



REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: MONMOUTHSHIRE AND BRECON CANAL ACTION PLAN UPDATE

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To update Members on progress of the Monmouthshire and Brecon Canal Action Plan (for the Crumlin Arm of the Canal) that was considered and endorsed by Regeneration and Environment Scrutiny Committee on 19th May 2015. Members requested that a progress report to be presented in due course.
- 1.2 This report highlights the progress made since May 2015, primarily in respect of the European Regional Development Fund (ERDF) capital infrastructure proposal, that has been developed as a regionally prioritised destination management project and led by Visit Wales.

2. SUMMARY

- 2.1 The Canal Action Plan sets out the history of investment, maintenance and development of the Canal as a local asset. It also describes a list of potential actions and activities that could develop it further over the years ahead. Since drafting the Action Plan, officers and partners have focused on the development of a suitable project proposal which, if successful, would secure external funds to implement several key elements of the Action Plan.
- 2.2 Three individual projects have been developed for the South Wales Region via the Destination Management Group (formerly the Tourism Sub Group of the South East Wales Directors of Environment and Regeneration (SEWDER)) which includes a proposal for the Monmouthshire and Brecon Canal (under the project title “Monmouthshire and Brecon Canal Adventure Triangle”).
- 2.3 Visit Wales is leading on a regional project proposal for ERDF funding, entitled “Tourism Attractor Destinations”, which aims 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 – Welsh European Funding Office (WEFO) website, see link at bottom of this report).
- 2.4 The Destination Management Group has identified the Canal as one of the regional priority destinations and during the past 18 months, officers from Caerphilly CBC and Torfaen CBC have collaborated to develop a suitable project proposal with Torfaen CBC acting as the lead partner. This proposal was considered and endorsed by CMT on 26th November 2015 and reported to Cabinet on 20th January 2016. Since then, Visit Wales announced that the overall amount of ERDF funding available for the Canal project has been reduced from £3.5m to £2.0m, resulting in a reduction from £1.75m to £1.0m for the Caerphilly elements.

- 2.5 An “in principle” ERDF approval has been awarded to Visit Wales for the umbrella regional operation. By working collaboratively with Visit Wales and Torfaen CBC, a project with total costs of approximately £5m overall has been developed for the Canal, with the Caerphilly Area project cost totalling circa £1.79m.
- 2.6 Caerphilly CBC & Torfaen CBC are now required to submit a detailed Business Plan for the collaborative “Monmouthshire & Brecon Canal Adventure Triangle” project by the end of July 2016. Discussions are currently ongoing with Visit Wales and Welsh Government regarding the request for award of Welsh Government Targeted Match Funding (TMF).
- 2.7 Financial details are set out in Section 6 of this report and include anticipated funding contributions from ERDF, Welsh Government (TMF), Natural Resources Wales and Caerphilly County Borough Council.

3. LINKS TO STRATEGY

- 3.1 The Canal Action Plan has a positive impact upon the social, economic, and environmental well-being of the area or community concerned. In particular the “Monmouthshire & Brecon Canal Adventure Triangle” project contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:
- A sustainable Wales
 - A prosperous Wales
 - A more equal Wales
 - A Wales of cohesive communities
 - A Healthier Wales
- 3.2 The Action Plan and the “Monmouthshire & Brecon Canal Adventure Triangle” project form an integral element of a Destination Development Activity Hub in the eastern part of the County Borough, as identified in the Council’s emerging Destination Management Plan.
- 3.3 The aims and outputs of the Canal Action Plan contribute directly to the priorities and activities set out in “People, Business, Places”, Caerphilly’s Regeneration Strategy and Action Plan and also links directly to a number of priorities set out in “Caerphilly Delivers”, the Single Integrated Plan.

4. THE REPORT

- 4.1 During the past two years, a subgroup of the South East Wales Directors of Environment and Regeneration (SEWDER) has worked to develop regional tourism proposals for ERDF support. This regional group, now known as the Destination Management Group, identified three priority destinations for SE Wales, which have been endorsed by SEWDER:
- The Canal (being taken forward under the project title “The Monmouthshire & Brecon Canal Adventure Triangle”)
 - Rock UK (an outdoor activity centre in Bedlinog)
 - Porthcawl Harbour.
- 4.2 These destinations now form part of the umbrella Visit Wales regional proposal. The three proposals have bid for a share of approximately £7m ERDF and a limited amount of Welsh Government Targeted Match Funding (TMF). By working collaboratively with Visit Wales and Torfaen CBC (the lead partner for the “Adventure Triangle” project), a project with total costs of approximately £5m overall has been developed for the Canal, with the Caerphilly area project costs estimated at circa £1.79m.

