



Environment & Transport Select Committee
12 March 2015

Basingstoke Canal update report

Purpose of the report: Scrutiny of Services

To inform Members on the progress made in ensuring the safety and sustainable future of the Basingstoke Canal.

Introduction:

1. The Basingstoke Canal was built as a navigable waterway in the late 18th century to connect agricultural central Hampshire with London markets via the Rivers Wey and Thames. The Canal was built speculatively and on a tight budget, with many desirable design features such as clay lining and an off-line reservoir omitted for cost reasons.
2. The Canal never really had a successful economic life, with trade not developing in the way the original promoters hoped. The original Canal Company was wound up in 1874 and the Canal was unlawfully sold into private ownership. During the 20th century successive private owners tried commercial carrying, leisure activities and selling water with limited success, and owners turned to asset stripping the significant Canal company land holdings. The final 5 miles of Canal between Greywell and Basingstoke were unofficially abandoned and sold off in 1932 when part of the Greywell Tunnel collapsed – this had not been used for commercial carrying since 1913. The final private company, the New Basingstoke Canal Company took ownership in 1950 but did not have the resources to run the waterway effectively, so by the mid 1960s the Canal was largely derelict in Surrey with only the long lockless Hampshire section holding water throughout the year.
3. Surrey and Hampshire County Councils took ownership in the mid 1970s after a long public campaign organised by the Surrey & Hampshire Canal Society. A key motivator in the public acquisition of the Canal appears to have been to ensure public safety - the two breaches of the Canal at Farnborough and Ash in 1968 leading to widespread flooding showed that the semi-derelict Canal was a significant risk. However the Canal was acquired under Public access to the Countryside legislation.

4. During the late 1970s and 1980s the Councils contributed funds and Countryside staff to help with the volunteer led restoration. The reopening to navigation throughout the length of the Canal as far as Greywell took place in 1991. However the renewal and repair of the Canal's assets was in fact far from complete when the Canal Society handed the "restored" waterway to the County Councils to run.
5. The Canal has been under joint management of both county councils ever since, with the day to day maintenance and operation undertaken by the Basingstoke Canal Authority (BCA) - hosted by Hampshire County Council and funded by the County Councils and 6 riparian Borough/District Councils. The BCA works to The Joint Management Committee (A Joint Committee comprising Members of the two County Councils and the riparian Districts and Boroughs).

Risk & Asset Management

6. The Canal carries water on raised embankments through densely populated areas of Surrey and Hampshire - there are 140 embankment segments in total. Areas of Woking, Mytchett / Ash Vale and Fleet are particularly vulnerable to flooding should any one of these 220+ year old structures suddenly fail, or the Canal be allowed to over top.
7. Locks and culverts under the Canal are also points where a critical failure could lead to widespread flooding.
8. The Canal carries out a significant surface water drainage role as it receives large amounts of surface water drainage in winter; water and weir levels are managed 24 hours / 365 days per year to ensure the Canal doesn't over-top. Invidiously the Canal is regularly short of water in summer and has to ration lock usage as it relies on springs and surface water for supply and has no means of storing water.
9. Concerns about the physical condition of the Canal assets in 2009, culminating in the closure of the Deepcut flight of locks for safety reasons, led officers to make some key changes in the way the Canal was managed.
 - 9.1 An Asset Management Plan (AMP) for the Canal was developed and adopted detailing the frequency and thoroughness of inspection. This document is revised at regular intervals and is currently under review again to ensure it stays current.
 - 9.2 The AMP has led to better financial planning of major maintenance as a clearer picture of the Canal's assets are developed following several inspection cycles. The first example of this is the development of a lock gate replacement cycle – as lock gates have a relatively limited lifespan of 25 years it has been easy to generate a cyclical programme of replacement.
 - 9.3 Schemes of works were generated from principle inspections of each set of principle Canal assets (embankments, cuttings, locks, weirs, sluices, pumping systems); these are designed to ensure

that these assets were brought up to a serviceable standard rapidly remain safe and serviceable in the future.

- 9.4 Development of a scheme of improvement works for Mytchett Lake Embankment at the direction of the EA appointed Inspecting Reservoir Engineer. These works were successfully completed in 2014.
- 9.5 An Emergency Response Plan was also developed including capturing the previously unwritten weir and sluice protocols to ensure water levels are maintained at an adequately level in summer and over-topping doesn't occur in winter.
10. At the same time both County Council's invested £700,000 each over 2010-13 to ensure that the backlog of works were addressed.
 - 10.1 During this time a term contractor working for both Councils carried out safety related works in both Counties; these works included the sealing of leaks in embankments, repairs to lock chambers and gate replacement, the provision of stop plank facilities to enable quick isolation of sections of Canal in the event of an emergency (particularly important in Hampshire).
 - 10.2 Sufficient work was done to the Deepcut flight of locks for them to reopen to navigation at Easter 2013.
11. In 2013 a further £2m was allocated by each County Council over a period of 3 years (Hampshire) and 4 years (Surrey) respectively so the backlog of safety related works could continue to be addressed.
12. In Hampshire a large proportion of their funding has been diverted to address a large landslip which partially blocked the Canal and closed the towpath at Dogmersfield in 2013. While in Surrey there are a range of works programmed for the next two years.

