MEMORANDUM TO THE BOARD

REGENERATION REPORT – JANUARY 2010

Report by Director of Regeneration

1. PURPOSE:

1.1 To update the Board on key regeneration activities across England and Wales

1.2 To seek Board approval to increase expenditure on Three Mills Lock project to £ \( \) (\£ previously noted), to cover risk of additional costs being awarded against BW following Adjudication process.

2.0 NEW REGENERATION DIRECTORATE:

2.1 The new Regeneration Directorate is now fully operational. The transition of regeneration/external funding functions from the former Business Units into the four geographical teams has been a smooth process with project continuity and the need to maintain key external relationships being uppermost in our minds.

3.0 REGENERATION SECTOR COMMENTARY:

3.1 Regional Development Agencies: The future of the RDA’s continues to be debated with the Conservative’s seemingly backtracking on previous pledges to scrap them, in favour of a more flexible approach dependent on whether respective local authorities valued them or not. It is suggested that where LA’s might opt to remove a RDA, the agency would be replaced by a partnership of Councils around real economic regions. These Local Enterprise Partnerships would closely resemble the ‘Leeds City Region’ model although with a smaller number of councils – maybe seven to eight. The Labour Party has however reiterated its support for RDA’s stating recently that they would remain central to Govt plans for economic recovery.

3.2 Conservative Party Policy on Regeneration: The Tory green paper, which was expected to be published in the New Year, has been deferred. The paper is intended to set out the Tory position on policy issues such as Tax Increment Financing, the reinstatement of Single Regeneration Budget mechanisms, as well as clarifying how economic development within the regions will be funded if RDA’s are disbanded.

3.3 Public Sector Funding: Continued pressure on public sector spending is having significant impact on the regeneration sector with RDA’s having already announced a range of budget cuts following the Government’s decision in the Autumn to strip out £400m from budgets to fund their housing rescue package. The RDA loss is worsened by a further £100m as a result of reduced land receipts from disposal programmes.

4.0 REGENERATION ACTIVITY:

4.1 East Midlands Waterways: The official opening of the Meadow Lane towpath and multi-user bridge crossing took place in early December. The project has created for the first time a major connecting route between the River Trent and the Nottingham Beeston Canal. The partnership which included the City Council, Nottingham URC and BW provided over £1.0m of funding to BW to deliver the works.

4.2 West Midlands: A ‘Future Jobs Fund’ programme has started in Dudley, Sandwell, Walsall and Wolverhampton. This scheme will engage 100 trainees in canal maintenance work with a value
of some £650k. Discussions are now proceeding with our key partner - Groundwork – to engage a further 200 trainees during 2010 in the Coventry and Warwickshire areas and subsidised ‘Intermediate Labour Market’ programmes in Birmingham.

4.3 **Worcester & Birmingham Canal:** Worcester City has been designated a Cycle City. £780k has been secured from Cycle England for surfacing of the entire towpath within the City boundary.

4.4 **Liverpool Docks:** ‘Waterfront Connections’ National Museums Liverpool are working up a £1.85m scheme to complete the access to and around the historic dry docks within their demise. In addition the City wants to improve connections with the Pier Head and requires a new moveable bridge over BW’s Canning Dock. We have agreed in principle to adopt the bridge, subject to all costs being funded. BW is also being asked to construct the bridge.

4.5 **Liverpool International Boat Show:** HoT’s have now been agreed between BW and Marine Industry Events over a long term proposal to stage an annual international boat show in our Docks commencing May 2011. BW will invest £[ ] of capital into a £[ ] project to purchase floating pontoons to facilitate the show. Income from moorings will rise to £[ ] pa which justifies our investment. In addition, MIE will pay BW £[ ] pa plus [ ]% of first £[ ] of gross income from event, rising to [ ]% of gross beyond the £[ ] threshold.

4.6 **River Tees - Tees White Water Centre:** BW has, on behalf of the partners now let the £3.7m contract to build the TWWC. The 32 week programme starts in mid February and is due to complete in late September. The Fish Pass design is due for completion by end of January so is still a potential risk until EA consent is received.

4.7 **River Stort:** Harlow Renaissance Ltd. has commissioned BW to develop a waterspace strategy for 8km of the River Stort. The £30k study will respond to plans currently being promoted by a joint venture between Land Securities and Places for People (a RSL) which intends to develop 1000 Ha of land adjacent to the River Stort.

4.8 **Oxford Canal, Banbury:** BW and SUSTRANS are working together to improve shared use on the Oxford Canal at Banbury. £200k has been offered to BW from SUSTRANS in support of the project to build a connecting footbridge and 1.5km of towpath improvements. A further £96k has been secured through a s.106 agreement with a local developer. The project will be developed over the next 6 months and if feasible will be implemented in 2010/11.

4.9 **Kennet & Avon:** BW has committed £100k from Major Works budget to restore two cast iron bridges on the Bath Flight which are on the ‘heritage at risk’ register. We intend to use this money as match funding to secure further external grant to greatly enhance the area locally to celebrate the bicentenary of the Kennet and Avon Canal. Projects will include restoring the stone steam pump engine chimney (another structure at risk), improving the towpath and refurbishing existing seats and signs.