- 4.3 The Caerphilly part of the “Adventure Triangle” project focuses on the upper section of the Crumlin Arm of the Canal located between Cwmcarn and Pontywaun (refer to Appendix 1 map). The project comprises of the following elements, which have been developed between a number of the Council’s Divisions, working collaboratively to develop a suite of projects that will significantly enhance the current tourism/leisure offer and also deliver major improvements to the canal infrastructure itself.

The CCBC project will comprise:

- 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 routes linking the Canal to the Forest Drive.
 - A new outdoor recreational play area at Cwmcarn 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 from Twmbarlwm /Mynydd Maen to the Visitor Centre.
 - Construction of a new turning circle (winding hole) for canal boats near the entrance to the Cwmcarn Forest Drive.
 - A new car park, way-marking along routes and path link to the forest gate at the northwest corner of the common.
 - A new 25km cycle route to Cwmcarn.
 - Installation of a storage facility for canoes and bike equipment, along with a cycle hire facility.
 - Creation of new recreational spaces along the Canal Towpath.
 - Additional parking spaces at the Forest Drive Pit Wheel Car Park.
- 4.4 Funding of £60,000 from Natural Resources Wales (NRW) has been secured by Countryside and Landscapes Services towards the proposed project elements at Twmbarlwm and Mynydd Maen.
- 4.5 The “Adventure Triangle” project proposal encompasses significant developments to the Canal and its surrounding environment with a holistic view has being adopted to enhance the tourism offer in this part of the County Borough and within the wider region.
- 4.6 While it remains a long term objective, the restoration of the Canal’s Crumlin Arm to full navigation along its entire length the associated costs would considerably exceed the funding available for this current proposal.
- 4.7 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. Any increase in visitor numbers will lead to an increase in income at the Visitor Centre and car park. The anticipated outputs for the project within Caerphilly County Borough Council are set out in the following table:

Programme Specific Outputs	Anticipated Achievement
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
Project Specific Outputs	Anticipated Achievement
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

- 4.8 Looking forward, WEFO and Visit Wales have requested that Torfaen CBC and Caerphilly CBC prepare a detailed individual Business Plan for the “Adventure Triangle” project for submission by the end of July 2016. A “Project Board” has been established with representatives from Torfaen CBC, Caerphilly CBC and the Monmouthshire, Brecon and Abergavenny Canals Trust. A Project Implementation Team will report to the Project Board.
- 4.9 A key issue that currently remains to be resolved relates to the availability of TMF. If this funding is not approved by Welsh Government, then alternative sources of match funding will have to be identified. It is possible that, subject to appropriate approval, the future annual Engineering Services Division budgets for ongoing canal maintenance could be utilised to cover the costs in Caerphilly County Borough.
- 4.10 However, the major proportion of the TMF requirement relates to the projects within the Torfaen area. If TMF is not forthcoming, it may prove a significant challenge for Torfaen CBC to secure alternative sources of funding for the £1m required for their projects to proceed within the current timeframe. This would pose a significant risk regarding the viability of the project as a whole and consideration would then have to be given to the following options by all parties:
- Continuing with the project based solely in Caerphilly County Borough, using more Engineering Services Division funding as match;
 - Identifying alternative funding for either or both of the Caerphilly and Torfaen elements.

Given that the majority of the project’s economic outputs are in the Torfaen area, if that element does not proceed, then there is a risk that the grant funding bodies may decide that the project should not progress.

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 The proposal is for a five year project, commencing in 2016. The current indicative total funding allocation for the Caerphilly elements is **£1,796,977**, including a contribution for Caerphilly County Borough Council staffing.
- 6.2 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.
- 6.3 Proportions of the Engineering and Countryside indicative capital budgets have been utilised to provide match funding. A total of £441,276 is proposed from Engineering (£229,276 brought forward allocation from 2015-16 and £212,000 in 2016-17). WEFO has indicated that a retrospective approval can be implemented in respect of 2015-16, but written confirmation of this remains to be received.
- 6.4 The 2015/16 Engineering capital budget is dedicated to essential canal restoration work on the aqueduct in Cwmcarn and this work forms part of the overall package of proposals submitted to Visit Wales. The 2016-17 budget of £212,000 has been secured for the project, to be utilised primarily as a contribution to the programmed restoration of boundary walls and lining works, which is also included as a distinct project within the Visit Wales submission. This approach, enables the Council's obligations to maintain the Canal be met, whilst at the same time the monies dedicated to it will help in contributing the match funding to this wider programme of investment.
- 6.5 Countryside and Landscape Services has secured funding of £60,000 from Natural Resources Wales and the objectives for this funding align with the project elements at Twmbarlwm & Mynydd Maen.
- 6.6 In summary, the proposed sources of funding are as follows:

