



## **CABINET – 20TH JANUARY 2016**

**SUBJECT: VISIT WALES ERDF PROJECTS – THE MON & BREC CANAL  
ADVENTURE TRIANGLE**

**REPORT BY: CORPORATE DIRECTOR - COMMUNITIES**

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### **1. PURPOSE OF REPORT**

- 1.1 The new EU programmes were launched in Wales in November 2014. For some time before then, a range of proposals from Welsh Government and other bidders were under development and several have been approved now, with others at an advanced business planning stage.
- 1.2 This report focuses on the ERDF capital infrastructure operations – specifically those being developed as regional destination management priorities and led by Visit Wales. Three individual projects have been developed for the South East Wales region via the Destination Management Group (formerly the Tourism Sub-group of the South East Wales Directors of Environment and Regeneration (SEWDER) and these include one for the Mon and Brec Canal.
- 1.3 This proposal was considered and endorsed by CMT on 26<sup>th</sup> November. Since then, Visit Wales announced that the amount of ERDF funding available for the Mon & Brec Canal project has been reduced from £3.5m to £2.0m (a reduction from £1.75m to £1.0m for the Caerphilly elements). Therefore, this report has updated the financial package and the activities accordingly.

### **2. SUMMARY**

- 2.1 Visit Wales is leading on a proposal for ERDF funding, entitled “Attractor Destinations”, designed to “...deliver a small number of regionally prioritised strategic tourism infrastructure projects that will help raise the quality and perception of destinations in Wales and encourage business investment and employment growth within the tourism sector in the region.” (source – WEFO website, see link at bottom of this report).
- 2.2 One of the identified priority destinations (via a scoring mechanism designed by the Destination Management Group) is the Mon & Brec Canal and during the past year, officers from Caerphilly and Torfaen have collaborated to develop a suitable proposal. These efforts have progressed to the point where it is approaching consideration for approval and the financial package now needs to be considered and endorsed by Caerphilly County Borough Council.
- 2.3 Financial details are set out in Section 6 of this report and include anticipated contributions from ERDF (see comment in paragraph 1.3 above), WG Targeted Match Funding (TMF), Natural Resources Wales and from Caerphilly County Borough Council.

### **3. LINKS TO STRATEGY**

- 3.1 European funded projects contribute directly to the priorities and activities set out in “People, Business, Places”, Caerphilly’s Regeneration Framework and Action Plan and also links directly to the priorities set out in “Caerphilly Delivers”, the Single Integrated Plan. The Mon & Brec Canal proposal also directly relates to the Canal Action Plan, which was endorsed by Regeneration Scrutiny and CMT in mid-2015.
- 3.2 The proposal forms an integral element of a Destination Development Activity Hub in the eastern part of the County Borough, as identified in the emerging Destination Management Plan.

### **4. THE REPORT**

- 4.1 During the past two years, a subgroup of SEWDER has worked to develop regional tourism proposals for ERDF support. This group, now known as the Destination Management Group, identified three priority destinations for SE Wales, which have been endorsed by SEWDER:
- Mon & Brec Canal
  - Rock UK (an outdoor activity centre in Bedlinog)
  - Porthcawl Harbour.
- 4.2 These destinations now form part of the umbrella Visit Wales proposal, which is at an advanced business planning stage with WEFO. Informed by EU guidance and the limited funding pot available, the three proposals are bidding for a share of approximately £7m ERDF and a very small (as yet unspecified) amount of WG Targeted Match Funding (TMF). A project with total costs of approximately £5m has been developed for the Canal, with Caerphilly’s elements totalling circa £1.874m.
- 4.3 The Caerphilly part of the proposal focuses on the upper section of what is known as the Crumlin Arm of the Canal (between Cwmcarn and Pontywaun – see map attached at Appendix 1). It comprises of the following elements, which have been developed between a number of teams, working together to develop a collaborative series of projects that benefit the tourism/leisure offer and also seek improvements to the canal structure itself:
- Restoration of the aqueduct at Cwmcarn
  - Improvements to the access road and arrival experience to Cwmcarn Visitor Centre
  - Work on canal boundary walls between Cwmcarn and Pontywaun
  - Landscaping and enhancement works to the entrance of the Forest Drive
  - Green cycle route improving linkages between the Canal and the Forest Drive
  - An outdoor recreational play area at the Visitor Centre
  - Access works at the entrance to the proposed private sector Zipwire attraction
  - Work on the existing car park at Twmbarlwm, minor car park works, reinstatement of motorbike damage and pedestrian links to the Visitor Centre
  - Construction of a new turning circle (winding hole) for the Canal near the entrance to the Forest Drive
  - A new car park, way-marking along routes and path link to the forest gate at the northwest corner of the common
  - Cycle route enhancements, linking the ‘Twrch’ and ‘Cafal’ cycle trails at Cwmcarn Forest Drive
  - Installation of a storage facility for canoes and bike equipment, along with a cycle hire facility
  - New car parking spaces at the Pit Wheel within Cwmcarn Forest Drive.
- 4.4 Clearly, this proposal encompasses developments in the vicinity as well as directly on the Canal – a holistic view has been adopted to develop the tourism offering in a part of the region being described here as the Mon & Brec Canal Adventure Triangle. Furthermore, restoration

