding bodies assume, since the costs to BW may not be dealt with appropriately.*"

Oxera's very detailed report assumes an income to BW based solely on a 1.13 pence per tonne, kilometre toll rate. It does not seek to investigate potential traffic on the waterway network in the future and it therefore does not consider other sources of income for BW that freight might yield. My submission to the Committee on the 12 March this year pointed out that fees for transferring waste from HGVs to barge could produce an income for BW of up to £22 million per year in London alone based on current waste transfer rates. Such transfer to barge is a stated part of the London Plan, as quoted in section 7.4 of my evidence to the Committee last year.

Understandably, Oxera did not include potential new sources of revenue to BW in their analysis. Nevertheless, their report concluded:

"However, using fully allocated costs as the benchmark may not be appropriate, since many of these costs would still be incurred if water freight ceased to operate. Therefore, a preferable approach would be to compare the avoided externalities with incremental costs. On this basis, the subsidy would be around only £37,000, suggesting that waterways offer reasonably good value for money."

The Committee's attention is drawn to the report—it contains much of interest. More than a year after it was completed, it remains unpublished.

Water freight could produce a very large income stream indeed to an enlightened BW at little cost to the Government, in the process contributing significantly to a reduction in urban road congestion and transport's carbon footprint.

I would urge the Select Committee to encourage British Waterways to take advantage of this opportunity.

Nicholas MacWhirter

March 2008

Memorandum submitted by Nottingham Regeneration Limited

I write to set out Nottingham Regeneration Limited's continuing support for British Waterways in the regeneration and restoration of our canals and waterways.

Nottingham Regeneration Limited is a not-for-profit public private partnership established in 1998 to bring forward the physical regeneration of problem sites. One of our key regeneration areas is Nottingham Waterside/an area covering 100 hectares. The area faces a number of significant issues but also has huge potential in terms of the expanse of the River Trent which forms its southern boundary and the canal to the west.

To secure the transformation of the Waterside we have formed an innovative partnership with British Waterways "Nottingham Waterside Limited" to spearhead and lead the regeneration. This partnership is based on our shared vision for the area and our successful track record of working on joint projects with British Waterways.

Nottingham Regeneration Limited, British Waterways and Nottingham City Council have already delivered a series of projects to enhance the canal towpath throughout the City Council boundary/increasing sustainable leisure and commuting opportunities and improving access for all sections of the community. We have drawn on British Waterways in-house expertise to ensure our projects maximise benefits to local people whilst respecting the historic waterside context. Working together, British Waterways and Nottingham Regeneration Limited have now with the benefit of approximately £100,000 of funding taken forward proposals to create a new Waterside pedestrian and cycle route which will ultimately link to a regenerated Waterside.

On a conurbation level we engage with British Waterways through the Trent River Park Group/a partnership which brings together key players with the ability to drive forward the vision of a thriving and vital River Trent corridor. In this respect a package of funding totalling £1.6 million has recently been secured to deliver a joint flagship scheme linking the Nottingham Victoria embankment with Nottingham Waterside.

We can only deliver projects of this nature with the continuing support of British Waterways and by working closely with them.

I would ask that you also support British Waterways to continue to deliver regeneration projects.
Nottingham Regeneration Limited

March 2008