Source of Funding	Amount (Indicative)
CCBC Canal Maintenance Budget 2015/16 (secured) Includes £17,276 brought forward from 2014/15	£229,276
CCBC Canal Maintenance Budget 2016/17 (secured)	£212,000
Countryside / NRW (secured)	£60,000
ERDF (indicative - to be secured)	£1,018,151
WG Targeted Match Funding (to be secured)	£277,550
Total	£1,796,977

- 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 £441,276 Council contribution will "lever in" circa £1.35M of external funding and is less than 25% of the total project costs.
- 6.8 As part of the Engineering Division's planned programme of canal improvement works, preliminary expenditure of circa £22,000 has been incurred during 2015/2016 in respect of the Cwmcarn canal works.

- 6.9 Further to 6.3 above, it should be noted there are financial and operational impacts to be considered if confirmation for retrospective / preliminary costs is not received from WEFO. In the event that retrospection is not approved, the retrospective/ preliminary project expenditure will be considered to be “ineligible” by WEFO. Consequently the “ineligible” expenditure and the corresponding amount of Council core capital match funding may have to be omitted from the finances of the final ERDF project proposal.
- 6.10 In addition, WEFO’s specific financial requirements regarding defrayment of expenditure has previously resulted in internal service providers being unable to fully recover their fee charges. Therefore, even if retrospection is granted, this requirement would result in approx. 40% of the fees already incurred in 2015/2016 being classed as “ineligible” project expenditure.
- 6.11 As the Council’s core capital allocation is an important component in unlocking European and Welsh Government monies, the omission or reduction in the Council’s own match-funding source due to it’s perceived “ineligibility” by WEFO may reduce the amount of external funding available to the project and therefore the resources required to deliver all of the proposed elements.
- 6.12 The Welsh Government (TMF) represents a work in progress. Although WG has announced that TMF is available for the regional Visit Wales operation, the amount required for this individual project has yet to be formally confirmed. Discussions with WG are ongoing in this respect. As noted in 4.10, in the event TMF is not approved, this may pose a significant risk to the viability of the project as a whole. The project may have to be reduced in scope or may not proceed at all, if the resulting funding “gap” cannot be resolved.

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 in Regeneration, Finance and Engineering teams.
- 7.2 A job will also be created as part of the delivery mechanism for the proposal as part of the delivery of the Countryside led project would entail the creation of one new post. This post would be 100% externally funded.

8. CONSULTATIONS

- 8.1 Responses from consultees have been incorporated into the report.

9. RECOMMENDATION

- 9.1 (i) That Members note the progress made in respect of the Canal Action Plan and the associated “Monmouthshire & Brecon Canal Adventure Triangle” project since May 2015.
- (ii) That a further report to be provided to Members once a formal decision has been made regarding the award of funds in response to the ERDF and TMF applications.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 This progress report has been provided at the request of Members during the Scrutiny meeting on 19th May 2015.

11. STATUTORY POWER

11.1 Local Government Act 2000.

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Liz Lucas, Head of Procurement

Background Papers:

Regeneration and Environment Scrutiny Committee Report “Monmouthshire & Brecon Canal Action Plan” 19th May 2015