of the Canal to full navigation along the Crumlin Arm would considerably exceed the available funding, so this proposal seeks to remove just one of the blockages.

- 4.5 In terms of outputs, it is acknowledged that tourism proposals do not generally create jobs to the level expected by other infrastructure investments, but they do have a significant local impact in terms of increased visitor numbers and improving the attractiveness and appeal of the area. Clearly, any increase in visitor numbers will lead to an increase in income at the Visitor Centre and car park. In addition, the Crumlin Arm runs adjacent to a local school and to a Communities first area (Ty Sign) and improvements in this area would have social and educational benefits. The anticipated outputs for this proposal are set out in the following table:

<b>Programme Specific Outputs</b>	<b>Anticipated Achievement</b>
Gross Jobs Created	5
Associated Jobs	0
Premises Created/refurbished (SQM)	300
Jobs Accommodated	1
Land Developed (HA)	1.3
Footway or Cycleway Created or reconstructed (KM)	29
Additional Tourism Visitors	35000
<b>Project Specific Outputs</b>	<b>Anticipated Achievement</b>
Land Improved or Protected (HA)	1691
Number of SINC protected/improved	6
New Access Routes Created or Improved (KM)	5
Interpretation Implemented	6 panels
Number of Access Control measures implemented	3
Schools Engaged	3
Volunteers Trained	25
Length of Boundary Restored (M)	200
No. of Car Parks created or restored	1
Volunteer days p/a	90
No of DDA Projects	1
Number of recreational facilities created	3

- 4.6 A financial profile and potential sources are set out in Section 6 of this report. It should be noted that, in recognition of budgetary constraints, officers have aimed to link this proposal to existing budgets and activities, primarily within the Engineering and Countryside teams.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 Equalities is a cross cutting theme for EU funding and each project must address this according to each theme. The planned investments inherent in the EU Funding programmes will however benefit many different groups in the community.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 A full project cost profile is attached as Appendix 2. The proposal is for a five year project, commencing in January 2016. The total cost for the Caerphilly elements is £1,874,107, including a contribution to Caerphilly County Borough Council staffing.

- 6.2 This report seeks approval to utilise proportions of the Engineering and Countryside indicative capital budgets. A total of £441,000 is proposed from Engineering (£229,000 in the current year and a further £212,000 in 2016-17).
- 6.3 The capital budget for this year has already been secured and is dedicated to essential canal restoration work in accordance with CADW requirements on the aqueduct in Cwmcarn. It is worth noting that this work forms part of the overall package of proposals being submitted to Visit Wales. In a similar vein, in 2016-17, it is proposed that a budget of £212,000 be secured for the project, primarily as a contribution to the programmed restoration of boundary walls and lining works, also included as a distinct project within the Visit Wales submission. In this way, the Council's obligations to maintain the Canal will be met, whilst at the same time the monies dedicated to it will help in contributing the match to this wider programme of investment.
- 6.4 In short, the Council's core capital allocation will be used for programmed improvement works along the northern part of the canal and will also act as the Council's match-funding source to unlock European and Welsh Government monies for other complementary projects.
- 6.5 The Countryside contribution of £60,000 over a four year period does not actually come directly from Caerphilly County Borough Council budgets. The Countryside and Landscape Team has secured funding from Natural Resources Wales (NRW) and the objectives for this funding dovetail with the project elements at Mynydd Maen.
- 6.6 The annual breakdown is set out at the bottom of the profile at Appendix 2. In summary, the proposed sources of funding are as follows:

