

**BASINGSTOKE CANAL
JOINT MANAGEMENT COMMITTEE
23 March 2007**

Basingstoke Canal Options Appraisal Update and Way Forward

Introduction

- 1 The Basingstoke Canal Joint Management Committee discussed the Options Appraisal at its meeting on 20 October 2006 and agreed a project plan for the following six months and agreed a number of recommendations. This report sets out the work undertaken as part of the project plan to implement the main recommendations since October 2006. The report also proposes work areas to be taken forward in the next six months prior to the JMC in October 2007.

Funding Formula Models and Service Level Agreements

- 2 Work in the last six months has concentrated on developing a formula to ensure a minimum level of funding to operate the Canal as a safe, navigable waterway with the towpath open for recreation, meeting minimum legal requirements. A list of essential activities was prepared as part of the Options Appraisal (appendices 1 and 2 to the October 2006 report to the JMC) and this has been examined further. It is proposed to divide the list of essential activities with their attendant costs and funding needs between activities to be paid for by the County Councils and activities to be paid for by the borough and district councils.
- 3 Under this proposal the County Councils would pay for the structural maintenance of the Canal and the borough and district councils would pay towards other essential operating activities including a number of activities that they possibly could contribute “in kind” as part of their contribution including for example: tree and shrub management, litter clearance, cleaning and graffiti removal, tow path and vegetation maintenance. The activities being paid for or contributed “in kind” could then be the basis of service level agreements between each riparian authority and the Basingstoke Canal Authority and the County Councils.
- 4 Work has also been undertaken on alternative funding formula options for apportionment of the revenue funding between the borough and district councils. A range of alternative components of a revised funding formula has been considered. A key measure to be considered is how “community benefit” derived by each riparian partner might be reflected in the formula. British Waterways have developed a model based on users of their canals to attribute funding. The key here is having detailed data of exactly how many users navigate the Canal in each district, and how many walkers, cyclists, anglers or canoeists use the towpath or canal for recreation purposes in each district. This information currently does not exist at that level, although an aspiration is to compile this in the future.
- 5 Following further debate it was agreed that population density in close proximity to the Canal would be a reasonable measure to try and attribute a value for “community benefit”, ie assuming that most visitors come from within a certain distance of the Canal. Data has been compiled by both Hampshire (two districts data) and Surrey (four districts data) mapping on GIS a perimeter of 1.5 miles either side of the Canal, and 5 miles either side of the Canal.

- 6 There has been consultation to agree a consistent basis on which to overlay population data using the 2001 census output area level statistics and thus determine population density within the two parameters (1.5miles and 5 miles) and within each district. Following compilation of this data it is possible to compute the impact this would have on future revenue contributions from each riparian partner. IT is essential that the approach and outcome is consistent, fair, clear and transparent for riparian partners to consider.
- 7 It is proposed to hold a meeting with officer representatives of all the local authorities to discuss the proposed division of activities and to discuss the apportionment options. Following this officer meeting it is also proposed to hold a meeting of senior elected Members to discuss the funding arrangements and possible moves towards Trust status as described below.

Involvement of Surrey and Hampshire and Isle of Wight Wildlife Trusts and the Surrey and Hampshire Canal Society

- 8 Discussions have been held with the two Wildlife Trusts as to their potential involvement in conservation and educational work. Both Trusts would be interested in being actively involved in these activities. Both Trusts have considerable experience of this work and based on this experience, for example, school visits to the Canal Centre if developed appropriately could be self funding. The Canal Society is also anxious to continue to be actively involved in projects to improve the Canal such as backpumping schemes and habitat improvement

Income Generation

- 9 The Income Generation sub-group has continued its work to consider additional sources of income and this is described further in the Canal Director's report.

Outsourcing to a Private Sector Company

- 10 Further discussions have been held with Landmarc, who provide Defence Estates Management for the MOD. In order to take exploration of this option further a highly detailed specification brief leading to a contractual agreement would be required. It is proposed not to pursue this further at this stage with the potential to waste current resources.
- 11 An operations specification will be needed as part of the service level agreements referred to above and also potentially as part of any move towards Trust status. The specification will allow quotes for works not delivered by riparian partners to be obtained from independent agents such as Landmarc and any other potential contractors.

Charitable Trust

- 12 The options report to the JMC in October 2006 made clear that a move to Trust status would be dependent on a commitment to long term funding from all the local authorities. Also although a charitable Trust would potentially be able to access sources of funding not available to local authorities a Trust would be likely to have additional costs over and above the current costs including VAT, insurance, any additional costs of a Director post and costs of support services provided at present

by the two County Councils. Four potential trust options were set out in the Options Appraisal as follows:

- Option 1: freehold transfer
- Option 2: full repairing lease
- Option 3: management under contract
- Option 4: local authority controlled trust

- 13 The Options Appraisal concluded that Option 4 did not present much change from the current position while significantly increasing the risk to the Trust if transferring responsibility for the structural repairs. Zurich Insurance Company have now given an indication of the possibility and cost of insurance arrangements for a Trust. This suggests that Options 1 and 2 may not be insurable because of the risks. Option 3 is also the favoured Trust option to the Canal Society.
- 14 The Canal Society also suggests that a Canal Trust should not be a membership Trust thus avoiding competition for members between the Society and a new Trust. As the Canal Society is the primary source of volunteer input into the Canal any new Trust would have to have a close relationship with the Society. It is proposed to undertake further work now to establish more accurately additional costs and potential savings if a Trust were to be set up to manage the Canal. The legal format of such a Trust will be considered and staff implications. One issue at this stage that will also be investigated is the suggestion from other waterway authorities that a new Trust could be a navigation authority.

Condition Survey

- 15 The Surrey County Council Structural Engineering Team have prepared a project brief for an asset inventory and condition report on the Canal. It is proposed that the two County Councils now will proceed to commission this work which is likely to take a year to complete.