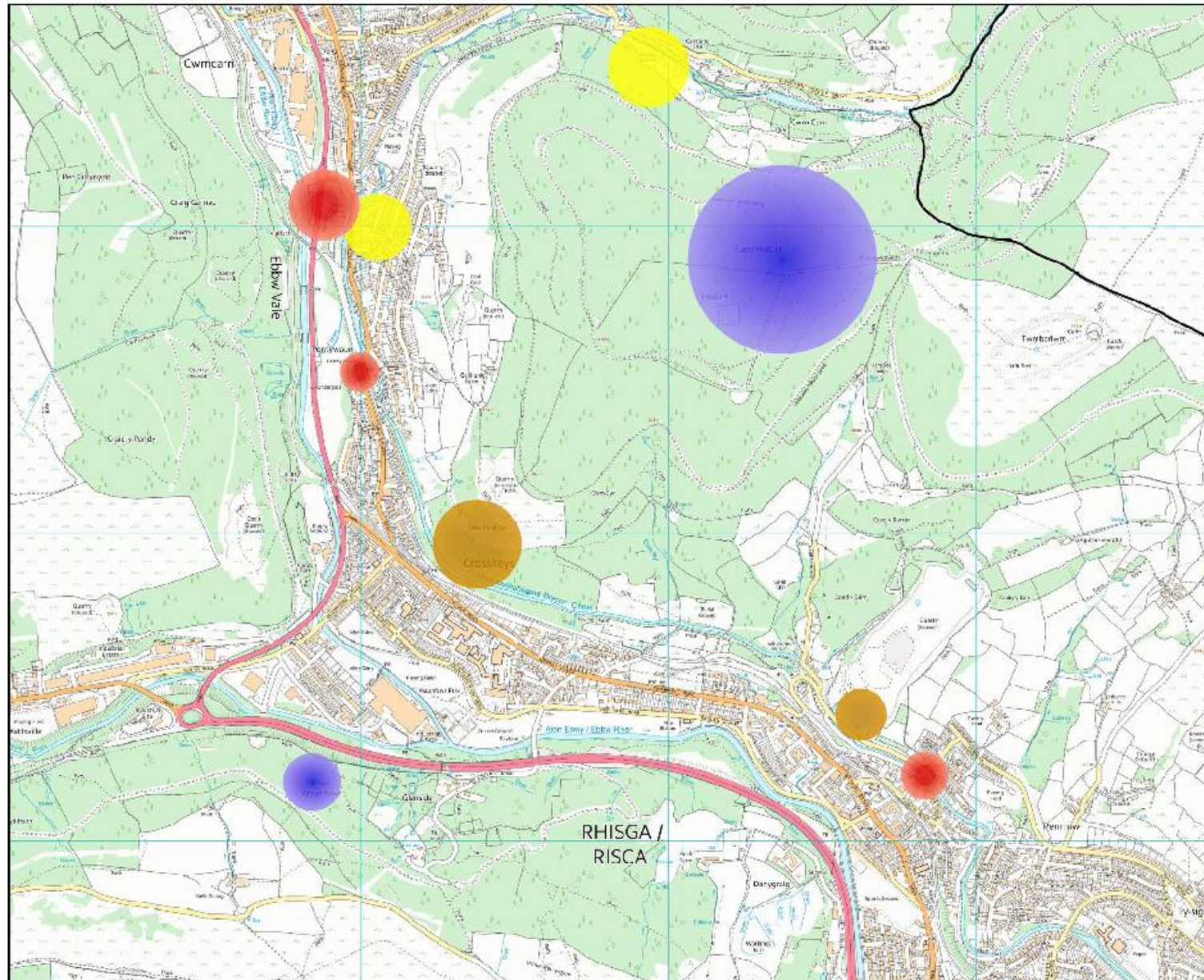
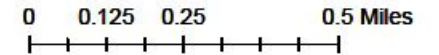
Cabinet Report – 20th January 2016 “Visit Wales ERDF Projects – The Mon & Brec Canal Adventure Triangle”

WG/WEFO Approved Projects (see page 59) -
<http://gov.wales/docs/wefo/publications/160330-approved-projects.pdf>

Appendices:

Appendix 1 “Monmouthshire & Brecon Canal Adventure Triangle” project : location plan

Monmouth & Brecon Canal Adventure Triangle (CCBC Project Proposals)



Legend:

Forest Drive:

- 1 - New crossing & parking facilities
- 2 - Outdoor recreational area
- 3 - Green Cycle route links
- 4 - New Cycle routes
- 5 - Pit Wheel car park

Canal Works:

- 1 - Cwmcarn Aquaduct
- 2 - Canal Boundary wall restoration
- 3 - Turning circle (Cwmcarn)
- 4 - Canal storage facility
- 5 - Navigation Road Bridge
- 6 - Cycle Hire facility

Mynydd Maen:

- 1 - Improvements to access road
Cwmcarn visitor centre car park
enhancement
- 2 - Enhancement works around
Twmbarlwm
- 3 - Enhancement works to North
West Corner of Common
- 4 - Links to Sirhowy CP & Ynys
Hywel

Other Works:

- 1 - Outdoor Activity & recreation
- 2 - Footfall Counters
- 3 - Works to link zip wire site

Caerphilly County Borough Council,
100025372, 2015