Conservation

13. The Canal is designated as a conservation area throughout its length, requiring any developments to be designed to a high standard, although there is little land within the Canal estate as the Counties land holdings include very little bankside.
14. 29 miles of the 32 mile Canal is designated as Site of Special Scientific Interest with a citation for being the most bio-diverse freshwater body in England and Wales for aquatic plants and dragonflies. This places significant legal duties on the County Councils as owners to manage the site to protect and enhance the protected habitats. Natural England is the overseeing and enforcing body for this purpose.
15. A Conservation Management Plan (CMP) has been agreed with Natural England which permits certain regular maintenance activity without further reference to them. The CMP however imposes limits on the amount of powered craft used on the waterway in any one year.

Current position

16. The Basingstoke Canal Authority is the managing agent for the two owning County Councils. 75% of the BCA's funding is from annual revenue grants given by each of the Partner Authorities. This is clearly unsustainable in the present economic climate.
17. The BCA has an annual budget of £683,000 (2014/15) most of which is spent on employing staff. The revised AMP suggests that around £160,000 should be spent as a works budget to maintain the Canal in a steady state once put into good order, not including channel dredging. The current works budget is £140,000.
18. Surrey County Council generates property income from leasing three former Canal Cottages, letting the Canal Centre Cafe, the rental from a fibre-optic cable duct in the towpath and rental from 22 residential houseboats – Currently this exceeds its £153,000 contribution to the BCA partnership. It is proposed that all income generated on the Canal will become part of the Canal budget net of management costs where it is managed by the County Council's Property Service.
19. The BCA run a campsite, visitor centre shop and hold seasonal events at the Mytchett Canal Centre and collect mooring and licence fees for angling and boating on the Canal to directly generate income. This amounts to 20% of the budget.

Short term developments

20. A number of short term measures have been identified to try and increase the percentage of directly generated income from the Canal quickly, these include:
 - 20.1 Reviews of fees and charges so they match inland waterway standards – mostly already complete.
 - 20.2 Increasing the supply of long term moorings for private leisure craft on Canal land - from which a substantial income can be derived. There are however a finite number of suitable sites and the Canal is subject to a boat movement limit and poor summer water supply- Partly implemented.
 - 20.3 Running a rowing boat hire business at the Canal Centre which will generate a significantly greater income than the previous licensee arrangement.
 - 20.4 Introducing car parking charges at two car parks regularly used by commuters rather than Canal visitors.
 - 20.5 Identifying suitable projects to be funded through CIL or s.106 funding.

20.6 Engaging with utility suppliers for further utility wayleaves.

21. Adopting these quick win measures could raise the directly generated proportion of the budget to around 30%.

Medium term developments

22. The Canal Centre is a former school building which is coming to the end of its economic life. SCC Property Service have commissioned a phase 1 feasibility report, and then a more detailed economic appraisal and outline design for redevelopment of the site to create improved visitor facilities that can provide a financially sustainable development generating not only enough to pay for the redevelopment and its ongoing operation and maintenance but sufficient to generate a surplus to support the running of the Canal.
23. The site has significant environmental constraints being surrounded by conservation area, SSSI and Special Protection Area. A major change of use is not advised but a more thorough exploitation of the leisure offer already on the site.
24. The consultants have looked at a range of options for the site and assessed the potential demand based on demographic information. They advise that an intensification of the camp site combined with a new visitor centre and cafe and a small pay entry attraction - including adventure play and mini-golf should produce an economic return.
25. A phase 1 feasibility study has been commissioned to investigate increased use of Mytchett Lake in cooperation with the MoD who own the lake, but not the connected length of Canal and dam which is in Surrey County Council ownership.

Future governance

26. The owning County Councils have commissioned JBA Consulting, who have a track record in the inland waterway field, to investigate the value of the canal and their report is just being finalised; they have been asked to look at both the value of the built assets and the value of the Canal to the local populations and economies in less tangible ways.
27. They have also briefed officers on their evaluation of our current methods of managing risk, but this is not contained in their report.
28. The conclusion so far is that there is a huge amount of benefit to the Canal continuing to be maintained as a navigable waterway and the cost to benefit analysis is higher than many other civil engineering works; e.g. flood protection schemes.
29. JBA's report will be the basis for senior officers evaluating different models of ownership in the medium term future. These models may include:

29.1 continuing with the status quo,

29.2 one authority taking sole ownership,

29.3 transfer to a third party,

29.4 or shared ownership with a third party,

29.5 All of the above ownership options may involve a range of models including self management, contract management, lease, or PFI type contract,

Conclusions:

30. The Basingstoke Canal still requires investment to bring its assets to a safe steady state.
31. The important conservation value of the Canal will inevitably mean that any activities on or near the water will need be managed carefully.
32. Financially, short term measures to decrease reliance on revenue are ongoing but unlikely to make the Canal self sustaining. Medium term redevelopment proposals for the Canal Centre and Mytchett Lake may have a more profound impact on long term sustainability.
33. A thorough review of future governance is being considered by senior officers.

Next steps:

- To assess the report from JBA, once complete, and in liaison with Hampshire County Council to agree on the most effective option for the future management of the Canal.
- To continue to develop the income generating ideas for the Canal and seek funding for the development of the Mytchett Centre.

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Sources/background papers:

Basingstoke Canal Asset Management Plan v4 & Draft v.5.02
 Basingstoke Canal Conservation Management Plan 2009-2019
 Colliers International Phase 1 feasibility study for the Mytchett Canal Centre
 Basingstoke Canal Authority financial reports to the Basingstoke Canal Joint Management Committee