5.0 **RESTORATION ACTIVITY:**

5.1 **Droitwich Canal Restoration:** With the exception of the River Salwarpe canalisation, completion of this £12.7m restoration project is on track for May 2010. Wychavon Council who have put £1.0m into the project, has yet to find a solution to the c£600k River Salwarpe canalisation over a short distance between restored lengths, which will threaten planned opening in 2010 unless resolved. Jack Hegarty, MD Wychavon DC, has agreed to a high level meeting with BW to explore a resolution.

5.2 **Grantham Canal Partnership:** BW is assisting the Partnership in its attempt to persuade the Highway’s Agency to reconsider its design for the major A46 Improvement Scheme locally to where it crosses the line of the canal. Currently insufficient headroom is allowed in the design creating a blockage that would impede full restoration of the canal.

6.0 **STAKEHOLDER RELATIONS:**
6.1 **Welsh Assembly:** Carwyn Jones AM, has succeeded Rhodri Morgan to become the First Minister in the Welsh Assembly. His new cabinet includes Ieuan Wyn Jones (Plaid) – deputy First Minister and Minister for Economy and Transport, who will have responsibility for all waterways in Wales. Jocelyn Davies (Plaid) will take the new role of Deputy Minister for Regeneration. Andrew Stumpf will be seeking meetings with key Ministers after initial meeting (20/1) with Heritage Minister, Alun Ffred Jones (Plaid).

6.2 **All Wales Convention and the Devolution Agenda:** The Labour – Plaid coalition government are committed to holding an referendum on further powers by 2011 as outlined in their joint manifesto document ‘One Wales’.

6.3 **Wolverhampton Development Co.:** The HoR met the Chief Executive of the Wolverhampton Development Company (URC) to discuss the strategic relationship with BW over the Interchange Project adjacent to the canal and Wolverhampton Station. The first £23m phase of the £70m+ project is to start on site soon. BW land remains part of the overall plans but final details are yet to be agreed.

7.0 **OLYMPIC REPORT:**

7.1 **Three Mills Lock:** The Adjudicator’s decision on the first of the 5 main CE’s has gone in BW’s favour valuing the initial CE at £[ ] rather than the £[ ] sought by Volker Stevin. This reduces the potential maximum gap between BW and VS to c.£[ ]. BW and VS did, at a meeting prior to the first stage submissions, tentatively agree to meet following the Adjudicator’s first stage decision to explore next steps with a view to preventing a lengthy and costly process in resolving remaining items of dispute.

[Table redacted]

7.2 **For decision:** The table above shows the range of possible total project costs for Three Mills Lock and the associated risks of an Adjudication process should it proceed beyond the first stage. The Board is asked to approve a total project cost of up to £[ ], i.e. BW’s mid-range projection. This compares with the figure of £[ ] previously noted by the Board. The BW team remains confident that final costs will be below this figure and that any resultant call on BW contingency will be minimised. BW has to date secured funding of £[ ] on this project, with a further c.£[ ] of SWD income anticipated by year end, subject to agreement with ODA.

7.4 **Crown Estate Challenge to BW Land Ownership:** The Crown Estate has rejected BW’s suggestion that it should withdraw its application to alter the register of the title to property at Three Mills Wall River and has confirmed it will not negotiate with BW regarding the land in dispute. The disagreement will therefore undergo adjudication at the Land Registry this summer. As a consequence of the dispute, mooring income of c. £50k p.a. from c.20 boats is at risk.

7.5 **OLYMPIC PARK AND ENVIRONS**

**Dredging:** BW has received estimates for further dredging on Waterworks River from Land & Water Services (c. £[ ]) and around the Bow Loop (c. £[ ]). BW is discussing the benefits of this project with ODA, LOCOG, Govt Olympic Exec, Crossrail and most recently the Olympic Park Legacy Company.

**Carpenters Road Lock:** BW has now finalised HoT’s with High Speed 1, for £800k of funding to fully restore this unique lock structure within the heart of the Park. The origins of this deal go back to the relaxation of flood plain status on the Stratford City site and BW’s agreement in principle to help mitigate this loss of flood storage capacity.
City Mill Lock Automation and Old Ford Lock: £400k funding has been secured through DEFRA (Aggregates Sustainability Levy Fund) to complete automation of City Mill and Old Ford Lock (River Lee) to support proposals to transport aggregates by barge.

7.6 BW and LDA – Dispute: Negotiations between BW and LDA have failed to resolve this major dispute over legal interpretation of rights granted in The Cooperation Agreement (2006). The settlement proposal put forward by the LDA falls far short of what BW was led to expect from a meeting held in November. It is likely that their proposal would yield very little income and as such could not be regarded as commercial acceptable. The LDA is currently pushing for an incredibly aggressive timescale to take forward formal dispute resolution which would in turn incur significant legal costs for both parties. RE and MB met with LDA and GOE/Defra on 19th Jan in a final attempt to broker a compromise solution. A verbal update will be provided at the Board meeting.

MARK BENSTED
January 2010