<b>Source of Funding</b>	<b>Amount</b>
CCBC Canal Maintenance Budget 2015/16 (secured in principle)	£229,000
CCBC Canal Maintenance Budget 2016/17 (Indicative – not secured)	£212,000
Countryside / NRW (secured)	£60,000
ERDF (to be secured)	£1,000,000
WG Targeted Match Funding (to be secured)	£373,107
<b>Total</b>	<b>£1,874,107</b>

- 6.7 In addition to the project actions, improvements and outputs listed in section 4, this represents a significant added value to the Council investment as proposed. The £441,000 required will bring in over £1.4m of external funding and this Council funding contribution is only 24% (of which £229,000 is already approved via 15/16 Engineering capital budget for the canal and £212,000 already referenced in the Council Budget report in February 2015 as indicative capital budget for 2016/2017).
- 6.8 The report highlights costs for Finance, Procurement and Legal teams totalling £48K for supporting the schemes.
- 6.9 The Welsh Government Targeted Match Funding (TMF) represents a work in progress. Officers have only relatively recently been made aware that there would be an amount available for this proposal. However, an approach has now been made (and should be determined at the same time as the ERDF proposal). Feedback on the likelihood of success for TMF has been very positive.
- 6.10 In terms of timing, the proposal is currently being considered and discussed between Visit Wales and WEFO. VW is confident that approval will be obtained imminently, which will enable a start on site in January. This is critical to the Caerphilly Engineering element of the proposal, as £229K of the Engineering budget is included in the project for this current financial year, but the work needs to commence early in 2016.
- 6.11 If there is slippage, then it would be possible for Engineering to delay a little, but ultimately, there is the possibility that we would lose some of our match funding. If that happens, then we would need to approach WG to seek additional targeted match funding (TMF) to compensate.

## **7. PERSONNEL IMPLICATIONS**

7.1 In terms of staff required to deliver this project, most of the activity is anticipated to be carried out by existing staff within the various teams involved. The above mentioned financial contributions will help to support a number of existing posts as set out in the Revenue profile table in Appendix 2. Key staffing implications will involve five specific areas of activity throughout the duration of the project and it is not likely that all costs will be recovered, or indeed be eligible for inclusion:

- Project management (Urban Renewal)
- Countryside
- Finance
- Legal
- Procurement.

7.2 There is one exception, where a job will be created as part of the delivery mechanism for the proposal – part of the Countryside led project would entail the creation of one new post to deliver it. This would be 100% externally funded by NRW and ERDF. The only element of cost for CCBC in this respect would be any redundancy payments at the end of the project (redundancy has been an eligible cost in previous ERDF rounds, so even this might be externally funded).

## **8. CONSULTATIONS**

8.1 Responses from consultees have been incorporated into the report.

## **9. RECOMMENDATION**

9.1 That Cabinet endorses the request to commit £229,000 of the Engineering budget already allocated for 2015-16 canal improvement works as match funding for this proposal, on the basis that it is used to carry out canal restoration work that complement the wider Visit Wales submission. It is further recommended that £212,000 of the Engineering indicative budget allocation for essential improvement works for 2016-17 be used to conduct the works and act as CCBC match to the wider programme.

9.2 That Cabinet notes the income forecast to be received from Natural Resources Wales over the next four years, totalling £60,000, and endorses that this should also be used to contribute to the project.

9.3 That Cabinet notes the level of staffing contributions as set out in the revenue section of Appendix 2 and acknowledges that this optimum level of income may not be achievable.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 The Mon and Brec Canal has been identified as a destination of regional significance and this project has been developed in partnership with Torfaen CBC. Newport Council is also an interested partner, but is not eligible for this element of ERDF support. Without the CCBC financial contribution, it would not be possible to participate in the project – WEFO has indicated that it expects a local authority contribution.

10.2 In addition to the stated outputs, the return on Caerphilly County Borough Council's investment would be very significant at over 320%. The project would maximise the value of our obligatory investment in maintaining the canal and might well reduce ongoing maintenance costs as a result. Moreover, Cwmcarn is a key tourist attraction, which has, due to Council and other funding, successfully diversified and expanded its range of services and activities in recent years, thus increasing income and reducing Council subsidy. Further investment will enhance the facility's sustainability moving forward.

## 11. STATUTORY POWER

11.1 Local Government Act 2000. This is a Cabinet function.

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Background Papers:

WG/WEFO ERDF Ideas Under Development -

<http://wefo.wales.gov.uk/applyingforfunding/funding2014-2020/ideas-under-development/?lang=en>

Appendices:

1 of 2 Project map  
2 of 2 Caerphilly Project cost profile